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From the Editor's Desk

Ever since the onset of the ongoing phase of globalization in the aftermath of the Second World War, world community has been experiencing a lot of churning. The process of economic liberalization and market reforms attendant on globalization, while exposing economies to intense global competition, has also thrown open several opportunities and challenges for almost all economies of the world, be they rich or poor, or large or small. It is being argued that capitalization of these opportunities can hold nations in good stead and place them on a higher trajectory of socio-economic modernization. By implication, economies failing on this front, are bound to face disastrous consequences. To put the record straight, these challenges and opportunities make the global socio-economic set-up ever-evolving with rapid changes in several possible manifestations. As an integral component of the existing set up, we, the global citizens of today, are increasingly moving into a world of ideas. The emergence of ideas is catching up, so much so that the world of commodities, which until now seemed to be ruling the roost as an important parameter of socio-economic development and that of material abundance of the developing societies, is now getting left behind as a beaten old track. The nuances of ongoing socio-economic, cultural development amply reveals that the physical volume of goods as an indicator of socio-economic advancement of our society is increasingly becoming a matter of bygone era. The emerging knowledge-driven economy seems to be progressively making a new demand on its creators, managers and explorers. This, in turn, is posing new challenges and opening new opportunities for the traditional centres of knowledge, i.e., the institutes of higher learning as well as research and development and management institutes. In view of this very fact, it is being observed that in the emerging scenario, the existence, emergence and persistence of ideas are capable of spelling doom for posterity, as also bestowing hitherto unheard of prosperity of several forms. In either case, ideas are going to capture the centre stage in the evolving socio-economic, cultural and technological set up primarily because they are going to condition our growth and survival strategies. It is the currency of ideas which is growingly assuming the utmost importance in the globalizing socio-economic set-up in which the first-mover advantage always remains with their originators, be they individuals or countries. We strongly feel that the uniqueness of the evolving growth process which primarily focuses on ideas needs to be taken cognizance of, comprehended and analysed so that its contribution towards development policy is brought out in ample measure.

With these considerations in mind, we have in this volume put together the ideas emanating from various disciplines such as English, Economics and History. The lead article is by G..K. Chadha who in his paper "Education and Quality Gaps in Indian Workforce: What Does Future Demand?" raises some pertinent issues as assume tremendous significance from the view point of the growth of the Indian economy in the emerging scenario. Thanks to the intense competition unleashed by the growing process of globalization, an educated workforce is becoming an indispensable pre-requisite for improving productivity levels, cost efficiency and competitive strength of the developing

economies, including India; the emerging technology-institutional-human interfaces are relentlessly defying the frontiers of ordinary human capabilities, most ostensibly the glaring educational deficiencies of the people at work. The paper argues that the Indian workers' human capability index, most expressly reflected by their educational attainments, has undoubtedly been improving over time, yet, as late as the middle of the present decade, there are various economic sectors, and various activities within each sector, where the element of human capability continues to be vulnerable; a vast majority of workers, especially those in the rural areas, are still illiterate or semi-educated. Professor Chadha pleads for (i) a thorough change in our approach towards education, learning, if we can, from the experience of many other developing economies, (ii) special attention for education in rural area, (iii) a positive policy bias for female education, (iv) specific regional policy outfits, and (v) training/ retraining of the existing workforce.

Abhilaksh Likhi in his paper "Globalization, Public Sphere and Community Media: Issues, Initiatives and the Road Ahead" endeavours to look at the struggle of local communities to create democratic media systems as transnational conglomerates consolidate their control of the global mediascape. Besides exploring today's global scenario and the various ways in which the local communities make use of various technologies such as radio, television, print and computer networks for purposes of community communication, he delineates the broader theoretical and philosophical issues that surround the relationship between communication, community, media systems and the public sphere in civil society. In this context, the paper also brings to the fore the scant scholarly attention that community media has received over the years despite efforts towards bringing about a New World Information and Communication Order (NWICO). Enabling a seamless fusion of theory and practice, the paper through illustration of grass roots initiatives from around the world, seeks to fathom the diversity and commonality of community media. It asserts that community media, in the future global context, will play a critical role in promoting cultural production and communicative democracy within and between local communities.

In his critique of the Johl Diversification Scheme, Prof. H.S.Shergill argues that the said diversification scheme (2002) accepted and adopted by Punjab Government to shift 10 lakh hectares out of the cultivation of wheat and rice to other crops, is full of serious flaws. In his opinion, the scheme on implementation would make the farmers suffer a net loss of Rs.13, 280/- per hectare per year, even after receiving the proposed cash compensation of Rs.12, 500/- per hectare. The other strata of the society such as the farm labourers, Harvesting Combine and Tractor owners, Commission agents, Marketing Committees and Mandi Board, Labour working in grain markets, and Transport and Truck owners, etc., would also tend to lose. The total loss to Punjab economy as a whole from such a move, in his opinion, measures to be to the tune of Rs.2778.99 crore, i.e., 17.54 per cent of state domestic product originating in agriculture. In addition, this scheme will not only have an adverse impact on country's food security, but also is unworkable due to its unfulfilable pre-conditions. He forcefully argues that the administrative demands of this scheme are too ambitious to be matched by

the capacity of the state government. In the Indian context given the unfavourable conditions facing a developing economy, this scheme, in the well -considered opinion of the author, is neither feasible, nor workable.

In their joint paper **"**Stock Prices and Money Velocity in India: A Note," Debashis Acharya and Arun Kumar Goaplswamy revisit Friedman (1988) on the relationship between money velocity and stock prices in the Indian context. The underlying motivation is the ensuing financial deregulation in the Indian financial sector since 1991 which has resulted in financial market volatilities. The empirical findings of this study point towards the presence of wealth effect via a negative relationship between broad money (M3) velocity (m3v) and real stock price (BSE, the Bombay Stock Exchange index).

In "Domesticating the Global: The Global as an Entity in the Home Space," Yasmin Ibrahim views globalization as a process which is intrinsically bound with the growth and increasing use of information and communication technologies (ICTs) world over. In her opinion, the increasing consumption and the narration of the globe through ICTs signifies the shrinking of the globe and the emergence of a 'global village' where space is malleable through our consumption of media technologies. The globalization of the world is a resonant strand in our postmodern consciousness. In this paper, it is argued obliquely that the globe is constantly domesticated through our use of technologies as these very technologies present ways and possibilities to tame, comprehend and perhaps misconstrue the wider world.

David Waterman in his paper Globalization and the "Unfinished Business of Postcolonial Studies" tries to argue that the tools of postcolonial studies are useful in a critique of globalization, allowing us to examine questions of universality and difference, inequality, nationalism and the role of the State, collaboration with and resistance to the global masters, and most important, how these debates are contextualized and represented. While it might seem that globalization is simply economic imperialism, the situation is more complex, and postcolonial studies need to evolve, to better engage with those elements of globalization which are genuinely new. His paper attempts to show that many of these questions can be addressed along cultural lines, especially in the ways that globalization is legitimized and represented, and finally, that globalization can be negotiated rather than simply endured.

In "Identity and Erasure in Salman Rushdie's Midnight's Children", Ahmad M.S. Abu Baker, has focused his attention on the problematics of identity-formation in a postcolonial framework as portrayed by Salman Rushdie in his novel *Midnight's Children*. While observing the preoccupation with centrality, the paper attempts to examine Saleem Sinai's constant process of redefining and rethinking his identity. In addition, an attempt has also been made to deal with the desire for erasing identity and the need to abide in uncertainty to escape labeling and maintain freedom.

In his paper "Globalization and Resistance**,"** Akram Khalifa, observes that according to its most important instrumental institutions or bodies, namely, *inter alia*, the International Monetary Fund (IMF), globalization is "the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, freer international capital flows, and more rapid and widespread diffusion of technology". This new global project is often understood as a more aggressive continuation or rather appellation of capitalism which inhales its very essence from the expansion of economy. It is sometimes seen as even worse than capitalism in the sense that "it represents an attempt at extending and intensifying capital's grip on humanity." This essay offers a reading through the act of resisting globalization as a form of oppression (in the classical Marxist meaning) with reference to Antonio Gramsci's theory of ideological hegemony and Said's approach to the representations of the intellectual.

In their joint effort, "FDI Determinants in India," Sanjay Kaushik and Ashok Kumar argue that Foreign Direct Investment (FDI) is viewed as an important source of non-debt flows, and is being increasingly sought as a vehicle for technology flows along with a means of attaining competitive efficiency by creating meaningful network of global interconnections all over the world. They hold that according to the eclectic paradigm of Dunning , the presence of ownership-specific competitive advantages in a transnational corporation, the presence of locational advantages in a host country, and the presence of superior commercial benefits in an intra-firm are three important set of determinants which impact the quantum of FDI inflows. In their opinion,of the three sets of determinants of FDI inflows, locational determinant is the only manipulative factor in the hands of host government to attract it. In more specific terms, this study seeks the confirmation of locational determinants through the use of empirical tests.

Amarjit Singh in his paper "Muslim Communal Politics and Partition of India: A Historiographic Resume" observes that the partition of India and the establishment of the sovereign state of Pakistan was the culmination of the demand of All India Muslim League and the success of the muslim communal politics. In the opinion of the author several factors contributed to the growth of Punjab Muslim League which, in turn, supported enthusiastically the demand for the creation of Pakistan.

The current issue of PURJA commemorates the Diamond Jubilee Celebration of our University. It contains ten articles. Needless to overemphasize, the material included in the issue has been the outcome of the team work of our contributors, panel of editorial board consultants and members of the editorial board. We take this opportunity to express our gratitude to all ofthem. In particular we would like to give a very special thanks to Mr Gurbachan singh, stenographer in the Office of the Finance and Development Officer, PU, Chandigarh, for crisis management and helping with the production of the journal at the very eleventh hour. We also wish to express our appriciation for the team led by Sh. Jatomder Moudgil for printing for this volume at a very short notice.

Last, but not the least, we would like to express our gratitude to Professor R.C. Sobti, our dynamic Vice-Chancellor and patron, for sanctioning liberal funds to bring out this particular issue. We seek his patronage and support on a sustained basis to keep alive this long-standing tradition of compiling and show-casing emerging and relevant ideas through the forum of PURJA.

M.R.Khurana
Editor-in-Chief

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Education and Quality Gaps in Indian Workforce: What Does Future Demand ?

G. K. Chadha

Thanks to the intense competition unleashed by the growing process of globalization, educated workforce is becoming an indispensable pre-requisite for improving productivity levels, cost efficiency and competitive strength of the developing economies, including India; the emerging technology-institutional-human interfaces are relentlessly defying the frontiers of ordinary human capabilities, most ostensibly the glaring educational deficiencies of the people at work. The paper argues that the Indian workers' human capability index, most expressly reflected by their educational attainments, has undoubtedly been improving over time, yet, as late as the middle of the present decade, there are various economic sectors, and various activities within each sector, where the element of human capability continues to be vulnerable; a vast majority of workers, especially those in the rural areas, are still illiterate or semi-educated. Without an iota of doubt, the educational deficiencies of the Indian workforce stand thoroughly exposed when we look at the educational status of workers in many other developing economies, let alone the developed world.

Are the Indian policy makers convinced, even at this stage, that the future of the Indian economy cannot be promising, both externally and internally, if educational status of the lower strata of our society, especially in the rural areas, does not witness a sizeable improvement. The depressing pattern of attendance of educational institutions or extremely low per capita expenditure on education by low-income households are clear pointers of their helplessness; public expenditure on education too throws up a depressing scenario.

The paper pleads for a thorough restructuring of education policy. The centre-state relations and partnership in education; the role of private sector and local communities in managing educational institutions; the quality of education in government schools; the prioritization of general vis-à-vis professional and technical education, on the one hand, and between school and higher education, on the other; the rural-urban, the male-female and the rich-poor gaps in access to education, are the issues that hold the key to quality improvement in our workforce. The paper forcefully pleads for (i) a thorough change in our approach towards education, learning, if we can, from the experience of many other developing economies, (ii) special attention for education in rural area, (iii) a positive policy bias for female education, (iv) specific regional policy outfits, and (v) training/retraining of the existing workforce.

I. Encapsulating Human Capital in Education

During the past two decades or so, our perspective of the goals of development has changed substantially. Income levels, or growth and distribution of income, are no more the sole objectives of development; education, health and quality of life have become equally respectable objectives of development. Significantly, education and health are not only taken to be the end objectives of development, they are universally recognized as crucial means to development as well. The process of development is no more conditioned by Harrod-Domar's technical coefficients and the rate of growth of *physical capital* alone; *human capital* is already surging ahead of *physical capital*. In the age of *Knowledge Revolution*, a worker's intellectual capabilities are no less important than the quality of machines installed, the quality of raw material processed, or any combination of the two.

Although human capital is a composite concept that encompasses, *inter alia*, educational attainment and health status of workers, yet, in the literature, education has reigned supreme as its most reliable surrogate. Being guided by this empirical reality, we too use education alone as a proxy for human capital. We have fairly strong reasons to believe that education is indeed highly reflective of human capital accumulation:

Investment in human capital can take many forms such as informal education, on-the-job training, health improvements, learning-by-doing, and so on. Formal education, however, has usually been regarded as making a fundamental contribution to human capital accumulation which can be complemented, but not readily substituted, by other forms of human capital investment. For this reason, and perhaps because of the ready availability of data on these aspects, empirical growth models have concentrated on the three main levels or stages of education – primary, secondary and tertiary – to capture the essence of the human capital accumulation process. Production-relevant skills are assumed to be embodied to a greater extent in those individuals who have acquired greater quantity and quality of education, with a 'skills hierarchy' rising from the primary to the tertiary levels. Thus, while focusing on education, as a form of human capital does not fully capture the human capital process, it is likely to capture one of the most important, *and formidable*, components (Gemmell, 1997:12; italics added).

For a number of reasons, research interest in the role of education in the process of economic development has grown considerably in recent years. First, although not all education produces human capital and not all human capital is produced by education, yet empirical evidence that education does represent human capital has simply swelled, most ostensibly through the incorporation of direct measures of cognitive skill into economic analysis (Knight, 1996:5). Second, high quality microeconomic data sets, some of which are designed for research on human capital, have proliferated in most of the developing world.

Third, in a vast body of literature on the role of education in economic growth and numerous associated aspects, the positive effects have all along been acknowledged, in varying form and content, just as methodological sophistication and analytical sharpness in posing the issues have

been consistently improved over time. For example, the early aggregate studies, essentially based on *residual contribution approach* did testify to the growth-promoting role of education (Denison, 1967; Kendrick, 1976). The best example is a set of pioneering studies under which Schultz pleaded that expenditures on education must be treated as an investment in the increased capacity of labour to produce material goods. In his view, formal schooling was an investment in human beings that promises a better economic yield in terms of higher product per worker, holding physical capital constant (Carnoy, *et al*., 1982: 40).

Although the quantitative results of these early studies were highly disparate across countries, yet education's positive effect on growth was never under doubt (Psacharopoulos, 2002). Later studies, especially those based on econometric analysis and allowing for externalities, generally found that human capital, most ostensibly in the form of education, did contribute to growth, although there was less consensus on the importance of that contribution, both with respect to its magnitude and its nature (Carnoy, *et al*., 1982: 40-46; Jimenez, 1994: 6; Arabsheibani, *et al*., 2003: 2). In most recent contributions, especially those commenting on the remarkable economic success of the East Asian economies, the working of two 'virtuous circles' became the central plank of policy discussion. In the first circle, education contributes to economic growth, which in turn stimulates further investment in education. In the second, education contributes to low levels of income inequality, which also stimulates additional investment in education. Although a high positive correlation between education and economic growth has long been apparent, the direction of causality became more apparent, and nearly universally acceptable, only in recent years (Birdsall, *et al*., 1997: 313).

Fourth, the beneficial interactions between education and such socio-economic variables as fertility, health, and gender discrimination, on the one hand, and a heightened level of human articulation, including the urge to 'question and improve oneself', 'improve one's immediate environment', 'develop self-propelling norms of progress' and 'play better citizenry', on the other, are now much better recognized (Knight, 1996:5; Birdsall, *et al*., 1997: 313-5).

It is worth mentioning that the effect of education on growth and productivity has differed widely among empirical studies because, *inter alia*, the level of human capital, in terms of education, has been measured in many different forms (for a comprehensive survey of measurement problems, see Mathur, 1990; Jimenez, 1994; Gemmell, 1996). For example, enrolment rate at the primary, secondary and tertiary levels, and adult literacy rates have been the most commonly used measure of education (Carnoy, *et al*., 1982: 40-42; Jimenez, 1994:6; Gemmell, 1996:17). Some scholars would like to see the impact of the level of schooling in contrast to that of cognitive achievements or wage labour experience (Alderman, *et al*., 1996: 44). Some studies have used census survey data to construct measures of educational attainment, or what some of them call, educational stock of the labour force. Attempts have also been made to differentiate between the quantitative (years of schooling) and the qualitative aspects of education, and to emphasize that the latter are more weighty in determining the productivity levels of individuals, and that quality aspects of education deserve more attention (Kingdon, 1996: 78-79). Some studies work out the *stock* (number of educated persons at a specified point of time) and *accumulation* (the rate of growth of educated persons during a specified period) effects of education; while large stock of human capital enables greater investment in physical capital, and makes an indirect impact on growth, the accumulation effect confirms the direct impact on income growth (Gemmell, 1996: 25).

Thus, drawing upon diverse empirical precedents, we take education as the most authentic surrogate of human capital, and use it interchangeably with the latter. Our plea is that India does not have reasons to be happy even in terms of this plain single-indicator unsophisticated measure of human capital. In our reckoning, *education for the masses* is still a distant dream, and it may prove to be the Achilles' heel of the Indian economy, as we get more deeply involved in the on-going process of globalization. To say the least, in the coming years, the uneven distribution of education across economic classes, and regions, may trigger sharper segmentations in the Indian labour market, on the one hand, and uneven regional economic performance, on the other, most persuasively because education, and all human capabilities associated with it, would decide the future pace and pattern of each sector's or sub-sector's growth prospects. Section II caricaturizes our surmises in this respect.

II Emerging Criticality of Education

It needs hardly to be emphasized that human capital, most ostensibly in the form of education, would be an extremely important, perhaps an inescapable, input for the future of developing economies. This is especially true of India since the lop-sided employment structure that has steadily evolved itself over the preceding decades leaves no options but to effect a substantial switchover of workers from agriculture to non-agricultural activities, in the years to come; against its 24.0 per cent share in gross domestic product, Indian agriculture is still employing no fewer than 65.0 per cent of the total workforce, and nearly 72.0 per cent of rural workforce. Shift of the surplus workforce from agriculture to non-agricultural sectors cannot, however, be an automatic process. Many pre-requisites, such as a strong infrastructure, adequate and regular availability of institutional finance, a benign and facilitating regulatory mechanism, etc., on institutional account, and education and training, on individual account, are a must. In plain terms, the quality of workforce must improve.

Undoubtedly, over the preceding decades, especially when we start our story from the pre-Independence days, we have reached significant milestones in improving the quality of our workforce, yet, going by what many other developing economies have done, and what more we could have done, the quality gaps in our labour market would still look to be astounding. The gaps are indeed extraordinarily astounding for some sectors, most markedly agriculture, which have somehow been sustaining themselves with an army of illiterate or low-educated workforce. This cannot linger on any more. As a part of the world economic system, Indian economy too has to keep pace with the fast and vastly changing technologies, new products and product varieties, expanding and complicated information systems, new market strategies, new services, and so on.

The emerging technology-institutional-human interfaces are likely to defy the frontiers of ordinary human capabilities, especially those revealed by the glaring educational deficiencies of the present generation of the Indian workforce and those that are likely to be reached during the next decade or so, thanks especially to newer and higher levels of market intelligence and commercial acumen required to survive in the open and intensely competitive trade regime. To be sure, a typical Indian worker of tomorrow has to be markedly different from his predecessor of yesterday just as production and marketing tomorrow would demand a vastly different orientation and commercial alertness than what

Indian economy demanded, say, thirty years back. He is now operating in a totally different, and diffused, economic regime; his choices are plentiful but the scope for erring is no less plenteous; he is not only to keep his eye on what is happening in the domestic product and service markets, but has also to read, assimilate and interpret the commercial happenings abroad. Tomorrow's worker will have to wear a global outfit; he has to be much more than himself. The role of knowledge and skill is paramount; education holds the key to all these emerging pre-requisites.

It is understandable that these pre-requisites would hold good, in varying form and content, for each sector of the economy, and for all varieties of activities within each sector. For example, the **new agriculture** is, and is likely to become a more involved, cob-web of *bio-tech* and *genetic complexities*. *Numerous soil-related and environmental issues, that have direct bearing on sustainability of agriculture and occupational safety of the agriculturist, have to be resolved at the level of the farm household itself.* Again, under the new dispensations, rigorous *farm production* and *time management schedules* are a must. In some branches of production, especially those catering to the export market, IT-based production might become the normal practice. Yet again, an extremely important ingredient of efficient agriculture would be *quality of water*; salinization and contamination of ground and surface waters by pesticides, nitrates and selenium needs to be warded off. Finally, every farmer will have to be not only an efficient producer but also a well-informed market strategist. In particular, if the production is linked to external market, SPS considerations, product quality and price competitiveness, reign supreme. In this new incarnation, an Indian farmer has to be vigilant of numerous new issues which probably never touched his predecessor. His vision and business acumen is constantly under test, and he alone has to bear the burden of wrong decisions. An educated farmer would probably absorb all these obligations more intelligently.

Human capital would be more crucial for survival, and growth, of a very large segment of the **industrial sector**. The significance of this fact cannot be lost to an analyst who knows that a preponderant majority of industrial enterprises in India, especially in the rural areas, are tiny and small units, which cannot withstand the whirlwind of increasing competition from bigger production units at home and abroad. Technological changes are occurring by the day; not only that new machines or new raw materials are coming in but also new products or new designs of the existing products and products with much higher performance capabilities, are flooding the market for industrial goods. Moreover, from consumer's point of view, newer and more exacting standards are being set, practically in all branches of manufacturing. For example, in food processing, hygienic and health-safety standards, in agro-processing, especially for the products directed to foreign markets, fashioning and patterning product designs to ensure product smoothness, quality standardization, charming designs, tempting colour-combinations, high quality finish with adequate aesthetic appeal, in other industries, especially the technology-intensive branches of manufacturing, scientific precision, mathematical accuracy and an exceptionally high level of product standardization are a must for ensuring a steadily expanding demand for these industries.

Lastly, newer organizational outfits are emerging in the industrial sector as well. Sub-contracting and ancilliarization may grow in the years ahead, and with that, the chain of vending may grow longer

and deeper. In that case, the technology of the tiny and small sub-contracting industrial enterprises would essentially be a part of the technology of the large industry. Technical sophistications, product designing, finishing standards, safety norms, mathematical precision, etc., would all demand a high level of understanding, alertness of mind, scientific approach to industrial production, and an awareness of the emerging market trends, on the part of the workers engaged in the ancillary or sub-contracting units. Uneducated job aspirants would naturally engage low consideration of the prospective employers. As a matter of fact, a minimum educational accomplishment is already being insisted upon by industrial employers in general, and sub-contracting units, in particular.

Human capital would hold its sway, perhaps a little more crucially, in the knowledge-based services sector. The types of newer developments and expectations already occurring in hotel and restaurant activities under trade, communication network under transport-storage-communications, banking transactions under finance-insurance-real estate, sanitary services, community services, recreational and cultural services, and personal services under community-social-personal services, should convince us of the great premium that educated workers would command over their uneducated, or low-educated, counterpart. For example, trade, especially the wholesale trade, in a wide variety of products, has already started going into the hands of the educated persons, first because the product variety is getting astonishingly large, second because the imported component of the stocks is steadily increasing, especially in the urban areas, and third because the consumer's queries and level of psychological satisfaction can be more readily answered by them. Hotel management too is already attracting many educated young men and women, mostly from urban India. Again, computer and related activities are likely to expand fairly substantially in the very near future, undoubtedly because computer application is now becoming common, practically to all branches of economic activities; many of the small and tiny industrial and service enterprises, including those located in the rural areas, are using computer for accounting, product development and designing, market exploration, information gathering, and so on. And this is an area that can absorb many of the upcoming educated job seekers; here, the needed levels of education, technical training and skills vary markedly from a minimum of the secondary level of schooling, at the bottom, to computer engineering and application expertise, at the top.

In sum, every where there is an increasing emphasis on quality of service which is, in fact, tending to sustain a dual, perhaps a multi-layered, consumer price system. The educated workers are likely to wrest larger pecuniary benefit in such a market scenario. Undoubtedly, the pressure on the quality of service would rise steeply in the days ahead when more service sectors open themselves to international competition. And with that, the possibility for the uneducated workers to survive on the labour market would decline. This development may not occur in the short-run but the medium-term fall-out of globalization along the anticipated lines is a reality that cannot be brushed aside.

III Quality of Indian Workforce

In our view, a poor human capital base of a vast segment of India's labour market, most markedly for its rural areas, is indeed the Achilles' heel of its economy. The Indian workers' human capability

index, most immediately reflected by their educational attainments, has undoubtedly been improving over time, but still, there are various economic sectors, and various activities within each sector, where the element of human capability continues to be vulnerable; a vast majority of workers are still illiterate or semi-educated. In what follows, we look at the educational background of workers engaged in different sectors and sub-sectors of the Indian economy, in 1983, 1993-94 and 2004-05. The exercise clearly shows the persisting lopsidedness and structural weaknesses of the Indian labour market in spite of the improvements registered since the early 1980s. The differences of rural against urban and male against female workers' educational accomplishments come up rather blatantly, whatever way we look them. We begin with the semi-aggregate sectors.

Going by the usual convention, we take secondary/higher secondary schooling and other higher qualifications as the dividing line between educated and uneducated workers. For analytical convenience, those with primary and middle level schooling are clubbed together under the category of semi-educated workers. Going by this classification, non-literate workers are taken as synonymous with low quality workers (proxing low level of human capital), semi-educated workers represent medium quality workers, and educated workers are proxies for high quality workers. Admittedly, our categorization is at best an approximate attempt; it is possible to build a more satisfying composite index of human capital that goes beyond education alone. Nonetheless, we re-emphasize that the clumsy side of the labour market would look clumsier if we work with such a composite index. Let us save ourselves of this embarrassment, at least for some time.

3.1 Farm and Non-Farm Scenario on Workforce Quality

Table 1 portrays the educational profile of rural and urban workers, in the semi-aggregate farm and the non-farm sectors, since 1983. A number of developments seem to have occurred. First, the proportion of non-literate workers has been steadily declining, first during 1983/1993-94 and subsequently during 1993-94/2004-05, both in farm and non-farm sectors, in rural as well as urban areas, as also for male and female workers, except for rural female workers during 1983/1993-94. That the proportion of non-literate rural male workers engaged in the farm sector declined from 59.0 per cent to 50.0 per cent during 1983/1993-94, and far more sizably from 50.0 per cent to 39.0 per cent during 1993-94/2004-05, speaks for a happy transition. On the contrary, the non-literate rural female workers, engaged in the farm sector, being as many as 83 per cent in 1993-94, and no fewer than 72.0 per cent in 2004-05, speaks for the unhappy other half. Second, the proportion of non-literate workers, male as well as female, in rural as well as urban areas, is considerably lower in the non-farm sector compared with the farm sector. Nevertheless, the proportion of non-literate non-farm workers is considerably higher in the rural, compared with the urban, areas. For example, the proportion of non-literate non-farm male workers was 34.0 per cent in rural against 20.0 per cent in urban areas in 1983, 28.0 per cent against 16.0 per cent in 1993-94, and, 24.0 per cent against 12.0 per cent, in 2004-05. In plain terms, the expanding network of non-farm employment, particularly in the rural areas, has not been accessible as much to the non-literate as to the semi-educated and educated workers. Education is clearly gaining significance in the Indian labour market, in general, and the rural non-farm job market, in particular.

Third, with no noticeable exception, the proportion of educated workers (secondary level schooling and above) has clearly been increasing, by varying degree, between 1983 and 2004-05, both in farm and non-farm sectors, in rural as well as urban areas, among male and female workers. In other words, the quality of workforce has been witnessing a steady improvement, for all categories of workers, especially during recent years. It is not a trivial development that the proportion of educated workers (male+female) increased from 6.7 per cent in 1983 to 9.9 per cent in 1993-94 and 14.5 per cent in 2004-05, in the rural areas, and correspondingly, from 26.9 per cent to 36.0 per cent and 42.2 per cent in the urban areas. But then, how can one be oblivious to the frightening fact that, as late as 2004-05, no fewer than 44.3 per cent of workers were non-literate and 41.2 per cent were only semi-educated, in rural India? The corresponding figures of 17.7 and 40.1 for urban areas, although less frightening, also throw up a depressing scenario.

Another depressing fact is that the male:female gaps, both within the farm and the non-farm sectors continue to be quite glaring. For example, in 1983, in rural areas, the proportion of educated farm workers was 4.2 per cent among males against 1.1 per cent among females; the corresponding figures were 9.0 per cent and 1.1 per cent, for 1993-94, and, 13.7 per cent and 3.5 per cent, for 2004-05. No less glaringly, again in the rural labour market, the proportion of educated non-farm workers was 17.1 per cent among males against 14.0 per cent among females in 1983; the corresponding figures were 23.4 per cent and 11.3 per cent, for 1993-94, and, 26.9 per cent and 17.0 per cent, for 2004-05.

Glaring male:female differences are manifest in urban areas as well. For example, in 1983, the proportion of urban educated non-farm workers was 31.2 per cent for males against 21.7 per cent for females; the corresponding figures were 40.4 per cent and 30.3 per cent for 1993-94, and, 45.7 per cent and 36.8 per cent for 2004-05.

It is extremely significant to see that the male:female gaps in terms of the proportion of educated workers engaged in the non-farm activities have tended to narrow down over time, but this seems to be happening much more decisively in the urban compared with the rural areas. In other words, while the urban educated girls are catching up fast with their male counterparts in wresting non-farm jobs, the rural educated girls have still a vast ground to bridge.

Fourth, in spite of an improvement in the educational status of each category of workers, more pronouncedly during the past decade or so, the sizeable presence of the semi-educated (primary or middle-level schooling) workers, on a continuing basis, is a hard reality of the Indian labour market. For example, as late as 2004-05, among the rural non-farm workers, nearly 48.0 per cent of males, 26.0 per cent of females and 41.0 per cent of total workers, were semi-educated; the corresponding figures for urban non-farm workers were 42.3, 30.4 and 40.0, respectively. To improve the quality of workforce further, the transition from primary/middle to secondary/higher secondary level of schooling, need to be accelerated in the coming years. A quantum jump in high schooling is the cry of the hour.

Finally, qualitatively, the urban workforce (more expressly, in the non-farm sector) continue to be much superior to their rural counterparts. The much higher presence of 'highly educated'(post-

schooling graduate degree/diploma/certificate in arts/science/engineering/technology) workers, most ostensibly in the non-farm sector of the urban, compared with the rural, economy adequately bears it out. For example, in 2004-05, 21.4 per cent of 'highly educated' male workers, 23.3 per cent of such female workers, and 21.8 per cent of total workers, were employed in the urban non-farm sector while their rural counterparts were 9.1 per cent, 7.0 per cent and 8.7 per cent only. On the other extreme, the proportion of non-literate non-farm workers is substantially higher among rural workers compared with their urban counterparts. At the intermediate level, the proportion of semi-educated workers, especially those engaged in the non-farm sector, does not vary much between the rural and urban areas. The qualitative superiority of urban workforce is thus because of a larger presence of 'highly educated' workers, on the one hand, and a much smaller present of non-literate workers, on the other hand. If productivity/worker, for a given non-farm activity, is higher for urban, compared with rural, workers, the qualitative difference in the workforce is undoubtedly one of the most plausible explanations, as is duly authenticated by some studies (Chadha, 2003a:183-184).

3.2 Inter-sector Differences in Workforce Quality

In terms of sectoral distribution of workers, Table 1 is highly aggregative. While the differences between the farm and the non-farm sectors come up fairly clearly, there is much that needs to be explored further within the vastly heterogeneous non-farm sector. Table 2 moves one step forward in that direction and informs us of the educational background of workers engaged in the nine broad sectors of the Indian economy. As in Table 1, here too, a three-layered educational classification of workers (non-iterate, semi-educated and educated) is adopted. Again, the picture relates to the aggregate of workers; male-female and rural-urban differences are not considered. Table 2 throws up many interesting insights about the non-farm sectors.

First, the proportion of non-literate workers has witnessed a varying degree of decline, first between 1983 and 1993-94, and then between 1993-94 and 2004-05, in each sector of the Indian economy, including agriculture. The most redeeming feature is that, for many sectors, this proportion declined far more sizably during the post-reform, compared with the pre-reform years. Utilities, community-social-personal services, transport-storage-communication, etc. are the bold examples of this healthy transition; for the total of the Indian economy, the proportion of non-literate workers fell from 57.5 per cent in 1983 to 48.5 per cent in 1993-94 but far more steeply to 34.5 per cent in 2004-05.

Even in the midst of this healthy transition, it is rather depressing to see that, as late as 2004-05, nearly one half of the workers engaged in agriculture, around 40.0 per cent of those employed in mining-quarrying and construction, and nearly 29.0 per cent of those in the manufacturing sectors were non-literate. It is rather ironical that, for an economy that has been growing at a fairly high rate during the past decade or so, the proportion of non-literate workers engaged in manufacturing declined meekly from 33.0 per cent in 1993-94 to 29.0 per cent in 2004-05. As is well known, the Indian manufacturing sector is heavily dominated by self-employing tiny and micro enterprises, officially known as *own-account manufacturing enterprises*, that has provided a refuge to many an illiterate job aspirant who fails to get a regular wage-paid employment. That productivity levels, commercial

viability and growth prospects are the natural casualities of such enterprises is authenticated by many research studies.

Second, just as the proportion of the non-literate workers has witnessed a steady decline, the proportion of educated workers has been increasing steadily in each sector of the Indian economy, including agriculture. Again, in many sectors, the increase has been relatively sharper during the post- compared with the pre-reform decade. The most striking examples are social-community-personal services, transport-storage-communications, utilities, mining-quarrying, and agriculture. Here again, the manufacturing sector does not reflect any speedier post-reform transition. With just about 28.0 per cent of workers engaged in manufacturing activities being educated, and the rest being either semi-educated or non-literate, India's weakness in the global market for manufactured products is more than apparent.

India is now well integrated into the global economy. The merchandise trade constitutes nearly 30.0 per cent of the gross domestic product; the percentage goes up to 46.0-47.0 per cent if trade in services is also included. Close to three-fourth of India's merchandise exports constitute manufactured products, and it is the expanding basket of such exports that has made a double-digit growth of the manufacturing sector an achievable target. For some of the services sub-sectors, still higher growth targets are realizable, provided the theoretical argument of labour-cost advantage converts itself into a *de facto* reality. Such high growth rates for the domestic economy, and the manufactured and services exports catapulting themselves to higher growth trajectory, would be possible, if and only if productivity goes up, unit cost declines and our competitive edge improves, on an enduring basis, most ostensibly vis-à-vis China and other emerging economies. Workers' education and work capabilities being crucial ingredients for achieving all these production and cost advantages are thus the core of our future competitive strength.

Third, the uneven expansion of the number of educated workers among different sectors and sub-sectors, first during 1983/1993-94 and then during 1993-94/2004-05, further sharpened the inter-sector disparities by the time the Indian economy had trudged some distance in the new economic regime. Accordingly, in 2004-05, in agriculture, no fewer than 49.0 per cent of workers were illiterate and no more than 16.0 per cent of them were educated; in finance-insurance-real estate, no more than 8.0 per cent were illiterate and no fewer than 79.0 per cent were educated; in utilities, no more than 7.0 per cent were illiterate and no fewer than 61.0 per cent were educated; and in community-social-personal services, only 15.0 per cent were illiterate while close to 64.0 of them were educated. Many other sectors were operating with a varying mixture of illiterate, semi-educated and educated workers; the most typical examples come from manufacturing, trade, and transport-storage-communications. In plain terms, *even during the first decade of the new century, the quality of workforce posed a frightening scenario in agriculture, mining-quarrying, and construction; an enormous (but not frightening) question mark for manufacturing, trade and transport; and a big (but not enormous) issue for utilities and community-social-personal services. India has still to cover a vast ground towards improving the quality of its workforce.* What needs to be emphasized is the fact that the sectors which are big from the point of view of employment are also the ones that suffer a fairly sizeable handicap of low quality of workforce; the most telling example is agriculture.

Finally, it is important to underline that most of the major non-farm sectors of India's economy, viz., manufacturing, trade-hotels-restaurants, construction, transport-storage-communications, have a sizeable presence of semi-educated workers. In 2004-05, in each of these sectors, no fewer than 42.0-45.0 per cent of their workers have had primary or middle level schooling. Flanked by a declining proportion of non-literate workers on one side, and an increasing proportion of educated workers, on the other, these non-farm sectors do hold a promise of productivity and growth expansion in the years to come if only the present-day big reservoir of their semi-educated workers gets substantially transformed into the educated workforce. A formidable challenge thus lies ahead of our education system.

3.3 Intra-sector Differences in Workforce Quality

Table 3 throws up many intra-sector contrasts. First, the improvement in the quality of workforce has been rather modest among most segments within agriculture and construction, and some within each of the manufacturing, trade, and community-social-personal services sectors, during the pre-reform decade, while it picked up fairly impressively during the post-reform years. To illustrate, within agriculture, the proportion of educated workers engaged in the most dominant field crop production sub-sector increased sluggishly from 3.0 per cent in 1983 to 6.4 per cent in 1993-94, rising to 16.0 per cent in 2004-05; similar trends operated for livestock, forestry-logging and fishing. In manufacturing, the sluggish improvement during the pre-reform decade against an accelerated pace of improvement during the post-reform years is clearly discernible for food products, cotton-wool-jut, textile products, paper products, basic metal industries, and miscellaneous manufacturing while the reverse is true for the remaining sub-sectors. Likewise, under community-social-personal services, medical and health services, community services and recreational-cultural services had a much faster post-reform increase in the proportion of educated workers while no such accelerated accretion is discernible for the other sub-sectors.

Second, the uneven expansion of the number of educated workers among different sub-sectors, first during 1983/1993-94 and then during 1993-94/2004-05, further sharpened the inter-sector disparities by the time the Indian economy had trudged a full decade into the new economic regime. In 2004-05, in many sectors, the element of human capital varied starkly among individual sub-sectors from very low to very high levels; in some cases, the varying proportion of educated workers covered nearly the whole range of possibilities. For example, in 2004-05, the proportion of educated workers varied from as low as 8.6 per cent in beverages-tobacco, 14.7 for wood and wood products, and 15.7 per cent for non-metallic mineral products, to as high as 66.9 per cent in transport equipment, 57.2 per cent for paper and paper products, 52.9 per cent in machine tools and electrical machinery, 50.0 per cent for rubber and rubber products, and basic metal products, and so on. Under wholesale trade, it varied from 40.0 per cent for trade in agricultural raw material to 86.5 per cent for trade in machinery while under community-social-personal services, it varied from 9.4 per cent in sanitary services, 10.8 per cent in personal services to 81.3 per cent in medical and health services and 90.2 per cent in education and scientific activities, and so on. The extremely sharp segmentation of the Indian labour market, on the basis of the quality of the workforce, is thus clear beyond any doubt.

Third, in spite of the improvement in the quality of workforce in many sectors and sub-sectors of the Indian economy, a fairly sizeable proportion of workers throng a number of farm and non-farm sub-sectors. Field crop production, livestock, forestry-logging and agricultural services are the most obvious examples under agriculture; beverages-tobacco, non-metallic mineral products, wood and wood products, and to a lesser extent, food products, cotton-wool-jute, leather and leather products, and, metal products, are the most visible sub-sectors under manufacturing, and, sanitary and personal services stand out glaringly under community-social-personal services.

Finally, medium-quality workers (those with primary and/or middle level schooling) have also been showing their increasing presence, practically in each sector of the Indian economy. For example, in 2004-05, such workers constituted close to one-half of total workers in fishing, and more than one-third in field crop production under agriculture, around 50.0 per cent in cotton-wool-jute, textile products, wood and wood products, leather and leather products, etc., under manufacturing, more than 40.0 per cent of workers in water works and supply under utilities, nearly 55.0 per cent of those engaged in activities allied to construction, many segments of retail trade, 42.0 per cent for community services, and around 35.0 per cent for recreational-cultural services and personal services under community-social-personal services, and so on. In our opinion, the medium-quality workers of today can become high-quality workers of tomorrow, if only training and re-training facilities are organized on a massive scale (Govt. of India, 2002: 50). According to a recent study, there is a total of 2484 vocations a majority of which cry for re-training, especially in the informal sector, largely thronged by un- or semi-educated workers (Chandra, 2003:2).

In total terms, the changing national-level scenario on the quality of workforce throws up a mingle of happy and despairing developments, in varying combinations in rural against urban areas, among male against female workers, and in farm against non-farm sectors. The workforce has undoubtedly witnessed a steady improvement in terms of a decline in the proportion of non-literate workers, on the one hand, and a steady increase in the proportion of educated workers, on the other. But then, the depressing development is that the improvement has been woefully inadequate, particularly if the Indian economy were to be judged from the viewpoint of its future capabilities, first, for sustaining the high growth rate achieved in recent years, and second, for strengthening its hold on to the world economic stage now that the international competition is bound to grow fiercer, both export- and import-wise. In most sectors, and many sub-sectors within each major sector, the proportion of non-literate workers is still pretty high; the most glaring example is agriculture. A little less depressing fact is that the proportion of semi-educated (primary or middle level schooling) workers is also pretty high, nearly in all nooks and corners of the Indian economy. The present scenario is thus a lot better than what it was, say, two decades back but does not admit of any rejoicing; on the contrary, much ground needs to be covered in the near future. Is India preparing itself for this challenge?

3.4. International Scenario

Without an iota of doubt, the qualitative weaknesses of the Indian workforce stand thoroughly exposed when we look at the human capital base, in terms of educational attainment, of the economically active population elsewhere in the world. Table 4 adequately corroborates our contention. Three

points need to be underlined in particular. First, in terms of the high-quality of the workforce (proportion of workers with secondary schooling and higher level of education), India is miles behind the developed world in Europe, North America and Australia, and considerably behind many of the developing economies including those in Asia and Latin America; some countries in Africa (here, exemplified by Rwanda) could be the exception.

Second, the same sense of national guilt stares us rather overpoweringly when we look at the proportion of illiterate workers. In 2001, even our next-door neighbour, Sri Lanka, did not have more than 4.0 per cent of illiterate workers while we were still carrying on with no fewer than 44.0 per cent of them. In most of the European countries, there is no trace of illiterate workers; this is summarily the case in Canada and Australia as well. Here also, we can have the cold comfort of parading our relative superiority vis-à-vis some of the African countries. But then, in the fiercely competitive world market, our stakes in cost of production and productivity levels are far more serious, both export- and import-wise, vis-a-vis those economies which have already decimated their infirmity of illiterate or low-quality workforce, and are operating at higher efficiency frontiers.

Third, the most agonizing fact of the Indian workforce is the formidable male-female gap in human capital base, compared with other countries, whether developed or developing. For example, in Singapore, Germany, United Kingdom and Australia, and Czech Republic, the proportion of educated female workers does not differ much from that of their male counterparts. On the contrary, the proportion of educated female workers is slightly higher than that of their male counterparts in Sri Lanka, France, Sweden, Brazil, Mexico, Canada, and so on. It is only in India that the percentage varied starkly, for example in 2001, from an abysmally low of 7.0 per cent among the females to a low of 23.0 per cent among males. Our claims of gender equality clearly stand discredited in the vital area of human capital formation.

IV. Looking Ahead

The Indian policy makers have to think seriously of the ways and policies to improve the quality of workforce in India. To the extent that the quality of workforce in an economy is a byproduct of its educational system, our approach to education would have to undergo a drastic change, both in quantitative and qualitative terms, in the interest of the would-be workers. But then, something has also to be done for those already in the workforce; perhaps, training/retraining strategies have to be re-tailored to take as many of them out of the present rut of low technology and productivity as possible.

In India's federal democratic system, education and health are the development responsibility of individual states. Although an overall policy umbrella is set out, from time to time, by the central government, yet priority thrusts on different levels and types of education, per capita expenditure on basic and higher levels of education or on primary and advanced levels of health services, etc. remain within the purview of the state governments. Numerous studies on India show sharp inter-state variations in education and health services, on the one hand, and the increasing rural-urban gaps, on

the other. In overall terms, educational facilities in India did witness a tremendous expansion during the preceding decades, yet millions of children and adolescents, most markedly in the rural areas, have had no education, or could not go too far in building their human capabilities (Chadha, 2003: 87). The situation regarding skill upgradation is particularly weak. For example, only about 5.0 per cent of secondary school level students were found to opt for vocational stream against a target of 25.0 per cent set during the eighth plan (Govt. of India, 1999: 122). Training systems suffer from limited flexibility, poor curricula and weak links with industry.

The weaknesses and lopsidedness of the Indian educational system never revealed themselves as blatantly as in recent years, when the Indian economy opened itself to the world outside. The Indian workforce clearly stands divided into three broad compartments in terms of its educational and training capabilities. The top segment comprises a very small number of highly educated and professionally trained persons, hailing nearly exclusively from the urban areas, who are progressively becoming a part of the international labour market or the highly lucrative segment of the domestic market; undoubtedly, they are the product of a few top-class educational institutions (e.g. Indian Institutes of Technology, some engineering colleges, management institutes, etc.) that exist side by side with thousands of India's average or low-quality schools, colleges and other institutes. The bottom consists of those who still remain illiterate or could not go beyond, say, primary schooling, not to speak of their remaining devoid of technical training and professional skills. A fairly high proportion of India's working population falls in this category; by any reckoning, rural workers take a lion's share in this segment of workforce, and acquiesce to stay on in agriculture or in low-paid non-agricultural jobs. Finally, the middle segment, again constituting a fairly sizeable proportion of India's working population, is 'educated' in a formal sense but the quality of their education and training leaves much to be desired. It is this segment of the 'educated job aspirants' that has entailed the widening of the mis-match between what the economy can offer and what they are looking for. Rural workers, who have a fairly big share in this segment of workforce, are no exception.

Are we convinced, even at this stage, that the future of the Indian economy cannot be promising with the poor human capital base of a sizeable chunk of the populace? How is access to education and health for the lower strata of the Indian society shaping itself under the post-reform policy regime, especially after the pace of privatization has picked up in recent years? Honestly, the scenario is not very cheering, going by the depressing pattern of attendance of educational institutions by lower strata of households, especially in the rural areas or in terms of per capita monthly expenditure on education. The extremely sluggish growth of public expenditure on education proves, in its own right, that until now, improving the human capital base of the lower strata has not been a priority with the government. Let us look at the ground realities.

4.1 Current Status of Attendance in Educational Institutions

Let us first look at the current status of attendance in educational institutions. Table 5 throws up many depressing features. First, in each age-group, the proportion of rural people not attending any educational institution is much higher than that of their urban counterparts. Even in 2004-05, more

than 21.0 per cent of rural children (age group 5-9 years) do not go to school while this is so only for 12.0 per cent of urban children. That, 19.0 per cent of the rural children, in the age-group 10-14 years, against 11.0 per cent for their urban counterparts, do not go to school is a highly disconcerting feature inasmuch as this is the age at which they should ordinarily be pursuing at least middle level of schooling. Again, no fewer than 62.0 per cent of the rural adolescents (age group 15-19 years), against 42.0 per cent of their urban counterparts, do not attend any educational institution; some of them never ever went to school while others dropped out at one stage or the other. In total terms, the rural people are way behind their urban counterparts in terms of their current status on attending educational institutions.

Second, in general, rural children, compared with their urban counterparts, in each age-group, are late in reaching a given level of schooling. For example, in the age group 5-9 years, 53.0 per cent of urban children reach primary level of schooling against 54.0 per cent among the rural children; in the age group 10-14 years, 46.0 per cent of urban against 37.0 per cent of rural children reach middle level of schooling; the differences manifest themselves most conspicuously in respect of technical degrees/ diplomas, especially when the adolescence is crossed over. The worst placed are the rural females, in terms of attending school or acquiring varying level of education, in each age group.

Third, it is abundantly clear that, within the rural areas, the girls are losing their ground to boys. There is absolutely no doubt that in the matter of 'schooling' - our declared surrogate of human capital formation - the rural females are getting the least attention. In other words, they are getting least prepared for education- and skill-intensive jobs and consequently, in the intensely competitive future job markets, they are bound to get a severe battering. In contrast, their urban sisters seem to be assiduously improving their stock of 'human capital' and preparing themselves well to compete with urban males.

4.2 Poor People's Access to Education

The national sample survey data have constantly warned us of the poorer access of the lower strata of our society to educational facilities, undoubtedly more pronouncedly for the rural compared with the urban areas. Although the access deficit of the lower strata has tended to decline over time, yet, the relative disadvantage of the poorer sections is still a colossal issue that has a potential for exploding into an uncontrollable social upheaval, now that the economic and social significance of education is becoming more and more apparent, and even the lowliest of the low would like their children to improve their human capital base. The uneven access to education is revealed most blatantly when we look at household expenditure on education.

4.2.1 Private Expenditure on Education

The latest available data for 2004-05 clearly testifies that an inverse relationship exists between the economic standing of a household (say, in terms of total monthly per capita expenditure) and the proportion of children in different age groups attending an educational institution (Table 6). For example, in rural India, more than 80.0 per cent of the children in their later teens, and nearly one-half

of those in the age-group 10-14 years, from the poorest households do not go to any school. Perhaps, such households cannot afford to send their children to school although government support in diverse forms has been put into operation, from time to time. Many among these out-of-school children and adolescents enter the labour market as occasional/casual working hands. Our fear is that under the new economic regime, with its presiding deities of privatization and globalization, their access to education would get further eroded, more so because the parents' intensified struggle for survival might leave no choice but to rope in children as additional earning hands. Does the nation sit back, as it has done in the past, and let the situation worsen further?

Table 7 clearly shows that our fears are not totally unfounded. The poorer households too are keen to send their children to school but they can ill-afford to spend much, especially because a very sizeable proportion of their total monthly expenditure is taken up by food items. For example, in 2004-05, the bottom 5.0 per cent of the rural households in India 'are obliged to spend' as much as 68.5 per cent of their total per capita monthly expenditure on food while this percentage is 33.7 only for the top 5.0 per cent of the households; in the urban areas, the corresponding figures are 65.0 per cent and 23.7 per cent, respectively. Lest the higher proportion of expenditure on food by the lower strata gives a wrong message, it needs to be clarified that the absolute level of expenditure on food is five times higher for the top 5.0 per cent, compared with the bottom 5.0 per cent, of the rural households; it is six times higher in the urban areas.

The real shocking comparisons come through expenditure on education and health. In rural India, monthly per capita expenditure on education by the top 5.0 per cent of households is sixty-six times that of the bottom 5.0 per cent of households; the ratio is 66:1 for health, and 42:1 for conveyance. In urban India, the ratio of expenditure between the top and the bottom 5.0 per cent of households is 62:1 for education, 49:1 for health and 91:1 for conveyance. The comparison between the top and the bottom 10.0 per cent of households, although a little less dreadful, is clearly reflective of the helplessness of the less well-off, let alone the poor, households in having to stay low on the educational ladder. The upper strata of the Indian society, both in the rural as well as the urban areas, are furiously engaged in improving its human capital base while the lower strata are still caught in their struggle for survival. Private expenditure on education and health is an important charge on the monthly budget of the well-off while the households belonging to the lower strata are miles behind in this regard. Today's inequalities in investment in education and health would generate tomorrow's disparities in workforce quality and access to decent jobs, just as yesterday's education and health policies are hugely responsible for dichotomization of today's Indian labour market into well-paid or decent-earning and distress-driven or low-earning segments. Unless remedied on urgent basis, India's tomorrow would face serious problems of employment, productivity and competitiveness.

4.2.2 Public Expenditure on Education

Our worry gets intensified when we look at how public expenditure on education and health has been behaving during the post-reform years. Table 8 leaves us with no doubt that the states by themselves would have limited capabilities to augment the process of human capital formation. Without

a single exception, in each state, the proportion of gross state domestic product invested in education increased, by a varying proportion, during the eighties. During the nineties, it declined, again by a varying proportion, in as many as sixteen of the twenty states; it is only in the two green revolution states (Punjab and Haryana) that a mild increase occurred during 1990-91/1998-99. The story of public spending for health is far more disturbing, not only in terms of the recent squeezes but also the abysmally low levels which the states have crashed into during the post-reform years.

The nation should no more be under doubt that a thorough restructuring of public policy on human capital formation is the need of the hour. First and foremost, the state must realize that it cannot abdicate its responsibility of augmenting and strengthening the human capital base of the economy; privatization of education, if not bridled, is sure to sideline a sizeable proportion of our society which, in turn, would worsen the chasm that we have lived with so far; social disturbances and unrest would then become a daily affair, and the society would have to pay heavily for it. Second, the time has arrived for the Central Government to take on bigger responsibility in this area. Perhaps, the Finance Commission has to tag its award with the educational and health needs of individual states; also, the Planning Commission may think of new ways and means of augmenting states' kitties for human capital formation. Third, local and grass-roots institutions have to play a more decisive role in providing a strong foundation for educational expansion; we have yet to see the 73rd and the 74th Constitutional Amendments show their effect in this crucial area of social development.

V The Needed Policy Biases

The foregoing analysis clearly signals that no complacency is called for on the educational front. A drastic policy restructuring alone can make a difference. What directions the new policy should take? One can think of many policy changes and initiatives that are critically needed at this stage of our development, especially the issues connected with center-state relations and partnership in education, the regional unevenness in terms of access to education, the role of private sector, local communities and grass-roots people's institutions in managing educational institutions, the quality of education in government schools, the rural-urban and male-female gaps in access to education, the prioritization of general vis-à-vis professional and technical education, and so on. Time and space do not, however, permit us to discuss them all. In what follows, we take a few broad policy issues that, in our view, should engage the nation's urgent attention, with a high degree of political resoluteness and a positive bias to rectify the inherited 'historical biases'.

5.1 General Approach towards Education

Two specific points need to be made. First, it is time that we change our approach towards education. Education is generally taken to be a means for gaining wage-paid employment, especially in government offices and public sector undertakings. The most common perception, that invariably operates on ground as well, is that 'education' is not a pre-requisite for starting 'self-employing' small and tiny enterprises, especially those in which 'outside resources including hired labour' are not involved; for example, in a recent survey of such enterprises in Haryana, Maharashtra and West

Bengal, nearly one-half of 'self-employing' family workers had education only upto middle-level of schooling (Chadha, 2003a : 227). Ironically, in this perception, no attention is spared for productivity levels which are many times lower than those in other enterprises which are larger in size, and employ workers with higher levels of education and training.

Second, the tendency in certain quarters to lull the nation's consciousness about the painful situation on the educational front, under the cover of 'India's world conquest in the IT sector' needs to be drastically moderated. Undoubtedly, as a nation, we are proud of our strides in the area of computer expertise and information technology; our experts are already trooping out to some of the most developed economies and many more will follow; we have even established a Silicon Valley in India. Not only that, we have many times more of educated, and professionally trained, workers in many sectors of the domestic economy as well. All these happy features cannot, however, obliterate the fact that our economy has many times more of uneducated and unskilled workers too, willing to be absorbed at low-paying menial jobs, and facing grim employment prospects with every new stroke of economic liberalization. Playing with absolute figures in international comparisons may lend us a degree of pomposity. But then, we have to look inwardly as well, and it is here that the brooding sets in.

This kind of 'uneven playing field' owes itself to the questionable education policy that has generated a handful of high wage-paid jobs, including *some* in the international labour market, to the neglect of a vast pool of low-paid jobs in the domestic job market. The future of economic development in general, and industrialization in particular, is deeply tied with this crucial aspect of social development. While policy analysts the world over are clear that sound education and training policies are more durable in promoting employment when a developing economy opens its frontiers to international trade and investment, it is a pity that such an awakening is not yet discernible, either in policy documents on educational improvements or in the lexicography of trade and development economists in India (Holmstrom, 1999: L3-L5). Can India afford to wait in this vital area of public intervention? Can we allow a vast section of our workforce, especially in the rural areas, to continue to suffer this infirmity *ad infinitum*?

It may sound a little harsh but one is tempted to develop an impression that the educational policies adopted in India during the preceding decades have learnt neither from their own failures nor from the successful experiences of others. There is mounting empirical evidence, spanning over quite a few decades, to show that a high and positive correlation exists between education and growth of an economy, while a significantly negative correlation exists between education and level of income inequalities; and that per worker productivity is invariably higher, in all fields of economic activities, among the educated group of workers than among the illiterates or lowly-educated ones (Denison, 1967; Kendrick, 1976; Carnoy, *et al*.,1982; Mathur, 1990; Jimenez, 1994; Knight, 1996; Birdsall, 1997; Arabsheibani, *et al*., 2003). The crucial distinction between *the composition effect* and *the compression effect* of education, especially in the context of interpreting the long-term dynamics of the East Asian development experience is now well recognized the world over

For example, as education levels rose in Korea, a worker with a high school education earned 47

per cent more than a primary school graduate in 1976, but by 1986, this premium had eroded to just 30 per cent *primarily because high school education had reached the masses.* In Brazil, on the other hand, where enrollment in higher education increased much more slowly, the premium for higher education levels barely changed. In Brazil, the *composition effect* dominated and inequality increased, while in Korea, the *compression effect* was dominant, leading to overall decreases in inequality (Birdsall, 1997: 313-314; italics added).

But then, in recent years, Brazil has learnt well from its own past :

> For most of the twentieth century, the Brazilian policy makers believed that they could get by on natural resources – cattle ranches, coffee plantations, fruit juices, and soybean farms. Now they know that universal secondary education and extensive university-level training is also needed. Under Fernando Henrique Cardoso's reforms, enrolment rates in secondary education soared from 15 per cent in 1990 to as high as 71 per cent in 2000. Equally important, Brazilian universities are seeing an increase in quality and attendance as well. Most of Latin America, including Brazil, ignored public investments in R&D for decades, while East Asian Countries invested heavily. Brazil is now becoming known not only for orange juice, but for aircraft exports like the Embraer jets that now compete with American and European producers for the regional computer market (Sachs, 2004).

Another paper is equally emphatic that :

Both Taiwan (China) and Korea initially highlighted literacy and numeracy by concentrating on primary education. They then moved flexibly to emphasize vocational and, still later, graduate-level science and technology-oriented education – always in line with the system's continuously changing requirements. Labour markets were permitted to behave competitively…" (Ranis, 1995:531)

Numerous econometric studies on economics of education, some dating back to the seventies and the eighties, clearly showed that "as schooling expands, the (uncorrected) rate of return to primary school investment appears to decline before the rate to secondary education, and the secondary rate before the rate to higher education" (Carnoy, 1982:42; also see Chaudhri, 1979). In the newer times, when technological, marketing and management complexities are increasing by the day, it is rather suicidal to rest content with the policy of spreading literacy alone, and yet, we continue to do so; literacy must now yield to education. The Indian policy makers and other public analysts must realize that operating in the new and complex world of production and marketing, a minimum of secondary level schooling is a must. Equally important is to realize that an employer's own education too is no less essential to grapple with the new pre- and post-production essentials as of the community of industrial and agricultural scientists, or of management experts. How best can this be done in India, including the involvement of private initiatives, and the role that the *Panchayati Raj* institutions and other educational and financial institutions have to play, deserves to be discussed in full detail.

5.2 Special Attention for Rural Areas

The rural-urban gap is a byproduct of our past educational policies which must now be rectified through a determined mingle of policy re-orientation and effective implementation. We offer three specific suggestions in this regard to improve the rural education scenario. First, the state must play a more decisive role than it has done hithertofore; allocation of plan resources must increase sizably to mitigate the existing gaps. Second, it is time we have a second look at the content of rural education so as to re-orient it to the changing requirements of the rural economy, and its rising interface with the urban economy at home, and abroad. For a few basic components of education, e.g. mathematics and science, rural schooling cannot carve out its own niche; there cannot be a 'rural mathematics' and 'urban mathematics'. For many others, e.g. economics, commerce, agricultural science, home science, environmental studies, etc., the specificities of rural areas must occupy special place in curricula and methods of teaching. Numerous issues, such as workers' skill, production technology, marketing strategies, information network, environmental concerns, state regulations, legislative interventions, etc., need to be handled in ways that are not a copy of urban methods and practices. A national-level debate on this point is called for.

Finally, the digital divide between the rural and urban areas must decrease. Perhaps, a conscious bias to 'flood' rural schools, polytechnics and industrial training institutes with IT outfits is the need of the changing times. It is nothing short of a national shame that among the rising hard-core of IT professionals, trained in the Indian Institutes of Technology or Indian Institutes of Management or some of the best engineering colleges, who have been making international headlines for their role in the Silicon Valley or elsewhere, very few come from rural India; those who do come from rural India, stand at the lower-end of the professional hierarchy, less-skilled and less-paid. Why should this be so with 70 per cent of India's population, cries for a convincing answer?

5.3 Positive Policy Bias for Female Education

Our analysis convinces us that female job aspirants, especially those from the rural areas, are getting highly marginalized in the matter of education, training and skill formation. Compared with all other categories of prospective job-seekers, their *relative* inferiority 10 or 15 years hence, in competing for education- and skill-intensive jobs, is transparent besides the usual socio-cultural infirmities that they continue to suffer.

It is indeed a pity that even towards the close of the nineties, a sizeable proportion of girl-children do not go to school, even in the age-groups 5-9 or 10-14 years in spite of the oft-repeated *government resolution* to provide 'universal elementary education of eight years for every child of the age-group 6-14'(Tilak,1997:2239). The excessively high rate of their school non-attendance in higher age-groups, especially 15-19 years, is a clear reflection of an archaic mindset on the role of 'young girls' even in the closing years of the Nineteenth Century. The stereotyped understanding that 'woman is a compliment to man's life and existence' still lingers on, at least in some quarters. It has hardly ever been recognized that "failing to invest adequately in educating women reduces the

potential benefits of educating men" (Giri,1997: 92). The failure to see through the man-woman complementarity in education has been a costly failure, in terms of the lost opportunities to raise productivity, to increase family income and to improve quality of life"; without education, women in particular are condemned to inferior work, low social status and a life of perpetual dependence (*ibid*: 92).

Women are treated as respectable life partners but not respectable work partners. Men are entitled to higher education, women are not. Going by the relative performance of men and women, over the past few decades, no objective analyst would deny that women have out-smarted men in various educational, work and socio-cultural fields. Why does the discrimination continue then, right from the cradle stage? This question is addressed more to rural than to urban areas, more to parents than the state, and more to women's own attitude of resignation than to male chauvinism! And the remedy too has to originate from these very quarters. A conscious bias is needed to undo the biases and corny attitudes that have perpetuated themselves until now. We have no intention to spell out the contours of this *needed bias* because many parties are involved, many institutions need to be remedied and many unconventional initiatives would have to be launched. Nonetheless, we strongly plead that modern India cannot pretend to be progressive on the one hand, and ignore the historical realities of women's neglect, on the other. We cannot live against the changing times.

> We must admit that our stress on the neglect of women's education, based on NSS data, cannot brush aside the fact that women as a social group, have witnessed tremendous progress, practically in all walks of life including education, job selection, earning levels, and so on. Gender differences have decreased over time; school enrolment among women has expanded sizeably; their increasing presence in colleges, universities and other technical and professional institutions is a well recognized fact. The societal attitudes too have changed, as any discerning analyst would certify, most certainly in urban India. Undoubtedly, access to education has improved at all levels, and women too have been a great beneficiary of the same (Tilak, 1997: 2241). But then, the absolute improvement registered by all sections of the Indian society, cannot hide the relative deprivation of women. Their relative inferiority stands out rather glaringly even as late as 2004-05. Drastic initiatives with a conscious pro-women bias are needed to plug their relative deficiencies.

5.4 Regional Policy Outfits

Perhaps, it is the right time to think more rigorously about regional specialization in education, skill development and training, just as the Indian economy is steadily moving to evolve region-specific production and marketing outfits, consistent with the changing demand and trade patterns. Although water-tight compartmentalization is neither desirable nor essential, yet the manner in which economic diversification is overtaking many parts of rural India would necessarily entail specific skill and training inputs for carrying forward the network of specific economic activities for specific rural

regions. Regional specializations may gain more and more eminence even in the realm of agriculture and its associated fields.

Our emphasis on regional specialization on education, training and skill development does not, in any way, distract from the urgency, relevance and the increasing importance of vocational training at the school level; this is needed across the board, for all regions, and for all trades and activities. India has to go back to its own vision of vocationalization of school education; perhaps, a greater role may now be shared by Panchayati Raj institutions and urban local bodies.

5.5 Training/Retraining of the Existing Workforce

In our future development strategies, something has also to be done for those already in the Indian workforce; perhaps, training/retraining strategies have to be retailored to take as many of them out of the present rut of low technology and low productivity levels as possible. Thanks to the remarkably fast pace of technology, managerial and marketing changes, encompassing practically each sector of a growing economy, workers every where need training/ retraining, on a continuing basis. Perhaps, each worker may need retraining 6-7 times in his working career. Given the size of the existing workforce, it is indeed an enormous national task. The existing, and *even* the most optimistically projected, training infrastructure would not be able to meet the full training/retraining requirements, for those already in the workforce as also for those who would join it within the next couple of years (Chandra, 2003: 1). Something special needs to be done.

It is not that skill building is not taking place at the moment. It is happening, practically in each branch of economic activity, but mostly through unsystematic, inadequate and *ad hoc* arrangements; informal apprenticeship and on-the-job training are the most common ways. These arrangements are locked in low technology which results in low productivity levels. The vicious cycle operates more pervasively in the informal sector which constitutes an enormous segment of our economy; no fewer than 90.0 per cent of the workforce is engaged in it in a myriad of economic activities.

In a recent paper on the training needs of the informal sector, Chandra gives us a four-fold classification of workers, and their skill deficiencies. To quote him:

Basically, there are four categories of workers operating in the unorganized/informal sector. The first is *entrepreneurs* . . . These are owners of very small establishments and often the principal workers in the enterprise. The distinction between employer and employee is not always clear. Often, the best educated category in the informal sector, they lack managerial and marketing skills. Their technical skills are usually outmoded and they lack information on better technology and its sources.

The second category is the *establishment workers* – wage earning employees, apprentices and unpaid family workers. They have limited formal schooling and acquire skills mainly on-the-job through apprenticeship. The third category is the *foot-loose workers* – basically self-employed with no fixed location of work such as rickshaw pullers, street vendors, sweepers, gardeners, construction labour –

who engage themselves in manual labour and provide day-to-day services. The fourth category is *home-based workers* engaged in home-based activities such as bidi-making, papad-making, basket weaving, and agarbatti-making. The last two categories are the least educated and difficult to train through formal education and training approaches. Hands-on demonstration training works the best for them (Chandra, 2002:4).

On a rough counting, there are 2484 vocations in India which can be clubbed into about 462 'vocational families'. Not more than 100 such 'vocational families' are actually covered by the existing vocational training infrastructure (Chandra, 2003: 2). ITIs cover just about 67 of 2484 vocational trades, with a heavy concentration on engineering vocations; non-engineering areas do not cover more than 24 of them. The services sector is largely uncovered. The lopsidedness of the training structure is thus more than evident.

Chandra also makes a number of penetrating policy suggestions to improve and reinvigorate the training/retraining system. Broadly, he suggests that training should be demand driven, that national competency standards should be developed for different vocations and for different levels of functionaries, that a national level research programme should be set up to study vocations on a continuing basis, that labour market information system be set up to assist planning of training and assessing labour market performance of the trained persons, that formal sector training institutions should be obligated to contribute to training for the informal sector, that NGOs may be roped in, especially as the front-ends for delivery, and lastly, the quantum of investment for training, especially public investment, should be substantially raised from its present abysmally low levels (Chandra, 2003: 2-7).

Happily, the Planning Commission too is venturing to effect a number of improvements during the Tenth Plan. According to them, there is an urgent need to cater to the class VIII pass-outs whose numbers will swell with success of the universalization of elementary education, that vertical mobility needs to be injected in the vocational stream, that the industry-training institute interface must increase, especially for designing and certification of courses and for training of students and faculty, that more and more vocational courses need to be devised for service sector activities, that the syllabi of vocational subjects, especially in trades like food processing, dairy technology, leather tanning, etc., must be progressively updated, there should be regular exchange of ideas/skills among vocational education teachers, master craftsmen and trainees, and that vocational institutes should be suitably networked, and so on.

Suggestions to improve job performance through re-training have been coming from other quarters also (Oberai-Chadha, 2001:52-53; Mathur-Mamgain, 2002: 1039-1043). In particular, the need to provide training for micro-enterprises in the informal sector in basic techniques of book-keeping, marketing, production organization, costing, pricing, etc., deserves to be reiterated (Oberai-Chadha, *ibid*: 51). It is equally important to be aware of the remarkable ingenuity and capacity to innovate and improvise that usually exists in the informal sector; this ingenuity is the result of years of learning about how to survive in a hostile economic environment. Accordingly, whatever approach is followed to train/

retrain workers in the informal sector, it should build on, and not smother, these qualities of the informal sector (*ibid*, 52).

It needs to be pointed out that an overwhelming majority of the existing workforce would have neither the resources nor the time for learning new skills; some kind of '*in situ*' training is the only choice. For example, provision of training in the evenings after working hours could be visualized. In their case, more emphasis on practical aptitudes and experience may be desirable. Some efforts to ensure greater interaction between formal training and that provided in the informal sector may also be fruitful.

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Table 1: Distribution of Principal Status Workers (15 Years & above) by Level of Education, : 1983-2004/2005

(Per-cent)

Category of Workers	Sector of Work	Not Literate Workers			Semi Educated Workers			Educated Workers			Highly Educated Workers		
		1983	1993-94	2004-05	1983	1993-94	2004-05	1983	1993-94	2004-05	1983	1993-94	2004-05
1	2	3	4	5	6	7	8	9	10	11	12	13	14
R-M	F	58.6	50.3	39.4	37.2	40.7	46.9	4.2	9.0	13.7	0.5	1.2	2.5
	N-F	33.7	28.2	24.1	49.2	48.4	49.0	17.1	23.4	26.9	4.1	6.1	9.1
	All	53.0	44.4	34.2	39.9	42.8	47.6	7.1	12.8	18.2	1.3	2.5	4.8
R-F	F	60.3	83.3	71.9	38.6	15.9	24.6	1.1	1.1	3.5	0.1	0.1	0.2
	N-F	35.6	61.0	50.1	50.4	27.7	32.9	14	11.3	17.0	2.8	2.8	7.0
	All	55.8	79.9	67.8	40.7	17.5	26.1	3.5	2.6	6.0	0.6	0.4	1.4
R-P	F	58.8	60.7	50.6	37.3	32.8	40.1	3.9	6.5	10.2	0.5	0.9	1.7
	N-F	33.9	34.3	29.1	49.3	44.5	45.9	16.8	21.2	25.0	4.0	5.5	8.7
	All	53.3	54.6	44.3	40.0	35.5	41.2	6.7	9.9	14.5	1.2	1.9	3.7
U-M	F	45.2	40.9	30.3	45.0	44.6	43.4	9.9	14.5	17.3	2.4	3.4	7.2
	N-F	20.1	16.4	12.1	48.7	43.2	42.1	31.2	40.4	45.7	10.7	15.3	21.4
	All	22.6	18.5	13.2	48.2	43.3	42.3	29.2	38.2	44.6	9.9	14.3	20.6
U-F	F	81.6	77.0	66.1	17.3	20.9	30.2	1.1	2.1	3.7	0.1	0.5	0.7
	N-F	53.1	41.5	32.7	25.2	27.2	30.5	21.7	31.3	36.8	9.1	15.5	23.3
	All	60.4	48.3	37.6	23.1	25.9	30.4	16.5	25.8	31.9	6.9	12.8	20.0
U-P	F	57.9	52.4	43.1	35.3	37.1	38.6	6.8	10.5	18.2	1.6	2.5	4.9
	N-F	25	20.3	15.6	45.1	40.7	40.1	29.9	39.0	44.2	10.5	15.3	21.8
	All	29.2	23.7	17.7	43.9	40.3	40.0	26.9	36.0	42.2	9.3	14.0	20.4
T-M	F	58.1	50.0	39.1	37.4	40.9	46.7	4.5	9.1	14.1	0.6	1.3	2.6
	N-F	26.2	21.9	18.1	48.9	45.7	45.6	24.9	32.4	36.2	7.7	11.0	15.2
	All	45.7	38.0	28.7	41.9	43.0	46.2	12.4	19.0	25.1	3.3	5.4	9.0

Contd.

T-F	F	63.2	83.0	71.7	35.7	15.9	24.7	1.1	1.1	3.4	0.1	0.1	0.1
	N-F	47.5	51.6	42.0	33.2	27.5	31.8	19.3	20.9	26.1	7.1	8.9	14.5
	All	57.4	75.2	63.1	34.7	18.8	26.8	7.9	6.0	10.1	2.7	2.2	4.4
T-P	F	58.8	60.4	50.4	37.2	32.5	39.1	4.0	7.1	10.4	0.5	1.3	1.7
	N-F	28.8	27.0	22.5	47.0	42.4	43.1	24.2	30.6	34.6	7.7	10.7	15.3
	All	47.2	47.8	38.1	61.0	36.6	40.9	11.8	15.6	21.0	3.2	4.5	7.7

Note: R-M= Rural Male; R-F= Rural Female; R-P =Rural Person; U-M = Urban Male; U-F= Urban Female; U-P= Urban Person; T-M= Total Male; T-F = Total Female; T-W= Total Workers; F= Farm; N-F= Non-Farm; All = All Sectors.

Source: 1. For 1983, Govt. of India, SARVEKSHANA, No. 35, April 1988: S144-S149

2. For 1993-94, Govt. of India, Employment and Unemployment in India, NSS 50th Round (July 1993 - June 1994), NSS Report No. 409, March 1997: A 121-A126.

3. For 2004-05, Govt. of India, Employment and Unemployment Situation in India 2004-05 (Part -I) NSS 61st Round: (July 2004 - June 2005), NSS Report No. 515, September 2006: A124-A132.

Table 2 : Distribution of Principal Status Workers by their Level of Education : Inter-sectoral Differences, 1983/2004-05

Sector of	Not Literate			Semi - Educated			Educated		
Employment	1983	1993-94	2004-05	1983	1993-94	2004-05	1983	1993-94	2004-05
1	2	3	4	5	6	7	8	9	10
Agriculture	69.2	61.0	48.9	27.9	32.7	35.3	2.9	6.3	15.7
Mining-Quarrying	61.1	51.2	42.2	29.5	33.1	31.9	9.4	15.7	25.9
Manufacturing	39.3	32.6	28.6	48.4	47	43.3	12.3	20.4	28.1
Utilities	14.0	14.2	7.5	50.8	38.2	31.8	35.2	47.6	60.7
Construction	54.1	45.3	39.2	38.8	43.7	44.1	7.1	10.9	16.7
Trade, Hotels & Restaurants	30.7	25.1	19.0	52.4	48.6	41.9	16.9	26.3	39.2
Transport, Storage & Communciations	31.6	26.7	20.5	48.0	47.6	43.2	20.4	25.7	36.3
Finance, Insurance & Real Estate	5.2	2.6	2.8	28.0	15.6	17.9	66.8	81.8	79.3
Social Community & Personal Services	26.9	19.6	15.2	34.0	34.7	21.2	39.1	45.7	63.6
All Sectors	57.5	48.5	34.5	33.2	36.4	35.8	9.3	15.1	29.7

Source: The same as for Table 1.

Table 3 : Distribution of Principal Status Workers by Their Level of Education : Intra Sector Differences 1983/2004-05

Sector Description	Not Literate			Semi-Educated				Educated		
	1983	1993-94	2004-05	1983	1993-94		2004-05	1983	1993-94	2004-05
1	2	5	8	3	6	9	4	7	10	
Field Crop Production	69.3	61.2	48.3	27.7	32.4	35.7	3.0	6.4	16.0	
Livestock	78.7	71.9	60.7	20.0	25.0	28.2	1.3	3.0	11.0	
Agricultural Services	59.6	68.0	58.0	25.8	26.8	27.5	14.6	5.3	14.6	
Forestry & Logging	72.1	67.2	54.2	25.6	25.7	25.8	2.4	7.1	20.0	
Fishing	59.3	44.3	36.7	39.0	51.6	50.7	1.7	4.1	12.6	
Total Agriculture	**69.2**	**61.0**	**48.9**	**27.9**	**32.7**	**35.3**	**2.9**	**6.3**	**15.7**	
Mining & Quarrying	**61.1**	**51.2**	**42.2**	**29.5**	**33.1**	**31.9**	**9.4**	**15.7**	**25.9**	
Food Products	42.8	36.2	25.7	43.7	46.5	44.0	13.4	17.3	30.3	
Beverages, etc.	57.1	52.4	58.4	41.1	42.9	32.9	1.8	4.7	8.6	
Cotton, Wool, Jute etc.	41.8	32.9	27.6	49.4	53.3	47.5	8.9	13.8	24.9	
Textile Products	29.0	32.7	20.7	62.4	50.9	53.1	8.6	16.4	26.2	
Wood Products	48.1	43.7	38.3	47.4	48.3	47.0	4.5	8.0	14.6	
Paper Products	13.9	11.5	6.8	54.6	43.8	36.0	31.5	44.7	57.2	
Leather Products	48.4	34.0	25.3	43.2	44.6	50.2	8.4	21.4	24.5	
Rubber Products	15.7	17.3	15.8	57.7	39.2	34.3	26.6	43.5	49.9	
Chemical Products	19.9	9.7	15.2	46.9	47.5	37.4	33.2	42.9	47.3	
Non-metallic Mineral Products	62.4	51.3	55.4	31.7	37.2	28.9	5.9	11.5	15.7	
Basic Metal Ind.	21.4	16.6	16.3	51.6	44.7	33.5	27.0	38.7	50.2	
Metal Products	32.0	23.1	26.8	55.1	49.2	42.7	12.9	27.8	30.5	
Machine tool & Elect. Machinery			18.9	10.1	13.2	42.0	35.4	34.0	39.1	54.5	52.8
Transport Equipment	15.1	8.5	6.6	43.6	32.0	26.5	41.3	59.5	66.9	
Other Manfg .	22.0	17.7	13.6	65.5	60.5	52.3	12.5	21.8	34.1	

Contd.

Total Manufacturing	**39.3**	**32.6**	**28.7**	**48.5**	**46.9**	**43.3**	**12.3**	**20.4**	**28.0**		
Electricity Generation	13.1	14.7	5.9	51.2	38.0	28.9	35.7	47.3	65.2		
Gas & Steam Generation		10.6	7.0	8.3	46.5	23.0	37.5	42.9	70.0	54.2	
Water Works and Supply		21.5	12.9	14.4	48.8	40.5	43.3	29.8	46.7	42.2	
Utilities	**14.0**	**14.2**	**7.5**	**50.8**	**38.2**	**31.8**	**35.2**	**47.6**	**60.7**		
Construction	54.9	46.8	41.6	38.1	42.8	43.0	7.0	10.4	15.4		
Activities allied to Construction	33.4		28.7	15.1	55.6	54.7	55.2	11.0	16.7	29.8	
Total Construction	**54.1**	**45.3**	**39.2**	**38.8**	**43.7**	**44.1**	**7.1**	**10.9**	**16.7**		
Wholesale Trade in Agr. Raw Material			23.4	24.6	19.20*	47.1	45.5	40.6*	29.5	29.9	40.2*
Wholesale Trade in Wood, paper etc.			17.0	18.7	18.7*	34.2	38.6	38.6*	48.9	42.7	42.7*
Wholesale Trade in all types of Machinery				23.4	15.7	1.4	46.8	30.4	12.2	29.8	53.9 86.5
Wholesale Trade (NEC)		14.0	16.8	7.9*	30.6	30.9	24.3*	55.5	52.3	67.8*	
Commission Agents	14.7	17.8	14.8	46.5	33.6	29.8	38.7	48.6	55.5		
Wholesale Trade	-	-	18.8	-	-	30.9	-	-	50.3		
Retail Trade in Food and Food Articles			-	-	21.8	-	-	47.1	-	-	31.1
Retail trade in Textiles	11.4	10.3	7.4*	58.7	50.1	46.5*	29.9	39.6	46.1*		
Retail Trade in Fuels etc		37.2	21.6	9.6	43.5	43.9	33.2	19.3	34.5	57.1	
Retail Trade (NEC)	27.5	21.6	19.3	45.0	41.1	44.6	27.6	37.2	36.1		
Retail trade	33.9	28.9	17.5	54.5	52.6	42.3	11.6	18.5	40.1		
Trade, Hotels & Restrurants		**30.7**	**25.1**	**19.0**	**52.4**	**48.6**	**41.9**	**16.9**	**26.3**	**39.1**	
Transport, Storage and Communication			**31.6**	**26.7**	**20.5**	**48.1**	**47.5**	**43.2**	**20.4**	**25.7**	**36.3**

Contd.

Finance, Insurance & Real Estate			5.1	2.6	2.8	28.1	15.6	17.9	66.8	81.8	79.3
Public Admin, Defence etc		10.8	7.6	5.3	35.9	27.4	24.6	53.2	65.0	70.1	
Sanitary Services	66.5	-	60.1	26.4	-	30.5	7.1	-	9.4		
Education, Scientific etc		4.9	3.0	2.2	18.3	13.3	7.6	76.8	83.7	90.2	
Medical & Health etc.	9.0	6.6	4.3	35.1	24.2	14.5	55.9	69.2	81.3		
Community Services	13.0	16.9	10.2	63.1	52.9	41.9	23.9	30.3	47.9		
Recreational & Cultural Services			28.4	21.1	20.3	52.0	44.1	35.8	19.5	34.8	44.0
Personal Services	65.7	41.8	54.1	31.3	47.8	35.1	2.9	10.4	10.8		
Community, Social and Personal Services				**26.9**	**19.6**	**15.2**	**34.0**	**34.8**	**21.2**	**39.1**	**45.6 63.6**
All Sectors	**57.5**	**48.5**	**34.5**	**33.2**	**36.4**	**35.8**	**9.3**	**15.1**	**29.7**		

Note: (i) Since 1983, 1993-94 and 2004-2005 data are based on National Industrial Classification of 1970, 1987 and 1998 respectively,
we have used a concordance table published by CSO to reclassify the whole data set according to NIC 1987 codes.

(ii) * The figures are for 1999-2000

(iii) Semi-educated means Primary and Middle Pass taken together; Educated means Secondary schooling and higher level of education.

Source: Compiled from household level data on CD-ROM for the year 1983, 1993-94 and 2004-05 supplied by NSSO, Govt. of India, New Delhi.

Table 4 : Distribution of Economically Active Population by Level of Education : 2001

Country	Sex	Illiterate	Upto Primary	Middle Level	Secondary & Above
1	2	3	4	5	6
Africa					
	Male	92.1	0.0	2.6	4.5
Rwanda	Female	94.1	0.0	2.5	2.5
	Total	93.2	0.0	2.5	3.4
Asia					
	Male	11.8	0.0	12.9	75.3
Korea	Female	24.9	0.0	16.0	59.1
	Total	17.2	0.0	14.2	68.6
	Male	34.3	26.2	16.6	22.8
India*	Female	70.5	16.1	6.1	7.3
	Total	43.9	23.5	13.9	18.7
	Male	13.1	6.4	15.6	67.1
Singapore	Female	15.7	4.7	12.3	67.3
	Total	14.2	5.7	14.2	67.2
	Male	2.5	19.7	52.1	25.7
Sri Lanka	Female	5.9	20.4	38.6	35.0
	Total	3.6	20.0	47.6	28.8
Europe					
	Male	0.0	0.2	7.8	92.0
Czech Republic	Female	0.0	0.3	12.8	86.9
	Total	0.0	0.2	10.0	89.7
	Male	0.0	30.1	0.0	69.9
France	Female	0.0	22.9	0.0	77.1
	Total	0.0	26.9	0.0	73.1
	Male	0.0	1.5	14.3	84.3
Germany	Female	0.0	1.3	17.9	80.8
	Total	0.0	1.4	15.9	82.7
	Male	0.0	0.9	16.1	83.0
Hungary	Female	0.0	0.7	19.0	80.3
	Total	0.0	0.8	17.4	81.8
	Male	0.0	7.4	13.2	78.8
Sweden	Female	0.0	4.8	11.4	83.2
	Total	0.0	6.1	12.3	80.9
	Male	11.2	0.0	5.1	74.8
United Kingdom	Female	12.2	0.0	6.9	73.6
	Total	11.7	0.0	5.9	74.3

Contd.

South America					
	Male	61.0	10.3	6.3	21.9
Brasil	Female	51.5	9.7	7.6	30.6
	Total	57.0	10.1	6.8	25.5
	Male	46.7	0.0	25.1	28.3
Mexico	Female	41.8	0.0	21.4	36.9
	Total	45.0	0.0	23.8	31.2
North America					
	Male	4.3	0.0	14.9	80.8
Canada	Female	2.7	0.0	12.1	85.2
	Total	3.6	0.0	13.6	82.8
	Male	0.1	0.0	32.9	67.0
Australia	Female	0.1	0.0	38.8	61.1
	Total	0.1	0.0	35.5	64.4

Note:1. *International Standard Classification of Education* for the year 1976 and 1997 have been adjusted to ensure comparability of data for different countries.

2. * Figures are for 1999-2000.

Source: 1. ILO, Year Book of Labour Statistics:2002, Geneva, 2002: 29-67.

2. Govt. of India, Employment and Unemployment Situation in India: 1999-2000, NSS Report No. 458, May 2001.

Table 5 : Distribution of Persons (Age 5 Years and above) by Status of Current Attendance in Educational Institutions for Different Age-Groups in Rural and Urban India: 1993-94/2004-05

Age	Current Status of	1993-94					2004-2005					
Group	Attending Educational	Rural			Urban			Rural			Urban		
(Years)	Institutions	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
1	2	3	4	5	6	7	8	9	10	11	12	13	14
5- 9	Not Attending	33.5	44	38.5	16.2	20.3	18.1	19.8	23.2	21.4	11.3	12.6	11.9
	Pre-Primary Schooling	15.4	12.6	14	22	19	20.7	23.6	23	28.3	30.6	33.8	32.2
	Primary Schooling	48.4	41.2	45	58	56.9	57.5	55.3	52.5	54	55.3	51.1	53.2
	Middle & Higher Levels	2.6	2.2	2.4	3.6	3.8	3.7	1.3	1.3	1.3	2.8	2.5	2.7
10—14	Not Attending	24	44.2	33.2	13.2	18.4	15.6	14.2	23.9	18.9	10.2	12.2	11.2
	Pre-Primary to Primary	34	25.6	30.2	28.6	24.7	25.7	40.6	35.5	37.9	32.6	31.7	32.2
	Middle Level Schooling	33.9	23.9	29.3	44.5	43.2	43.9	38.4	35.1	36.8	47.6	45	46.3
	Secondary & Higher Levels	8.2	6.2	7.3	13.8	13.5	13.7	6.8	5.5	6.4	9.6	11.1	10.3
15-19	Not Attending	58.7	79.2	68	43	50.2	46.3	56.4	68.5	62	41.3	43.3	42.2
	Pre-Middle to Middle	9.4	5.2	7.5	7.6	5.7	6.7	12.5	8.6	10.6	8.6	8.9	8.7
	Level Secondary to Higher Sec. Level	26.3	13.1	20.3	34.5	30.9	32.8	29.3	20.9	25.4	42.6	38.2	40.6
	Technical Degree and Diploma	5.6	2.5	4.4	14.8	13.2	14.1	1.8	2	2	7.5	9.6	8.5
20-24	Not Attending	89.2	97.1	93.2	77.3	86.6	81.8	91.9	96.1	93.6	78.5	85.1	81.6
	Pre-Secondary to Higher Secondary	4.1	1.4	2.8	4.6	2.5	3.6	3.4	1.3	2.5	4.9	2.3	3.7
	Technical Degree	4.8	1.1	2.9	11.7	7.3	9.6	3.3	1.9	2.9	12.3	9.9	11.3
	Technical Diploma	1.8	0.4	1.1	6.2	3.5	4.9	1.4	0.7	1	4.3	2.7	3.4

Source: Govt. of India, NSS Report No 409, 1997: A79-A84; Report No-458, 2001:A 119-A124;Report No. 515, 2006: A37-A42

Table 6 : School Attendance Rate by Age-Group and Household Monthly Per Capita Expenditure in Rural and Urban India : 1999-2000

1990-2000					2004-2005				
Household Monthly Per Capita Expr.(Rs.)	Age Groups				Household Monthly Per Capita Expr.(Rs.)	Age Groups			
	5-9	10-14	15-19	20-24		5-9	10-14	15-19	20-24
1	2	3	4	5	6	7	8	9	10
RURAL					**AREAS**				
< 225	51.0	53.4	18.5	2.3	< 235	60.7	63.0	22.8	1.6
225-255	53.3	59.1	21.1	2.2	235-270	69.1	69.6	20.7	1.5
255-300	59.8	62.8	25.5	2.4	270-320	71.3	73.7	25.6	1.9
300-340	65.0	67.8	26.7	4.7	320-365	72.2	74.8	27.1	3.0
340-380	66.4	70.4	32.7	4.6	365-410	77.3	79.8	30.9	3.2
380-420	70.4	75.5	32.5	5.7	410-455	78.6	82.3	34.2	5.7
420-470	72.1	76.4	35.8	5.5	455-510	81.4	83.4	37.6	4.1
470-525	76.7	80.9	39.7	7.2	510-580	84.1	86.1	40.9	7.4
525-615	79.0	82.1	42.9	8.8	580-690	87.7	90.1	48.0	8.1
615-775	83.4	86.6	50.1	14.4	690-890	91.5	92.2	54.5	12.8
775-950	89.2	90.4	57.3	17.8	890-1155	93.5	95.1	62.0	16.5
950 & Above	89.5	91.2	62.9	21.7	>1155	96.9	95.2	71.2	32.0
All Classes	66.5	72.0	36.0	7.3	All Classes	78.5	82.1	40.7	7.9

Contd.

U R B A N					A R E A S				
<300	61.9	61.0	27.0	5.1	<335	67.1	69.5	28.9	3.6
300-350	69.6	72.5	38.0	6.4	335-395	73.3	71.6	30.2	2.7
350-425	73.4	73.3	34.6	7.7	395-485	82.3	77.2	34.6	4.5
425-500	80.8	84.6	42.4	10.9	485-580	88.4	88.0	42.5	5.2
500-575	86.8	87.1	47.5	12.5	580-675	87.4	90.7	47.0	9.6
575-665	87.6	88.7	53.8	15.3	675-790	89.5	91.0	53.3	14.0
665-775	90.4	91.3	58.9	19.2	790-930	94.9	94.3	60.9	14.8
775-915	90.3	92.5	66.6	24.2	930-1100	97.0	96.7	69.9	20.4
915-1120	93.8	95.1	75.8	29.7	1100-1380	98.4	97.9	79.6	26.8
1120-1500	96.1	95.8	82.2	34.6	1380-1880	98.6	99.1	82.1	37.5
1500-1925	94.1	95.8	85.9	45.5	1880-2540	99.4	97.9	87.3	38.9
1925 & Above	92.5	93.7	84.8	53.2	>2540	97.8	98.1	93.2	61.9
All Classes	81.4	84.0	55.2	20.1	All Classes	88.1	88.8	58.3	20.0

Source: 1. For 1999-2000, Govt. of India, Employment and Unemployment Situation in India-1999-2000, Part I, Report No-458, May 2001: A115, A118.

2. For 2004-2005, Govt. of India, Status of Education and Vocational Training in India 2004-2005, NSS 61st Round (July 2004-June 2005), Report No. 517, December 2006, p A27-A30

Table 7 : Monthly Per Capita Expenditure on Conveyance and a few other Select Commodity-Groups for Specified Groups of Consumers in Urban and Rural India: 2004-2005

Consumer	**Monthly Per Capita Expenditure (Rupees) on**				
Group	Conveyance	Education	Health	Food	Total Expr.
1	2	3	4	5	6
U R B A N I N D I A					
Bottom 5%	4.27	4.68	7.01	181.39	279.66
Top 5%	387.98	288.65	339.8	1003.99	4235.64
Ratio	91:1	62:1	49:1	6:1	15:1
Bottom 10%	5.84	5.63	9.21	206.85	323.9
Top 10%	291.24	212.71	228.78	886.24	3196.43
Ratio	50:1	38:1	25:1	4:1	10:1
Bottom 30%	10.74	9.78	15.97	263.3	440.52
Top 30%	166.3	122.55	122.17	691.59	2013.97
Ratio	15:1	13:1	8:1	3:1	5:1
R U R A L I N D I A					
Bottom 5%	2.9	1.65	4.22	136.58	199.53
Top 5%	121.07	87.24	279.22	659.13	1956.57
Ratio	42:1	53:1	66:1	5:1	10:1
Bottom 10%	3.37	2.22	5.79	153.52	226.67
Top 10%	88.44	61.56	178.67	578.57	1478.26
Ratio	26:1	28:1	31:1	4:1	7:1
Bottom 30%	5.14	3.81	9.15	193.67	295.26
Top 30%	50.77	35.9	89.02	454.79	964.94
Ratio	10:1	14:1	10:1	2:1	3:1

Source: Govt. of India, Level and Pattern of Consumer Expenditure in India, 2004-05, Part-I, NSS 61st Round (July 2004-June 2005), National Sample Survey Organisation, August 2005: A-240, A-276

Table 8 : Public Spending on Education and Health in Indian States : 1980-81/1998-99 (% age of Gross State Domestic Product)

	Education			Health		
State	1980-81	1990-91	1998-99	1980-81	1990-91	1998-99
1	2	3	4	6	7	8
Andhra Pradesh	2.8	2.94	2.43	1.44	0.99	1.61
Assam	3.46	4.53	5.23	1.48	1.32	1.05
Bihar	3.36	4.54	4.02	1.31	1.37	0.75
Gujarat	2.33	3.4	2.78	1.17	1.18	0.94
Haryana	2.15	2.37	2.57	1.24	0.71	0.71
Himachal Pradesh	5.44	6.45	7.06	4.77	2.75	2.63
Jammu & Kashmir	3.8	6.08	6.01	4.29	2.81	2.72
Karnataka	2.78	3.33	2.92	1.19	1.32	1.01
Kerala	5.22	5.25	3.25	2.02	1.49	0.95
Madhya Pradesh	2.28	3.18	2.69	1.57	0.99	0.94
Maharashtra	2.28	2.78	2.21	1.13	0.84	0.61
Manipur	8.63	10.26	9	5.57	2.39	1.95
Meghalaya	4.83	7.12	5.58	7.93	2.78	2.3
Orissa	2.86	4.09	3.92	1.6	1.37	1.25
Punjab	2.61	2.68	2.87	1.04	0.89	0.86
Rajasthan	3.19	3.95	3.96	2.51	1.35	1.35
Tamil Nadu	2.91	4.04	3.08	1.5	1.94	1.35
Tripura	5.81	10.35	7.58	2.38	3.26	2.14
Uttar Pradesh	2.3	3.51	3.09	1.06	1.14	0.91
West Bengal	2.59	3.63	2.71	1.39	1.18	0.94

Source: Government of India, National Human Development Report 2001,

Planning Commission, March 2002: 291.

Globalization, Public Sphere and Community Media : Issues, Initiatives and the Road Ahead

Abhilaksh Likhi

This paper focuses attention on the struggle of local communities to create democratic media systems as transnational conglomerates consolidate their control of the global mediascape. It also explores in today's global scenario the different ways in which local communities come to make use of various technologies such as radio, television, print and computer networks for purposes of community communication. It further delineates the broader theoretical and philosophical issues surrounding the relationship between communication, community, media systems and the public sphere in civil society. In the above context, the paper also highlights the scant scholarly attention that community media has received over the years despite efforts towards bringing about a New World Information and Communication Order (NWICO). Enabling a seamless fusion of theory and practice, the paper through illustration of grass roots initiatives from around the world attempts to fathom the diversity and commonality of community media. Finally, in the backdrop of changing regulatory communication policies world over, the paper makes a forceful argument in support of the role that community media can play in creating viable alternatives to the culture industries and promoting a more democratic media culture that encourages civic engagement in the life of local communities. It also concludes that community media, in the future global context, will play a pivotal role in promoting cultural production and communicative democracy within and between local communities.

The term 'globalization' has often been used as an all encompassing phrase that has led to widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life. Some scholars have conceptualized it as unleashing of a time- space compression enabled by expanded transportation and a communication infrastructure (Robertson 1992; Appadurai 1996). While, others have underlined the dialectics of globalization when they direct our attention to the new terrain of cultural production and national representation that is at once global as well as local (Wilson and Dissanayake 1996).A few researchers have also pointed out that as an idea, globalization is not a product of the 1990's. (Hall 1995; Gardels 1997)). Others opine that it is neither a wholly novel, nor primarily modern, social phenomenon but its form has changed over time

and across the key domains of human interaction, both from the political to the ecological (McGrew, Glodblatt & Perraton 1999). Globalization, thus, has been variously described as a phenomenon that leads to the 'establishment of social organizations spanning geographic, political and cultural boundaries' (Baran & Davis 2001:347).

Over the years, the term has increasingly been used to refer to a process through which the entire human population is bonded into a single system (Wallerstien 1997) or a single society (Albrow 1990). Such a system is stated to be the framework for individual activities and operations of nation states. It has been conceived both as a journey and a destination- with the arrival at the globalized state as a finality, the latter constituting a unit of analysis in its own right. (Giddens 1990). Media critic Marshall MacLuhan, was infact, almost prophetic in conceptualizing the '**global village**' that, according to him, would inevitably emerge as electronic media tied the entire world into one great social, political and cultural system.

In the above context, the digitalization[1] and convergence[2] of both old and new information and communication technologies (print, radio, television, telephony and multi media) is indeed gradually revolutionizing the current communications landscape. It is leading to the collapse of physical, virtual and institutional barriers that have perhaps kept people apart over the previous decades. Interestingly, this has been happening in a world that is being transformed by several other important trends as well in the late twentieth century - globalization of economies, widespread population migrations, emergence of multiculturalism and a nation state that has become culturally more heterogeneous.

Media globalization

Infact, the world wide trend towards economic liberalization has hastened what has been described as media globalization. Privatization of media industries and services, deregulation of government controls on privately owned media companies and the relaxation of regulations on entry of foreign multinationals companies have been some of the discernable trends in media everywhere. Concentration of ownership in a handful of media conglomerates based in the developed countries has infact led to oligopolistic control over the terms of public debate and discourse. (Herman and McChesney 1998).

Interestingly, both deregulation and privatization are most visible in the broadcasting sector (radio and television) which in many countries has been, in the recent past, maintained by the state as a not for profit public service. The decline in the role of the state has been accompanied by the entry of transnational media corporations who have began to invade domestic markets by entering into collaborative ventures with national media firms to produce, provide and/or disseminate new and entertainment. Further, advances in satellite broadcasting have enabled these gigantic media corporations to gain a firm foothold in the cultural and information market place of every region of the world targeting populations as sheer media consumers.

Such media globalization is said to have immense implications for the dynamic relationship between the market, state and the civil society[3]. Some scholars contend that it has the potential to

diminish the organized and substantial capacity of the people to enter into public discourse about the nature and course of their lives together (Calhoun 1994). Thus, as global media firms gradually erode the process of cultural diversity and the quality of information in the public sphere[4] , civil society will tend to becomes increasingly ineffective. And as media firms grow larger they are less likely to take risks in developing innovative or progressive information and cultural forms that could initiate meaningful social change.

The alternative communication discourse

An expression of this widely shared anxiety can be deciphered in the **alternative communication discourse** that seeks greater democratization in distribution of the benefits, operation and control of media forms and information technologies. Across the globe, in large urban centers and small rural villages, through grassroots organizing efforts and in collaboration with NGO's (non-governmental organizations) and international aid agencies, communities[5] are working to remake media systems that serve local interests, address local concerns and otherwise shape, reflect and inform local opinion. Therefore, community media as a media that is produced by civil societies provides an exceptional site of cultural analysis to consider the fundamental, yet enigmatic relationship between **communication, public sphere and the community-** a relationship that stirs popular imagination and continues to stimulate academic debate.

This paper seeks to trace the development of community media vis-a- vis the role regulatory policies and philosophies play in shaping local, national and transnational media systems. It also highlights the significance of distinct, but related developments in transportation and communication technologies in facilitating transnational flows of people, cultures, capital, goods and services. Within the above context, I hope to demonstrate that community media represent a focus area to examine the dynamics of globalization from the perspective of local communities. Put differently, this paper is an effort to substantiate what I perceive as a defining feature of community media- locally oriented, participatory media organizations are at once a response to the encroachment of the global upon the local. They are also an assertion of the local cultural identities and socio-political autonomy in light of these global forces.

Public sphere and communication : The conceptual framework

The concept of public sphere, as described by Jurgen Habermas, provides a robust theoretical framework to examine the crucial link between democratic self governance and communication in the context of globalization. Habermas (1993) argues that the public sphere is the foundation of civil society that enables the citizenry as a forum to reach a consensus on the issues and policy decisions that affect public life. In Habermas' formulation, the public sphere is a realm, insulated from the deleterious influence of state and commercial interests, in which citizens openly and rationally discuss debate and deliberate upon matters of mutual and general concern to a self-governing community. In short, it is a space in which a social aggregate becomes a public.

According to Habermas, an effective and robust public sphere depends upon two conditions: the quality of discursive practices and the quantity of participation within the discourse. The first requirement calls for rational-critical debate based not on the speaker's identity or social standing, but upon the reasoned and logical merits of an argument. The second requirement entails opening up the debate to the widest public possible and encouraging the inclusion of competing opinions and perspectives. The threat to the public sphere, as Habermas sees it, is the encroachment of the state and commercial interests into this realm. Habermas observes that as the public sphere shrinks, there is marked increase in political apathy, a relentless pursuit of economic and material interests and a rising tide of cynicism and social alienation. **The collapse of the sphere is therefore a danger to the very core of civil society**. In Habermas' historical account, the public sphere has eroded since its inception in the late seventeenth and early eighteen centuries, due in large part to the detrimental effects of commercial media, state intervention into family life and the corporatization of public and private life.

Notwithstanding criticisms of the exclusivity, historical accuracy, and idealized quality of Habermas' construct, the concept of the public sphere has enormous relevance for the ongoing alternative communication discourse of building and sustaining a more democratic media (Garnham 1993). In an era marked by the increased interrelatedness and interdependence of local populations in the realm of politics, economics, culture and the environment, deliberative democracy takes on global significance and urgency(Axtmann 1997). In other words as the nature of citizenship changes in an increasingly integrated world, the question of who deliberates has enormous implications. And yet, in the wake of fundamental questions over matters such as resource allocation, distribution, privatization of public goods, services and the need to encourage sustainable development, there is relatively scant popular participation in this deliberative process.

In short, the conceptual framework delineated by Habermas helps us to realize that, in the current global scenario, without equitable access to information (also to the related technologies) and in the absence of accurate representation of disparate social groups, democratic communication will not truly be democratic.

Community media defined

In the above context, community media to a large extent provide the public space for effective deliberation that is so essential to the vitality and strength of civil society. Such media are generally defined as media that make allowance for, first and foremost, access and participation. We can further define them as grassroots or locally oriented media access initiatives predicated on a profound sense of dissatisfaction with mainstream media form and content. They are dedicated to the principles of free expression, participatory democracy, enhancing community relations and promoting community solidarity. They are also viewed as popular and strategic interventions into contemporary media culture committed to the democratization of media structures, forms and practices that impact upon organizational structure, production techniques and programming. Popular in that these initiatives are the responses to the felt needs of local populations to create media systems that are relevant to their

everyday lives; strategic in that these efforts are purposeful assertions of collective identity and local autonomy in an era (as has been delineated in the earlier part of this paper) marked by the unprecedented concentration of media ownership on the local and national levels and by the attendant proliferation of transnational media flows.

Even today, radio is still the dominant medium for community expression in most parts of the world. Television\ video content is more expensive and complicated to produce. Print media has for long supplemented radio in articulating local aspirations and motivations but not without its fair share of legal obstacles. However with the arrival of new digital media (Internet, World Wide Web and various compression technologies), despite a varyingly regulated broadcasting environment, community broadcasting would now probably have better chances of being accommodated with the spectrum[6] being set aside for community purposes.

Community media studies

Community media has received surprisingly little scholarly attention, even within the field of media studies itself. Some scholars who have begun to address this shortfall include John Downing, Chemencia Rodriguez, Chris Atton, Nick Jankowski, Peter Lewis, J. Servaes and Nick Couldry to name a few. Their academic work does not always refer to the nomenclature "community media". On the contrary, terms such as 'alternative media', 'radical media' and 'citizens' media' are used more often to deal with a specific area within community media than broader public philosophies like communitarianism and liberalism.

Community media studies first emerged out of efforts to "democratize" the media. It was a challenge to the domination of the corporate media and the economic and political media structures that favored some interests over the others. In 1976, UNESCO[7] established a commission to examine international communication issues, in particular the inequality in information flows between the First and Third Worlds. The Latin American scholars who dominated the debate argued that underdevelopment of the South (Third World) was partly due to the unequal information exchange from the North. Further more, the way the Latin American countries were being depicted by international news agencies discouraged cultural and economic exchanges between Third World nations and the South. The Ultimate purpose of the UNESCO discussions was to bring about a New World Information and Communication Order (NWICO). The resulting MacBride Report recommended more democratic national policies, including fostering of South-to- South communication and a code of ethics for the mass media. It was in this context that the terms 'access', 'participation' and 'self-management' were raised as indicators of democratic media. The debates surrounding NWICO have been superceded by new information rights debates- the most recent surrounding the World Summit on the Information Society (Sean O'Siochru & Bruce Girard 2003).

In view of the above, many scholars have held that grassroots community media movement has possessed the potential to overcome the imperialist threat of the mass media systems. Alternative

media initiatives (broadcast, print and multimedia) are said to destabilize the one- to-many communication structures of the mass media through their participatory, two way structure. Thus, community media supporters felt that passive audience members could be transformed into active producers. Although, other scholars firmly believe that there are examples of mass media programming that challenge dominant cultural stereotypes and that may even be described as 'alternative' in their vision of society. Thus, while community media theorists argue for new structures of ownership and control other media scholars still maintain that the mass media also possess uniting, conciliatory qualities giving it the ability to bring issues of social and political importance to the attention of large parts of the population simultaneously. But in view of the more complex ideas of power, identity and cultural change dominating the communication landscape today, community media studies are now beginning to acknowledge the inadequacies of its own tradition. They are indeed developing newer perspectives in today's global era that are critical as well as pertinent to media studies as a whole.

The community media global trail

Community media's intervention into contemporary media culture depends not simply on the appropriation of communication technologies but on the rearticulation of these technologies in the service of local populations. Drawing on the scholarship highlighted in the preceding paragraphs community media and its appropriate technologies can indeed enable us to trace the global through the local. This is because in today's interconnected context, local populations are no longer simply subject to or dominated by national, regional, transnational political/economic arrangements, structures, policies and prerogatives. Thus, it becomes pertinent to examine the role of various stakeholders that fund, organize and support these 'bottoms up' efforts to make local communities media literate and also to reclaim the media.

Community radio

For instance, a number of scholars trace the development of community radio as it is commonly understood and currently practiced to the pioneering efforts of **KPFA, Pacifica Radio in Berkeley, California** (Barlow 1988; Lewis and Booth 1990). Appalled by commercial broadcasting's unrelenting commercialization, Pacifica's founders sought to remake radio for purposes of promoting dialogue, understanding and peaceful coexistence amongst all the people of the world. Even today through its innovations in listener sponsorship, investigating reporting, audio documentary and free form music presentation, Pacifica Radio has been at the social, cultural and political vanguard of American broadcasting(other than commercial and public service outlets) for well over half century (Land 1999).

We can detect the same impulses to celebrate local culture and nurture community relations in less well known, but equally impressive efforts around the world. **Radio Suara Persaudaraan Matraman (RSPM) founded by M.Satiri in East Jakart**a features the so called "dangdut" music, an indigenous variant of Indian popular music that appeals to young people from warring factions. The station, interestingly, grew in response to the uneasy and often hostile relations between two squatter

communities. Over the course of past three years, Satiri's home studio has served as a meeting ground for young people to encounter one another without fear of violence. Young people produce their own music programming and learn valuable programming skills. In many respects the Indonesian community radio sector (including stations like RSPM that began broadcasting without a license) resembles the informal network of micro-broadcasters that took to the airwaves in Japan throughout the 1980's(Kogawa 1993) and more recently in the free radio movements in the United States(Sakolsky and Dunifer 1998).

Similarly, throughout the 1970's, feminist groups across Western Europe were especially active in establishing free radio stations committed to promoting women's rights and extending women's presence into social and political arenas traditionally reserved for men. Stations like **Radio Donna in Rome, FSK and St. Paula in Germany** are non-commercial, listener-supported radios that produce independent news and cultural programming largely through networked volunteer efforts and hence work towards creating a "feminist public sphere"(Mitchell 1998).

Community radio is an often overlooked site of 'identity politics' on the local, national and increasingly, international levels. This is evident from the **Bolivian community radio stations such as Radio Esparanza** that broadcasts daily in the local dialects of the Quechua people. In view of the high rates of illiteracy throughout Cochambamba, the station, capitalizes on the Quechua's formidable social networks and their rich oral traditions. In **Australia (e.g. Imperial Channel) and Canada (e.g. Radio Kenomadiwin)** too, indigenous populations have made effective use of community based radio to preserve culture, publicize their concerns and secure some semblance of self determination.

While locally oriented, participatory radio practices have helped "free the airwaves" throughout much of the world, the struggle for communicative democracy in ongoing and volatile. This is perhaps most evident in **Latin America wherein regulatory changes in Chile, Brazil and Argentina** have weakened community radio's legal status and encouraged private ownership and consolidation. On the other hand, however, deregulation has created some, albeit limited, opportunities for community oriented radio to gain foothold in media environments heretofore dominated either by the state run, public service or commercial interests. In **Africa,** for example, local groups have taken advantage of ambiguous or ill defined broadcast regulations and established unlicensed community stations. For instance, **Bush Radio in South Africa** in addition to training the next generation of radio journalists has been active in mediating conflicts between vigilante groups, drug dealers and local reporters.

In short, the effects of media deregulation around the world have been complex and contradictory. While in some instances it has enabled the development of community radio, in other contexts it has further constrained the development of this sector. In case of countries like **France, United Kingdom and Ireland** the communication environment has encouraged regulators and community media activists to develop a framework for promoting and supporting community broadcasting. In other parts of the world, however, deregulation has done little more than weaken the already fragile state run monopoly broadcasters. In **India,** for instance, after the airwaves being shared by the commercial broadcasters since 1999, community radio groups such as **Radio Ujjas** can purchase airtime over the state run

service to broadcast programming produced by, for and about the people of Kutch. The radio trains rural women to conduct interviews, create news reports and produce radio programmes using minidisk recorders and computer based editing tools[8].

Such initiatives do recognize community radio's value across the Third World for preserving local cultural autonomy, encouraging sustainable development and promoting participatory democracy.

Community television and popular video movements

Democratization of television production is best subsumed in the **Fogo Island Project in Newfoundland, Canada** wherein twenty eight short films featured the views and perspectives of local rural inhabitants on the fishing industry as collective identity issues for the government. This program's innovative practices also migrated to the United States as public access television. Infact, within the latter the **Alternative Media Center Movement** based in **New York** aims at "informing and educating people who are becoming increasingly confused by the integration of new technologies into their lives and to provide a basis upon which people can control these vital information resources and to increase communication among diverse group of people"(Engelmann 1996: 248).

Among the more innovative access televisions' in **Europe is local television in Amsterdam.** Like the pirate radio operators that helped promote community radio in the Netherlands and across much of Western Europe, public access television in Amsterdam owes its existence in no small measure to the so called "hackers" who, throughout the late 1970's made use of empty channels on the country's emerging cable television service. For instance, **Hokesteen Live,** a weekly, 16 hour live television event features an assortment of interviews, video art, performance pieces and late night/early morning viewer phone-ins (Smits and Marroquin 2000). Similarly, located on the outskirts of **Paris, Telebocal** operates what might best be described as a full service neighborhood media arts center. It operates as a low power TV station and media training facility in shared space with a theater company and photo gallery.

An analogous global dynamic is at work in the **Russian hinterlands**. Located in the city of Tomsk, what the locals refer to as the Siberian Athens, **Tomsk TV2** operates "to fashion a new model of independent, critical reporting" in the post Soviet era (Park 2000:20). The station provides young people with technical training and gives them an opportunity to participate in program production and information dissemination. Students thus come to appreciate the dynamic role that television plays in shaping individual and collective experience as well as identity and consciousness.

This crucial yet commonly under estimated aspect of community television is perhaps most forcefully articulated in **Latin America's** grassroots and **popular video movements**.(Rodriguez 2001). Across the region, disparate groups including organized labour, indigenous peoples, social workers, political activist, religious leaders and educators have embraced participatory video as a means to promote solidarity. It also enables them to agitate for social, economic, political justice, preserve local cultural traditions and otherwise create a community.

Democratizing print

While the emphasis on conscience raising is common to community media in general, articulating the correspondence between symbolic and material relations of power in a forceful fashion is unique to the **street paper.** Both, **Salvation Army's War Cry and IBWA's Hobo News** in **London** and **New York City** respectively are examples of self published monthly periodicals committed to documenting the lives and experience of the marginalized classes. Further, their operation provides important insight into the role newspaper publication plays in creating a forum in which the disenfranchised can articulate their concerns, coordinate their efforts and forge a coherent, collective identity.

This same dynamic is evident at the national and international levels. In August 1996, representative's from twenty six street papers across the United States and Canada met in Chicago to meet and discuss common strategies and concerns. Every summer since then the **North American Street Newspaper Association** (NASNA) formed then, gathers to network, share resources and learn about the particular conditions facing the homeless and working poor in host cities. NASNA's inspiration comes from likeminded organizing efforts among Europe's emerging street paper sector like the **International Network of Street Newspapers (INSP)** that includes participants from Netherlands, Spain, Sweden, Austria, Germany, Czech Republic, Greece, Russia, South Africa and South America. INPS, for instance, has been relentlessly supporting the continued operation and long term viability of the Russian street paper, **The Depths**, based in St. Petersburg, which has always strongly spoken for human right activism.

Thus, the street paper initiatives amply demonstrate that local communities can articulate communication technologies, communicative forms and practices to meet their particular and distinctive needs. In this context, it probably strikes a fine balance between readability on one hand and progressive community activism on the other.

Multimedia

Howard Rheingold's The Virtual Community (1993) brought the phrase "cyberspace" out of the realm of science fiction into popular vernacular. In doing so, Rheingold succinctly captured the ambivalence many people harbored about an emerging form of social interaction- networked computer communication. These technologies facilitate the establishment of communities geographically separated people who nevertheless form "webs of personal relationships" through social intercourse conducted by means of telephone lines, modems, keyboards and computer terminals (Rheingold 1993: 5). Likening these so called virtual communities to ancient Athens, Rheingold suggests that electronic democracy would encourage a renaissance of reasoned civic discourse, facilitate cooperative efforts and collective action. On the other hand, he also notes that these same technologies exacerbate anxieties resulting in the already fragmented communities becoming even more fractured and divisive.

The hopes, fears, anxieties and desires that Rheingold articulates are manifest in an array of local initiatives with different names such as **freenets, civic nets, community networks, telecottages,**

public access networks and community informatics. Despite variations in labeling these efforts, the impulse remains constant- the provision of computer and networked information resources and services to local populations (Morino 1994).

For instance, projects like the **Agora Telematica in Rome, Italy, Civnet in Russia and Vicnet in Australia** facilitate communication within and between disparate national, linguistic and cultural groups. Infact, the '**Telecottage movement' of the 1980's** grew out of **Scandinavian experiments** with distance learning. The Telecottage houses an assortment of telecommunication equipment, including computers, printers, fax and telex machines. People in remote communities are encouraged to visit these regional telecommunication facilities and make use of the equipment at little or no cost. From modest beginnings in the mid-1980, the telecottage movement infact gained momentum across **Europe, Australia and in the developing countries** too (Cisler 1994b). In the latter, **telecenters** serve as community communication centers providing host of services, including satellite television, video recording, desktop computers, printers as well as internet access. Akin to community networks in industrialized societies, local populations, national governments, NGO's and international aid organizations alike view telecenters as tools for community and economic development. They are, of course, gradually articulating the various facets of an emerging global information infrastructure[9].

The road ahead

At the dawn of the twenty first century, the scale and complexity of the global social organization grows ever more unwieldy. Indeed, the developments in transportation and communication technologies once engendered the formation of 'imagined communities' (Anderson 1991) of modern nationalism. These now challenge the nation state's ability to contain and control the movement of people, goods and services. They thus fundamentally are in the process of altering social relations within and between nations and further making the possibility of realizing a knowable community even more remote. Not surprisingly, then, the crisis of community and identity is apparent in a number of contemporary social movements and cultural formations of today- religious fundamentalism, ethnic nationalism and the growing global interest in community communications.

The solution to this crisis of identity and community in an increasingly complex and interdependent world is not simply a matter of transmitting information. Rather, the significance of relations between people, their shared environment and communication ecology in the public sphere of civil society has to be nurtured at the level of the human consciousness. Community media are infact able to successfully create this vision of a shared human consciousness within and among community members who voice their concerns, express their hopes, communicate their needs and share their experiences. In a way, such media engender a global human consciousness of sorts. Clearly, this is not the monolithic or totalizing consciousness popularized by Marshal McLuhan – an attitude embraced by transnational corporations in their desire to conflate consumer ideology with principles of social justice and political democracy. In this light, community media can be understood as contributing to the creation of global villages- communities of significance and solidarity that recognize difference and acknowledge mutual responsibility on the local, national, regional and global level.

Thus community media initiatives around the world are making a modest but vitally important difference in the lives of local populations by enthusiastically affirming our individual and collective agency as cultural producers and political subjects. Similarly, by acknowledging the value of diverse cultural expression, encouraging local forms of cultural production and rejecting the rather sterile form and content of mainstream media, community media are contributing to the development of a vibrant and challenging local cultural environment. Lastly, in confirming the ability of local populations to effectively utilize the instruments of mass communication, community media belie the notion that use of communication and information technologies is best left to a handful of economic and technical elites. It goes without saying that community media initiatives are also, without doubt, imperfect with ample instances of condictory impulses and tendencies. But at the end of the day they are one amongst the most viable alternatives to culture industries and for promoting a more democratic media culture in civil society.

Notes

[1] Binary language is at the heart of digital communication and has enabled proliferation of computer networks, compression technologies and satellite broadcasting.

[2] Convergence, the coming together of discreet communication form (broadcast, cable, telephony, computers and mail) is not only of hardware or means of transmission and delivery but also content (video, audio, text data and graphics).

[3] Civil society is a domain created by the people through their associations, bonds and allegiances separate from the state and the market but tied to both.

[4] Public sphere is the social space in which a public comes to understand and define itself, articulate its needs and common concerns and acts in collective self interest.

[5] Community is a social web, or bonds that are shared. These carry a set of shared moral and social values, duties and responsibilities that are essential to social cohesion. 'Communities' here refers to community organizations that reassess the way liberal democracy itself is managed and within it the status granted to nongovernmental, noncommercial institutions working in the sphere of civil society.

[6] This constitutes the scarce space in the spectrum that is used for broadcasting by means of radio waves to send out sound, pictures, text, data and graphics for reception of the general public.

[7] **The United Nations Educational, Scientific and Cultural Organization** has been concerned with communication since its inception in 1946 as reflected in Article 1.2 of the Constitution, which invites the Organization to collaborate in the work of advancing the mutual knowledge and understanding of peoples through all means of mass communication and in the end recommend such international agreements as may be necessary to promote the free flow of ideas by word and image.

[8] In the above context, it would be fruitful to learn from the success or failure of similar attempts in the rural Indian hinterland such as the Pondicherry Village Knowledge Centers, n-Logue, e-Chaupal, Grasso and the Baramati Initiatives that aim at empowering rural inhabitants through information and communication technologies. The rural hinterland in India is also host to many UNESCO supported community multimedia centers such as Namma Dhwani (Kolar District, Karnataka) that narrowcasts radio recordings and also trains the local community in media literacy.

[9] A convergent media environment has meant new emphasis on issues such as privacy protection, copyright, standards, access to communication infrastructure and commercial robustness. Previous regulatory concerns that focused on cultural maintenance and support can no longer claim distinct, or primary, importance.

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Johal Diversification Scheme: A Critique

H.S.Shergill

Under the Johl diversification scheme (2002) accepted and adopted by Punjab Government 10 lakh hectares are to be shifted from wheat and rice cultivation to other crops. A number of serious flaws make this scheme unsuitable for solving the agrarian crisis of Punjab. As a result of shifting of 10 lakh hectares out of wheat and rice cultivation farmers will suffer a net loss of Rs.13, 280/- per hectare per year, even after receiving the proposed cash compensation of Rs.12, 500/- per hectare. The farm labourers class will suffer a loss of Rs.543.23 crore per year from such a shift of area out of wheat and rice. The earnings loss to other occupational groups will be as follows: Harvesting Combine and Tractor owners (446.99 crore), Commission agents (149.52 crore), Marketing Committees and Mandi Board (119.61 crore), Labor working in grain markets (73.41 crore), and Transport and Truck owners (118.22 crore). The total loss to Punjab economy as a whole from such a move comes to Rs.2778.99 crore i.e. 17.54 per cent of state domestic product originating in agriculture. Furthermore, this scheme will have an adverse impact on country's food security. This scheme is not workable because its various pre-conditions are impossible to fulfill. The administrative demands of this scheme are beyond the capacity of the state government. The experience of developed countries, where such schemes have been in operation for the last 50 years, indicates clearly that such schemes fail to attain the objectives. That is why such schemes are being phased out even in the developed countries. Under the more unfavorable conditions of a developing country like India, this scheme is neither feasible, nor workable.

The diversification of Punjab agriculture and the question of shifting area out of wheat and rice cultivation to other crops has been hanging in fire for the last two decades. In the first diversification report (Johl, 1986) Commissioned by Punjab Government, the expert committee had strongly recommended the replacement of wheat and rice by other crops on a sizeable cultivated area of the state. However, the committee did not suggest any concrete scheme for inducing farmers to shift area out of wheat and rice cultivation. So no follow up action was taken by the government. Since then (1986), Punjab farmers have further expanded area under rice by 10 lakh hectares and under wheat by about 3 lakh hectares. The actual evolution of cropping pattern in the state has gone in the opposite direction to what was recommended by the expert committee.

In the second diversification report (Johl, 2002), the expert committee has given a detailed scheme for shifting 10 lakh hectares of cultivated area out of wheat and rice cultivation to alternative crops. This scheme called 'Crop Adjustment Programme', has been accepted and adopted by Punjab Government as the main plank of its agricultural policy. The scheme has been submitted to the Central Government for approval and funding. If approved and implemented, it will have far reaching and multifarious effects on Punjab agriculture. In view of the big size of the shift in area proposed, and the official adoption of this scheme by Punjab Government, it is critically examined in next few pages.

A Synoptic View of Johl Diversification Scheme

For a critical assessment, it will be useful to start by giving a brief description of the crop adjustment programme proposed by the Johl Committee. The description is also necessary, in view of the non-availability of the Johl Committee report to the lay public, and even to most academicians. Most people have gathered bits of information about the scheme from what has been appearing in the news papers, and probably only a few have actually read it.

Objectives of the Scheme

The main objectives of this scheme, as outlined in the Johl Committee report, 2002, are the following :

1) To shift 10 lakh hectares of cultivated area of the state from under wheat and rice to other crops, preferably oilseeds and pulses. This shift in area will reduce production of wheat by 46.9 lakh tonnes and that of rice by 33.0 lakh tonnes.
2) To save the funds and effort that Central Government spends on procurement, handling, transport and storage of about 80 lakh tonnes of wheat and rice produced and marketed from these 10 lakh hectares of cultivated area of Punjab.
3) To check the decline in water table in the state, by reducing the withdrawal of ground water used for irrigating wheat and paddy on these 10 lakh hectares of cultivated area.
4) To save the agro-ecological environment of the state by reducing the soil, water and air pollution caused by excessive wheat and rice cultivation.
5) To ease the congestion in grain markets of the state, by reducing market arrivals of wheat and paddy by about 97 lakh tonnes.

Mechanics and Implementation of the Scheme

Under the Crop Adjustment Programme, the farmers who agree to shift cultivated area from wheat and paddy will be paid Rs.12,500 per hectares / per year as compensation for the deficiency in their incomes caused by this shifting of area to other crops. The village panchayats will be paid Rs.250 per hectare for working out and implementation of this programme in their respective villages. The state government will be paid Rs.5 crore as administrative, management and supervision costs of the

scheme. The total amount under the three heads comes to Rs.1280 crore per year and is expected to be provided by the central government for implementation of this scheme.

At the ground level the scheme will be operated and implemented jointly by village Panchayat, village Namberdar and the Patwari on the basis of information on area under various crops given in the Khasra gardawari records. First the area at present under wheat and paddy will be marked out. Then the land that a farmer agrees to shift from under wheat and paddy will be marked. For shifting area from wheat and paddy preference will be given to farmers who agree to shift their entire landholding from under paddy and wheat to other crops. The farmers participating in the scheme will be paid half the compensation before the sowing of wheat and paddy, and the other half of compensation will be paid at the end of the crop season after making sure that the participating farmers have actually shifted the marked area. There will be deterrent penalty for violation of the agreement by the farmer. In case of violation of contract by a farmer, double the amount of compensation will be recoverable as arrears of land revenue. At the State Government level, the scheme will be implemented and supervised by the Directorate of Agriculture, through its district level and block level agricultural development officers.

Benefits of the Scheme

The crop adjustment scheme for diversification of Punjab agriculture is supposed to benefit all the parties; the Central Government, the State Government, and Punjab farmers. The benefits to these three parties, as mentioned in the Johl Report (2002), are detailed below.

(1) Benefits to Central Government

The implementation of this scheme will result in a net financial saving of about Rs.5000 crores to the Central Government. At present, i.e. the year 2002 when the scheme was proposed, central government is spending about Rs.9000 crores per year on the procurement, handling, transport and storage of 80 lakh tonnes of wheat and rice produced on the 10 lakh hectares of area proposed to be shifted out of wheat and paddy cultivation. Even after paying Rs.1280 crores to Punjab farmers for shifting 10 lakh hectares of area from under wheat and paddy cultivation, the central government can save about Rs.5000 crores annually. Further, the oilseeds and pulses produced on this 10 lakh hectares of area will drastically reduce the imports of oils and pulses, and thus save huge amount of foreign exchange.

(2) Benefits to Punjab Government and the State

The pressure on the State Government and its agencies of procurement of wheat and paddy will be reduced by the reduction in wheat and paddy output in the state by about 97 lakh tonnes. The handling, transport, credit and storage arrangements for the remaining smaller output of wheat and paddy will be quite easy for the state government. The government will be relieved of the pressure from farmer's unions for higher MSP every season. The fall in water table in the state will be checked, once 10 lakh hectares of area is shifted out of paddy and wheat cultivation. Soil, water and air pollution will be reduced to tolerable levels and ecological environment of the state will improve.

(3) Benefits to Punjab Farmers

The participating farmers will get hassle free Rs.12500 per hectare as income support for making investment on the farm. The irrigation, power and labour requirements for farming will be reduced and ease the life of farmers from chronic shortages of these inputs, particularly in the peak sowing season. The problems faced by farmers due to glut in grain markets will also be eliminated. The use of machinery on the farm will be normalized over the year and thus farm efficiency will be improved.

(4) Other Benefits: W.T.O. Compatible and Flexibility

Another benefit of this scheme is that the deficiency payments made to farmers under this scheme are compatible with W.T.O. stipulations, because this support is not trade distorting subsidy and falls in the Green Box category. Further, this scheme is very flexible and enables the government to increase or decrease area under wheat and paddy according to needs of the nation for foodgrains. The area adjustments can be triggered almost instantly; it can be put on and off as per needs of the market.

Necessary Conditions for Implementation

For successful implementation of the proposed crop adjustment programme, the following necessary conditions are mentioned and emphasized in the Johl Committee report.

(1) The Central Government will have to provide a subsidy of Rs.1280 crores per year to Punjab for shifting 10 lakh hectares of area from under wheat and paddy cultivation.

(2) The minimum support prices and assured purchase (MSPAP) programme for wheat and paddy will continue without any change.

(3) An effective minimum support prices and assured purchases (MSPAP) programme will be introduced for the alternative crops, (i.e. Pulses and Oilseeds), that replace wheat and paddy on the shifted 10 lakh hectares of cultivated area.

(4) An adequate marketing and processing infrastructure for the crops that replace wheat and paddy has to be created fast in order to sustain the cultivation of these crops.

This is the broad description of the bold and big scheme for diversification of Punjab agriculture prepared by Johl Committee (2002), adopted by the State Government and submitted to the Central Government for approval and funding. Todate it has neither been approved, nor completely rejected by the central government. It is still under consideration.

Evaluation of Johl Diversification Scheme

The crop adjustment programme proposed by Johl Committee, to shift 10 lakh hectares of area from under wheat and paddy to other crops, is based on the inspiration and ideas drawn from the wellknown. 'Land retirement programmes' that have been in operation in rich countries, like U.S.A., U.K. and European Union, for almost half a century now. The long and varied experience of rich countries in operating these 'land retirement programmes' has generated enough empirical evidence on their strengths as well as weaknesses in different agro-climatic and socio-economic scenarios. The lessons learned from the experience of developed countries can be helpful in evaluating the benefits, costs and workability of the diversification scheme proposed by Johl Committee. The Johl diversification scheme is, infact, a poor parody of the standard 'land retirement programmes' in operation in the rich countries. The scheme seems to have been drawn up in a hurry, without bothering about its various ramifications and workability. The enthusiasm for quick solutions and for making it attractive to the Central Government, prevented its authors from weighing its benefits and costs, and assessing its workability in the current socio-economic and political environment of the country and the state. In the next few pages we discuss the obvious direct and round about indirect effects of this scheme to replace wheat and paddy by other crops on 10 lakh hectares of Punjab lands. The feasibility and workability of this scheme under the present parameters and constraints is also examined.

I. Income Loss from Shifting Area Out of Wheat and Paddy Cultivation

The crucial factor in shifting area out of wheat and paddy cultivation is its impact on the incomes of farmers and other classes engaged in and dependent on agriculture. But the scheme is silent about the likely impact on farmers income if 10 lakh hectares are shifted out of wheat and paddy cultivation; only the compensation of Rs.12500 per hectare to be paid to farmers is mentioned in the scheme. The likely negative impact on farm incomes and on incomes of other rural / urban strata dependent on agriculture are presented in the next few paragraphs.

(1) Fall in Farmer's income

Our estimates indicate that farmers will suffer a net loss of Rs.13280 per hectare per year by shifting area out of wheat and paddy cultivation, even after receiving the proposed cash compensation (subsidy) of Rs.12500 per hectare. This estimate is based on the data given in the 'Crop Adjustment Programme' scheme itself, (Johl, 2002, Table 1.3, page 20), and pertain to the year 2001-02. The details of estimation of income loss to farmers are given in table 1. From these estimates it is clear that Punjab farmers will suffer a net loss of Rs.13280 for each acre shifted out of wheat and paddy cultivation and the total income loss to farmers as a class comes to Rs.1328 crores, if 10 lakh hectares are shifted out of these two crops. Given such a big loss in farmer's income, it is certain that farmers will not be willing to shift any area out of these two crops, notwithstanding the offer of a cash compensation of Rs.12500 per hectare under the scheme.

Table – 1

Farmer's Net Loss Per Hectare Shifted Out of Wheat and Rice Cultivation (Reference Year 2001-02)

S. No.	Item DescriptionEstimated	Amount (Rupees)
1.	Loss in income from earnings foregone from one hectare shifted out of wheat and rice	31222
2.	Compensation (subsidy) paid to farmers under the scheme for shifting one hectare out of wheat and rice	12500
3.	Net earnings from alternative crops (pulses and oilseeds) grown on one hectare shifted out of wheat and rice	5442
4.	Net loss to farmers from one hectare shifted out of wheat and rice	
(4)	= (1) – (2+3)	13280
5.	Net loss from 10 lakh hectares shifted out of wheat and rice	
(5)	= (Rs.13280) x 10 lakh hectares	1328 crore

Source: Johl Committee Report, 2002

(2) Fall in Earnings of Farm Labour

The main source of employment and earnings of agricultural labourers in Punjab is wheat and rice cultivation. Considerable amount of hired labour is used in the cultivation of these crops. The shifting of 10 lakh hectares of area under from wheat and paddy will result in a big fall in the demand for hired labour and consequently in the earnings of farm labourers. Our estimates for the year 2001-02, indicate that agricultural labour class in the state will suffer a net loss of Rs.543.23 crores in their annual earnings, if 10 lakh hectares are shifted out of wheat and paddy cultivation. These estimates are based on the amount of hired labour used, and wages paid, in wheat and paddy cultivation and other crops, as given in the 'Cost of Cultivation Reports' published by Commission for Agricultural Costs and Price (CACP), Government of India. The details of these estimates are given in table 2. These estimates indicate that the class of farm labourers in the state will suffer a net income loss of Rs.543.23 crores per year if 10 lakh hectares of area is withdrawn from wheat and paddy cultivation. Given that a large number of farm labour families are only marginally above the poverty line, such a big loss in their earnings will push many of them below the poverty line.

Table – 2
Net Earnings Loss to Farm Labour Class
(Reference Year 2001-02)

S. No.	Item Description	Amount (Rs. Crore)
1.	Earnings loss to labour from 10 lakh hectares shifted out of wheat	367.79
2.	Earnings loss to labour from 10 lakh hectares shifted out of rice	327.70
3.	Earnings gain to labour from 10 lakh hectares put under alternative crops (pulses and oilseeds)	152.26
4.	Net earnings loss from 10 lakh hectares shifted out of wheat and paddy	
(4)	= (1+2) - 3	543.23

Source : Based on information on use of hired labour in different crops given in the CACP Reports.

(3) Fall in Earnings of Other Occupational Groups

Farmers and farm labourers will not be alone in suffering a major income loss from this move to divert 10 lakh hectares from wheat and paddy cultivation. Other occupational groups involved in harvesting, marketing and handling of wheat and rice will also suffer substantial loss in their incomes. The income loss estimates for some of these social groups have been prepared on the basis of information available in the Johl Committee Report (2002) and in other secondary sources. These estimates are presented in table 3 and indicate that these other occupational groups, involved in wheat and rice production in several ways, will suffer an annual income loss of Rs.907.75 crores if 10 lakh hectares are shifted out of wheat and rice cultivation.

Table – 3
Income Loss to Other Occupational Groups
(Reference Year 2001-02)

S.No.	Item Description	Income Loss Estimated Amount (Rupees)
1.	Harvesting combine and tractor owners hiring out machinery	446.99
2.	Commission Agents	149.52
3.	Marketing Committees and Mandi Board	119.61
4.	Labour working in Grain Market	73.41
5.	Transport / truck owners involved in Grain Transporting	118.22
6.	Total loss to all these five groups	
(6)	= (1+2+3+4+5)	907.75

Source: Based on information given in Johl Committee Report, 2002

Total Income Loss to State as a Whole

The combined direct negative effect on incomes of farmers (Rs.1328 crore), farm labourers (Rs.543.23 crore), and other occupational groups (Rs.907.75 crore) comes to Rs.2778.99 crores per year, if 10 lakh hectares are shifted out of wheat and paddy cultivation. Putting this income loss in relative terms, it will result in 17.54 percent fall in net state domestic product originating in the agricultural sector. Such a big fall in income will plunge the state economy in economic recession through a chair reaction of multiplier effects. Depending upon the value of multipliers, the final income loss to the state will be much higher than Rs.2778.99 crores.

Other Recessionary Effects

In addition to the direct income loss of Rs.2778.99 per year mentioned above, the reduction of 10 lakh hectares in area under wheat and paddy will also have a number of other indirect income depressing effects. For example the sale of fertilizers in the state will fall by Rs.626.39 crores per year, and that of other chemicals and insecticides by Rs.131.54 crores. About one-third of the rice shelling capacity in the state will be rendered idle, with attendant loss of employment and earnings to labour working in the rice shellers. (Even the state government will suffer a financial loss from the reduced fees earned by it from public sector agencies for handling procurement and marketing operation on their behalf.) There is thus little doubt that the shifting of 10 lakh hectares from under wheat and paddy cultivation will have on all pervasive and big recessionary impact on incomes in the state.

II. Unrealistic Time Frame and Size of Area Reduction

The sheer size of reduction in area (10 lakh hectares) under wheat and paddy proposed in the Johl diversification scheme is mind-boggling. The small time (one year) frame for this shift in area makes it simply impossible. In their over enthusiasm for quick diversification of Punjab agriculture, the authors of the scheme did not see the gigantic size of the shift in area they were proposing. In the year 2001-02, the total area under wheat in Punjab was 42.6 lakh hectares, and under paddy 26.1 lakh hectares. The reduction in area under wheat and paddy by 10 lakh hectares in one year means a 23 percent reduction in the present area under wheat, and a 38 percent reduction in area under paddy. The enormity of this proposed shift in area becomes clear when we see it in the historical context of expansion of area under these two crops in Punjab. It means reverting area under paddy in one year to what it was in the year 1984-85; and reverting area under wheat back to where it stood in the year 1975-96. The expansion in area under these two crops that occurred gradually over decades is sought to be reversed just in one year; only a magical trick can accomplish such a great feat. Our search of literature suggests that such a huge reduction in area under any crop, in such a short time (one year) has never been attempted anywhere even in the rich developed countries which invented the 'land retirement programmes'. A quantum leap backwards of this huge dimension seems impossible to achieve in one year; even if both the government, (state as well as central) and also the farmers are keen and

enthusiastic to make such an attempt. The Johl diversification scheme is doomed by its gigantic size and small time frame. But given the big income loss to farmers from shifting area from under wheat and paddy, they can not be a willing party to their own economic ruin. Rather than reducing area under wheat and paddy, Punjab farmers are expanding area under these two crops every year. Thus, it is clear that the too big size of reduction in area proposed and the too small time span in which it is expected to achieved makes this scheme totally unrealistic; with zero chances of success even if the central government agrees to provide funds for its implementation. But no central government will be willing to fund reduction in area under wheat and rice, in view of its serious implications for country's food security.

III. Incompatibility with Country's Food Security

Given the political reality of Punjab being a part of the Indian union, no agricultural policy for Punjab has any chance of succeeding if it is not compatible with the food security of the country as a whole. All reasonable estimates of food demand and supply balance in the country suggest that India will be barely sufficient in foodgrains production upto the year 2050. On account of growth of population and per capita incomes, demand for foodgrains will be growing at a rate with which growth of foodgrains production will find difficult to keep pace. Most of the growth factors such as expansion in cropping area, irrigated area and growth of crop yields are already exhausted. Some studies even predict that India will be a net importer of foodgrains by 2050. Given such a dismal future foodgrains availability scenario, no central government is going to fund a scheme to reduce foodgrains production in the country. The Johl diversification scheme is not attractive to Punjab farmers even with a central government cash subsidy of Rs.12500 per hectare; but without such a central government funded subsidy there will be simply no takers for this scheme.

IV. Preconditions of the Scheme Cannot be Fulfilled

For successful implementation of the crop adjustment programme, a number of preconditions are laid down by the authors of the Johl Committee report. The more important of these necessary conditions have been described in the previous section where outline of the scheme is presented. Unfortunately, none of these conditions necessary for the success of the Crop Adjustment Programme can be fulfilled in the present political and economic scenario of the country. The Central Government is not agreeable to a drastic reduction in foodgrains production in the country, not to talk about subsidizing such a move. Further, the central government can not agree to start an entirely new deficiency payments programme for wheat and paddy, due to many reasons. Once started in Punjab, it will become a precedent for other states which will also demand similar programmes for their own farmers e.g. Maharashtra for reducing area under sugarcane. Moreover, in the current situation of fiscal crisis central government is simply not in a position to provide funds needed to introduce this scheme. Similarly, Central Government is not willing to start any new Minimum Support Prices and Assured Purchase Programme (MSPAP) for the alternative crops being recommended to replace

wheat and paddy. It is rather searching ways, means and excuses to wriggle out of the existing minimum support prices programme for wheat and paddy.

The processing, marketing and storage facilities in the state, for the alternative crops that will replace wheat and paddy, are quite inadequate and cannot be quickly created in the public sector because of the continuing financial crunch. There is little hope that private sector investors will create these processing and marketing facilities quickly as production of these alternative crops expands under this scheme. It is thus clear that none of the preconditions for the success of this scheme, as laid down by its authors, can be fulfilled in the near future. In view of that the prospects of the scheme succeeding are indeed bleak.

V. Administrative Burden of the Scheme makes it Impossible to Implement

The administrative demands of this scheme are staggering. Instead of reducing the role of government in management of marketing of farm produce, it will increase the work load of public sector agencies and government departments considerably. Even after the implementation of this scheme, the existing minimum support prices and assured purchase (MSPAP) programme for wheat and rice will continue, though at a reduced level. A new comprehensive, (covering pulses and oilseeds), minimum support prices and assured purchase programme will have to be introduced and operated by government agencies. An entirely new programme of direct cash payment totalling Rs. 1280 crores per year has to be created and operated by the government to distribute this amount to lakhs of farmers spread over 12000 villages of the state. So the involvement of government and its agencies in marketing management will not only increase considerably, but will also become more complex and hence more difficult. It is doubtful if the already overstretched and inefficient government apparatus will be able to cope with the additional administrative tasks necessary to successfully implement this scheme.

The implementation procedure outlined in the Johl Committee report also creates serious doubts about the workability of this scheme. The involvement of about ten thousand patwaris and more than one lakh panchayat members and village nambardars (envisaged in the scheme) in the distribution of direct cash payment of Rs.1280 crores per year is a sure road to disaster. Given the state of land records, methods of working of the patwari, and inefficiency, and factionalism of panchayats, one can imagine how much of the Rs.1280 crores will reach the actual farmers participating in the scheme; and how much of the diversified area shown in girdwaris, will be actually retired from wheat and paddy cultivation. It is more likely that even after implementation of the scheme, (on paper) the actual fall in wheat and paddy production may be only marginal. It is thus clear that given the complex and staggering administrative requirements and problems in implementing the scheme, its chances of success are indeed bleak.

VI. Area Reduction Programmes: Lessons from the Experience of Developed Countries

The area reduction schemes called 'land retirement programmes' have been in operation in many developed countries for almost half a century now. The experience of running these area reduction programmes, even in the more favourable conditions of the developed countries with plenty of funds, has shown that these fail to attain the goals with which these are introduced. Rather, many negative side effects and externalities get generated. The reduction in production (the main goal) of a crop is far less than what is planned and paid for by the government under such programme. Firstly, farmers retire / divert mostly marginal / poor low productivity lands from under the designated crop. Secondly, farmers start using the variable inputs (fertilizers etc.) much more intensively on the remaining area under the crop because of softening of the cash constraint by the money paid to farmers under the programme. Thirdly, even the fixed inputs, (machinery, tubewells, family labour and managerial skills), are used more intensively on the remaining area under the crop because the opportunity cost of using these fixed inputs is very low. All these economic mechanisms come into play as soon as an area reduction programme is introduced, and as a result the reduction in output is much less than the proportion in which area under the crop is retired. In addition to the above purely economic mechanisms, outright cheating by farmers in connivance with government officials implementing the scheme makes area reduction more a paper exercise, rather than a ground reality. Farmers invent many ingenious ways and subterfuges to get the cash compensation payments without reducing area under the crop by the agreed amount. The experience of developed countries of operating these 'land retirement programme' has been quite frustrating and these programmes are now being eased out even in the rich countries.

If this is the efficiency and performance of area reduction programmes in the much more favourable conditions of the rich countries with much lower levels of corruption, one can very well imagine the chances of their success in the less favourable environment of underdeveloped, badly governed and corruption rampant countries like India. In such an environment all the above mentioned negative side effects and externalities will emerge in much stronger form and make the proposed area reduction programme completely ineffective. A part of the cash compensation money will not even reach the farmers, and what reaches them will be pocketed by farmers without reducing area under wheat and paddy by the agreed amount. It is thus clear that these leakages will erode the impact of the proposed area reduction programme on production considerably.

Summing Up

From the foregoing discussion it is clear that farmers, farm labourers and others dependent on agriculture will suffer a big income loss if this scheme is implemented. Central government can not

agree to its implementation and funding in view of its incompatibility with food security of the country. Its administrative requirements are too heavy and complex and will make its implementation almost impossible. Even if implemented, large scale leakages and cheating will make it completely ineffective in reducing wheat and rice production by the amount envisaged in the scheme.

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Stock Prices and Money Velocity in India: A Note

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This paper revisits Friedman (1988) on the relationship between money velocity and stock prices in the Indian context. The underlying motivation is the ensuing financial deregulation in the Indian financial sector since 1991 which has resulted in financial market volatilities. The empirical findings of the study indicate presence of wealth effect via a negative relationship between broad money (M3) velocity (m3v) and real stock price (BSE, the Bombay Stock Exchange Index).

1. Introduction & Literature

This study examines the relationship between the level of stock prices and the money velocity in the Indian context based on the propositions developed by Friedman (1988). The relationship between money and prices of stock has been treated in at least two ways. The first way treats the volume of financial transactions engendered by the market as an argument in money demand function on the ground that such transactions 'absorb' money and hence reduce income velocity. The other treats earning or dividend yield on securities as one of the returns on an alternative to money in a portfolio.

There has also been an in-depth discussion on the inverse relation between stock prices and monetary velocity in literature which can be rationalized in at least four ways. First, the reason for increase in nominal wealth is attributed to the rise in stock prices. This theory is also supported by the wider fluctuation in stock prices than in income, also in the ratio of wealth to income. This higher wealth to income ratio is expected to be reflected in higher money to income ratio or lower velocity. This is called as *"Wealth effect"* by Friedman. Secondly, the risk in stock prices reflects an increase in the expected return from risky assets relative to safe assets. Such a change in relative valuation need not be accompanied by a lower degree of risk aversion or a greater risk preference. The resulting increase in risk could be offset by increasing relatively safe assets in an aggregate portfolio is called as *"Risk spread effect"*. Thirdly the rise in volume of financial transactions could be an implication of stock prices rise popularly called as *"Transaction effect"*. Lastly the stock prices may respond to changes in anticipation about future real activity. This is based on the reverse causality between money and real income, and falls within the domain of real theories of business fluctuations also known as *"Substitution effect"*.

Though there have been some empirical studies to predict the effect of money velocity on the level of stock prices, but the reverse causation has received very little attention. Considerable investigation on the effect of changes in the quantity of money on stock market prices, have also been done. This paper attempts to reexamine Friedman's (1988) proposition worked on the US and extend the work of Paul and Kamiaah (1992) in the Indian context by studying the relationship between money velocity and the stock prices. More specifically the curiosity is to see if the ensuing financial deregulation in the Indian financial environment has affected the said relationship.

The wealth effect, risk spread effect and the transaction effect indicate a negative relation between money velocity and stock prices, whereas the substitution effect may be present in the form of a positive relationship. But the relative strength of the two effects is an empirical question (Friedman, 1988).

The wealth effect requires that the stock prices be measured in real and not nominal terms. Friedman's findings on simple correlations between money velocity and real stock prices as well as with nominal stock prices were consistent with the theoretical expectation, since it yielded a higher correlation for real than for nominal stock prices. Real stock returns were positively related to both the rate of capital formation and the real return on capital. Rising stock market prices suggests an increase in nominal wealth as the value of the portfolio holdings of investors increase. Thus, the share prices have a role in proxying the evolution of total wealth.

Friedman (1988), pointed out the existence of a significant negative empirical relationship between (lagged) quarterly real stock prices (deflated S & P index) and M2 income velocity in the US during 1961:I – 1986:IV. On annual data for a longer time period (1886 – 1985), although the correlation turned out to be negative, in the recent years (i.e., for the period 1974 to 1985 unlagged data), it was positive. The minus sign implies a wealth effect. On the other hand the positive sign indicates a substitution effect.

Caruso (2001) aimed at studying the kind of information the stock market offers for predicting the velocity. He developed his study in line with that of Friedman (1988) on a larger data set, comprising of twenty five countries. The sample included nineteen industrial countries and six developing counties. The overall results of Carsuo's study helped in ascertaining both the robustness of his interpretation and the new perspectives which could be gained on the subject. The results also indicated an informative potential for stock prices with respect to broad money velocity that was scarcely noticed before. Stock prices in real terms seem to be an interesting information variable for summarizing the factors that add to short term opportunity cost in influencing velocity. Controlling for other determinants of velocity on the basis of panel data deflated stock price levels were correlated to money per unit of nominal income in a sample of 25 counties in the study. The strength of the relationship between deflated stock prices and broad money velocity varied across counties coherently with the differences in the composition of financial assets. His study also found a wealth effect derived from the stock market negatively related to velocity, in the last three decades and a half in Switzerland, the UK and Japan, where the role of the stock market is more pronounced. He also found

a substitution effect, positively linked to velocity operating in Italy. A similar effect, albeit of a lower order of magnitude was also found to hold in the two main continental European counties, France and Germany. The presence of a wealth effect derived form the stock market was mainly associated to the levels of stock prices (possible due to their larger permanent components), while a substitution effect seemed to be related to short term price changes (reflecting more transitory impulses). Overall Caruso's empirical findings confirmed the importance of considering the influence of long-term trends in asset price on the evolution of money velocity and on the monitoring and evaluation of monetary policy targets. They also suggested that the analysis of the linkages between episodes of asset inflation and deflation and the channels of liquidity creation, as well as the estimation of complete, dynamic asset demand systems which are able to specify in detail the underlying determinants of portfolio choice for purposes of cross-country comparison, constitute promising directions of future research in monetary economics.

Choudhry (1996) evaluated the role of real stock prices in a long-run money demand function for Canada and the US by means of co-integration analysis and McCornac (1991) reported some empirical results for Japan; both authors indicated that stock prices influenced the pattern of monetary aggregates.

Paul and Kamaiah (1992) explored the role of real stock prices as a variable in money demand functions. Quarterly data for the period 1973 to 1989 suggested real money (M1and M3) demand to have positive relationship with real stock prices four quarters earlier and also contemporaneously. The positive relation appeared to reflect a wealth and/or transaction effect according to the authors. However, for annual data substitution effect was found to be significant for the period 1974-1988.

The rest of the paper comprises of two sections. Section 2 presents the data, method and results. Conlcuding remarks atre offered in the last section.

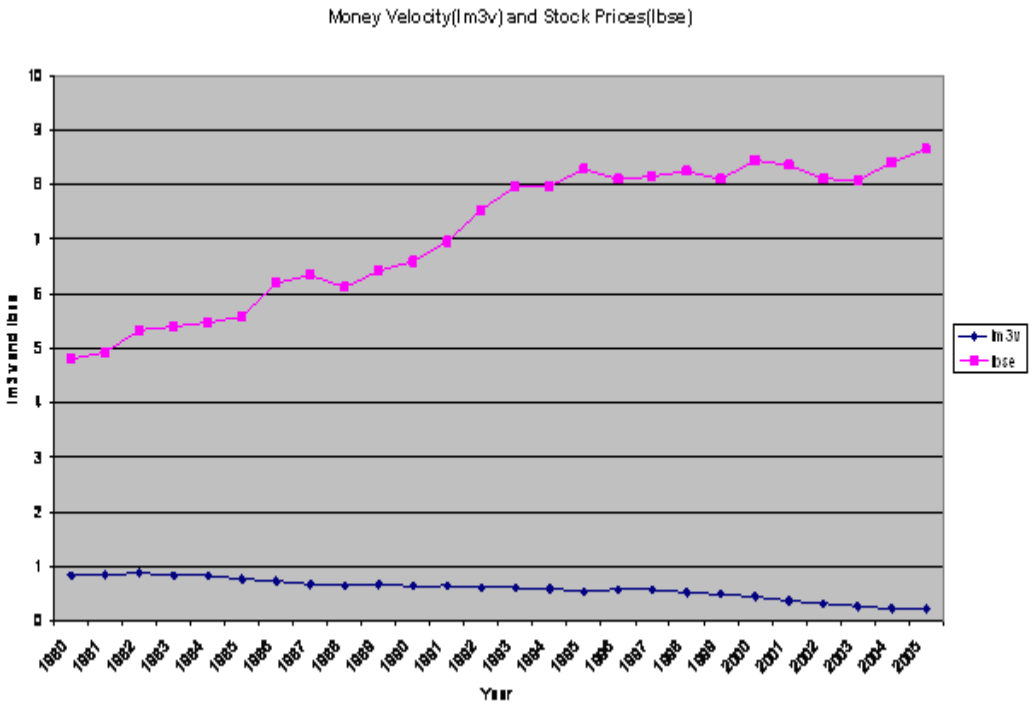
2. The Present Study, Data and Results

The present study intends to examine the relationship between money velocity and stock prices using recent data especially thirteen years past liberalization. The Indian economy embarked on reforms in 1991 followed by deregulation of its financial sector. Hence it is worth exploring the above said relationship in a deregulated financial environment. Toward this purpose relationship between real stock price and broad money velocity has been examined with the help of Johansen (1990, 1991) multivariate co-integration techniques. The error correction mechanisms underlying the co-integrating relationship have also been estimated. Annual data on M3(broad money), and BSE Index with base 1978-79 (real stock price), have been collected from the Hand Book of Statistics on Indian Economy, 2003-2004, published by the Reserve Bank of India. Gross Domestic Product (GDP) at factor cost has been taken as the measure of income for the calculation of the broad money velocity. The exercise is carried out with an annual data set spanning over 1979 – 80 to 2004 – 05.

To start with the correlation coefficient between log of broad money velocity (lm3v) and log of

real stock price (lbse) is calculated to be -0.86326. This indicates a negative relationship. The same is evident form the plot where lbse is found to be rising with lm3v falling over time. This trend seems to be indicating presence of wealth effect.

G 2.1.



2.1 Co-integration and error correction

Before testing for cointegration between these two variables we test for presence of unit roots in lm3v and lbse. Results from KPSS unit root tests are presented below.

Table 2.1 KPSS Unit Root Test Results (Tests Null Hypothesis of Stationarity)

Variable	Statistic	Without Trend	With Trend
Lbse	KPSS(2)	0.9101***	0.1955**
Dlbse	KPSS(2)	0.2150	0.0745
lm3v	KPSS(2)	0.8767***	0.1435*
dlm3v	KPSS(2)	0.2295	0.0700

Note:'d' denotes first difference of the variable. *, **, and *** denote 10%, 5%, and 1% levels of significance respectively.

We find lbse and lm3v to be integrated of order one i.e. I (1). Since the variables are found to be integrated of the same order, we test for cointegration following the Johansen(1990,1991) multivariate cointegration method.

Let Yt be an (n×1) vector of variables with a sample of T. Assuming Yt follows I(1) process, identifying the number of cointegrating vector involves estimation of the vector error correction representation :

$$\Delta Y_t = A_0 + \Pi Y_{t-p} + \sum_{i=1}^{p-1} Ai\, \Delta Y_{t-i} + \varepsilon_t \qquad (2.1.1)$$

The vectors ΔY_t and ΔY_{t-i} are I(0) while the vector Y_{t-i} are I(1) variables. The long run equilibrium relationship among Y_t is determined by the rank of Π matrix. With rank ofΠ, r being zero the above representation reduces to a VAR model of pth order. In such a case variables do not have any cointegrating relationship. If the rank lies between 0 and n i.e., 0< r < n, then there are n x r matrices of α and β such that $\Pi = \alpha\beta'$, where β is the cointegrating vector. Therefore $\beta' Y_t$ is I(0) although Y_t is I(1). The αs measure the strength of the long run relationship and are the speed of adjustment parameters. The technical details regarding estimation can be found in Johansen (1990, 1991). The Y_t vector in the present case consists of lm3v and lbse. The results of the cointegration test with two statistics namely trace statistics and maximum eigenvalue statistics are presented below. The model is estimated with restricted intercepts and no trends option with the lag order of the vector error correction being one. The lag order of one is chosen in view of the small sample size.

Table 2.2 Cointegration with restricted intercepts and no trends in the VAR Cointegration LR Test Based on Maximal Eigenvalue of the Stochastic Matrix 25 observations from 1981 to 2005. Order of VAR = 1.

List of variables included in the cointegrating vector :

LM3V LBSE Intercept

List of eigenvalues in descending order :

.56924 . 14921 0.00

Null	Alternative	Statistic	95% Critical Value	90%Critical Value
r = 0	r = 1	21.0554	15.8700	13.8100
r<= 1	r = 2	4.0397	9.1600	7.5300

Table 2.3 Cointegration with restricted intercepts and no trends in the VAR Cointegration LR Test Based on Trace of the Stochastic Matrix 25 observations from 1981 to 2005. Order of VAR = 1.

List of variables included in the cointegrating vector :

LM3V LBSE Intercept

List of eigenvalues in descending order :

.56924 . 14921 0.00

Null	Alternative	Statistic	95% Critical Value	90%Critical Value
r = 0	r>= 1	25.0950	20.1800	17.8800
r<= 1	r = 2	4.0397	9.1600	7.5300

Both the statistics reject the null of r=0 at 5% level of significance and confirm presence of one cointegrating vector. The cointegrating vector with normalization restriction on lm3v(i.e, A1=0) is presented below.

Table 2.4 Cointegrating vector

LM3V LBSE Intercept

List of imposed restriction(s) on cointegrating vectors :
a1=1;

	Vector 1
LM3V	1.0000
	(*NONE*)
LBSE	.11909
	(.24556)
Intercept	-2.9577
	(4.6033)

Note : Standard errors are indicated in the brackets.
LL subject to exactly identifying restrictions= 53.4738

The signs are theoretically expected in the vector above indicating a negative relationship between money velocity (lm3v) and stock prices (lbse). The error correction model is then estimated and the coefficients for lm3v and lbse equations are found to be 0.016(significant at 1%) and -.102(significant at 1% level).

3. Concluding Remarks

A negative relationship between real stock price and broad money velocity confirms the presence of wealth effect in the deregulated Indian environment. The results of the present study are in line with the expectations raised by Paul and Kamaiah (1992). The authors observed, "…wealth effect for India is only a recent phenomenon of the 1980s, which may even continue in future…..recent data relating to market oriented Indian economy would throw some light….". Overall the results suggest considering influence of asset price movements on evaluation of monetary policy targets.

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Domesticating the Global: The Global as an Entity in the Home Space

Yasmin Ibrahim

'Globalization as a process is intrinsically bound with the growth and increasing use of information and communication technologies (ICTs) world over. The increasing consumption and the narration of the globe through ICTs signify the shrinking of the globe and the emergence of a 'global village' where space is malleable through our consumption of media technologies. The globalization of world is a resonant strand in our postmodern consciousness. This paper argues obliquely that the globe is constantly domesticated through our use of technologies as these very technologies present ways and possibilities to tame, comprehend and perhaps misconstrue the wider world.'

In media studies much has been written about the domestication of technologies. Theorists have argued that technologies are conditioned and tamed and become embedded into the routines of everyday life or rather 'the moral economy of the home' (See Silverstone, Hirsch and Morley; Silverstone and Haddon; Silverstone and Hirsch) The moral economy then constitutes a space where social relations of the home and the wider society create a space of interface with technology to enable the transaction and creation of meaning and practice. The acculturation of technology and equally technologies' interface with cultural practices within the power arrangements of the home create a space where meaning-making can happen and has consequences for both family life, the individual, private ruminations and public engagements. Home is conceived as a space of consumption and a realm where meanings and identities are constantly negotiated. Domestic sphere is conceived as a 'distinct social and cultural space in which the evaluation of individuals, objects and processes which form the currency of public life are transformed or transcended once the move is made into private space' (qtd. in Lacey, 66).

Communication and media technologies are units of 'doubled articulation' they are objects which humans interface with and equally conduits for content. In this sense, both technologies and the content are domesticated through the economies of the domestic space. Media as a liminal space between the public and the private constantly trudge the familiar and unfamiliar and embed them into our everyday lives. The mediated home environment becomes a place of conflict and security. The domestic space is constructed through a set of meanings imposed through dialectical and complex processes.

This paper explores how we domesticate the global in postmodernity where the saturation of media outlets and its location within private households create new moral economies and consumption rituals. The 'moral economy of the household' constitutes private households with their complementary economies which integrate themselves as social, cultural and economic units with formal, monetary global economy (Gronman, 2). All households are implicated in consumption and domestication of tangible and intangible products. The process of domestication highlights the inherent tensions between the public and private, informal and formal and the tangible and symbolic (Silverstone, 'Television'). The public is implicated constantly in the practices of the private household. And the private household is enmeshed with the public space.. The moral economy is an analytical and cultural unit that captures both the permeability of global capitalism into private household and equally the ability of private domains to ascribe meaning and agency through individual consumption and domestic arrangements.

Domestication of Technologies

As Habibi and Conford point out ''domesticating' an entity often involves the idea of disciplining them, taming them or bringing them closer to a particular idea of civilization. Whether the word 'domesticating' is used in connection to human, animals or even objects or ideas, it generally means making something fit for life in the home or to participate in a particular type of society' (129). The suspension of technologies in the everyday life of the 'domus' is a resonant strand that situates many components of media theory as it strives to understand the importance we accord and the meanings we bring to our lived environments in our mediated world.

Information and communication technologies (ICTs) are about double-articulation as we're not only concerned about the technical interfaces which allow familiarity or intimacy with a device in our homes but also the mediated content that flows through these electronic and digital landscapes enmeshing the domus with the outside world. The world around us is streamed through broadcast and online platforms engaging us beyond the realms of our situated domesticity. For Silverstone the meaning and significance of all our media and information technologies depend entirely on the engagement of the user where the cognitive participation can both blur the spacio-temporal spaces while reinforcing it. This construction of the audience where engagement of the media involved a domestication of content and technology strove to comprehend them beyond the binary dualism of 'passive' or 'active.' Media technologies and their domestication are seen as playing a crucial role in the ontology of everyday life. Life is experienced through both the formal (rituals) and informal (mundane) structures of the everyday (Silverstone, Television, 169). It enables the translation of the new into the familiar and the unfamiliar to be objectified, integrated or distanced through the meanings imposed in the private realm.

Media Gaze and the Private Realm

The news as a public commodity enters a different power arrangement in the private space. Here the dialectics between the publicness of media news has to reconcile with the private realms of power in the domesticated space. The institutional practices, culture and political economies which influence the production of global news have to integrate with the private consumption rituals of the domestic realm. In particular, there is a need to consider the notions of proximity and distance that media content can create with the nebulous world in domesticated spaces. People's domestication of news is a key component in creating empathy and apathy with the outside world. As Meyrowitz asserts 'electronic media affect us not primarily through their content but by altering the 'situational geography' of our social life (6).

The domestication of the wider world through the home has consequences for the way people create connections and disconnections and how these connections can create new forms of identity and communion for the audience. In media theory, we often discuss globalization through the proliferation of ICTs and how they shrink space and time through technology (Giddens, 113). Here distance and temporality are negotiated through new interactive technologies which not only connect the world but create new visibilities by highlighting remote parts of the world. Our intrusion into these hitherto inaccessible spaces constructs the globe as one that is wired and open to media intrusion; a pervasive gaze that can descend to capture the human condition when it's faced with new travesties or trauma, where new media events and cultural tropes can be created through these technological visibilities and connectivity. As Shaun Moores points out 'there are opportunities in late modern life, at least for those with the economic and cultural resources to access relevant technologies of electronically mediated communication, for relating instantaneously to a wide range of spatially remote others, as well as to any proximate others in the physical settings of media use' (23).

If globalization is a metaphorical term to denote in some senses the taming of indigenous nations and terrains into a seamless space of homogeneity due to the cultural and economic forces of capitalism and the appropriation of ICTs, this paper explores the inverse argument of homes domesticating the global by theorising the home as an information space with its own power economy and agency of engagement. In doing so it situates the space that media technology creates in the home as a world space which is constantly mediated through the notions of proximity and distance. Here the spatial notions of distance and proximity do not denote the physical space but the cognitive closeness, familiarity, intimacy, remoteness or alienation that this space can create in the domestic setting.

The technological wiring of the world through ICTs also highlights the power we accord to the media to represent the world. Clive Barnett alludes to the ability of media environments, particularly of print media to 'detach symbolic forms from local contexts and re-inscribe them in new contexts depending on the physical transportation of tangible objects over material infrastructures' (63). Hence

media technologies enable new forms of signification and integration over expanded spatialities. Barnett emphasizes John Carey's contention that communication such as telecommunications and broadcasting signal a departure from previous media such as print. Their interrelationship with communication, infrastructure and transportation mean that they can be detached from the transportation of tangible objects over space (63).

As John Thompson points out electronic communication technologies 'uncouple time and space' so that the dissemination of information or symbolic forms can happen without the tangible transportation of objects (qtd. in Barnett, 64). This according to Thompson gives rise to 'despatialized simultaneity' referring to the manner in which 'the experience of 'now' is detached from shared locales and how the sense of 'distance' is detached from physical movements and travel' (Barnett, 64). The dissolution of distance, temporality and the inscribing of new values through the representation of images signify a global media economy where the transportation and dissemination of globe happens non-stop in our media saturated environment.

The Imagined Globe

Paddy Scannell's writings have stressed the incestuous connections between the home and broadcasting where he asserts that 'dailiness' is a 'key organizing principle of broadcasting' (cf. Moores, 24). Broadcasting, Scannell contends, provides 'continuity, reliability and a familiarity which is appropriated into the domestic space.' The entwining of the domestic and this mediated broadcast space whether in the guise of radio, TV or the Internet signifies a construction of a hybrid space where domestic and media time and imagination coalesce to form our cognitive realities of the wider world. The media space is the stage where the global is narrated through the dailiness of news and documentary where our secure 'imagined communities' (Anderson) are constantly juxtaposed through the presentation of 'imagined others' who inhabit the globe. Anderson qualified such communities not through the notion of authenticity of their presence but in accordance to the style in which they are imagined (cf. Barnett 62). This in some senses implicates the biases in communication technologies where for instance the eye may be privileged over the ear or visuality over orality. However, moving beyond the arguments of bias which Innis propounded, Anderson stressed the rituals of communion where media artefacts and consumption provided the means to base this imagination. Hence imagination was both limited and governed through these mediums.

Media such as television and the Internet provide forms of voyeurism where one can 'travel' the globe and imagine it through both the non-stop narratives that are streamed in via broadcasting or hyperlinks and networks in the World Wide Web which constructs the globe through one's active engagement with content and technology. ICTs provide 'imaginary mobility' to witness the world and in particular, satellite broadcasting provides an 'instantaneity' to the rest of the globe. The domestic space becomes a site for global consumerism as well as spectatorship of the global.

Raymond Williams in his book *Television: Technology and Cultural Form* employs the term mobile privatization to describe how information and communication technologies enable the experiencing of the world from the domestic sphere where there is movement from public engagement to private consumption (171). Williams highlighted two dialectical strands which emerged in the urban industrial society; mobility through the development of transportation, especially through the construction of railways and mass migration through steam ships on the one hand, and the emergence of the atomised self-sufficient family home (Mcguigan). This 'mobile and home-centred ways of living' constituted a 'mobile privatization' for Williams and within this framework of mobility and atomization of the family unit, broadcasting fitted neatly into this arrangement providing both a site for family communion and private consumption as well as access to events which were happening in distant and remote locales (Mcguigan). According to Donald (82-83, qtd. Barnett) Broadcasting has played a vital role in negotiating the boundaries between public and private realms while introducing new forms of public spheres within the domestic realm. For Scannell, broadcasting creates a 're-personalization of public life' where it transposes the norms of everyday interpersonal existence into public life (172).

Dailiness of Representation

The Media have been implicated in the fostering of national feelings and identity where cultural industries have been charged with a role of creating both symbolic forms and material content to evoke and reinforce the identity of a nation. Hence, space construction is implicit in media studies. In the same vein, Bruce Robbins contends that media institutions have a significant role to play in mobilizing 'global feelings.' The news as a national narrative on our local station is often the platform through which we domesticate the unseen and unfamiliar in the far flung spaces of the globe as well as our immediate boundaries. This dailiness of representation and the capturing of events the world over through media discourses is something Scannell refers to as 'routine eventfulness (1996:160)'. Yet the routine eventfulness can also be interrupted through what Dayan and Katz categorise as the 'media event' which pauses the everyday, compartmentalizing it into the unusual through the narration of events such as Tsunami, 9/11 or the death of Princess Diana. Here the spectacle of co-presence and the witnessing of a 'live' but mediated event disrupt the notion of domestic time, crafting a media memory in which the globe is experienced through a shared experience.

Space is a recurrent metaphor in media theory for it signifies the construction of cognitive realities such as public spheres were we debate and scrutinize issues consequential to our public and private lives. Thus throughout the trajectory of media studies, media is theorised as 'doubling' (Scannell) or even a multiplying places (Couldry) perhaps even leading to a sense of 'placelessness' (Meyrowitz). Paddy Scannell in proposing a phenomenological approach to studying radio and television argues that media are concerned with the 'ways of being in the world' (76), providing audiences in different settings and localities 'the possibilities of being in two places at once' (91). In setting forth his argument, Scannell alludes to the doubling of space where the audience share a co-presence in

witnessing a 'live' event in remote places through broadcasting without being there materially bringing them 'close' or 'within range' of the broadcast event and removing the 'farness' (167). In particular, Scannell discusses the ways in which media, particularly broadcasting, arranges or perhaps re-arranges temporality and in the process it constructs a simultaneity of experience (cf. Moores, 22).

The sharing of new temporalities with remote parts of the globe is another dimension in which the domestic space gets entwined with the global, accommodating the 'liveness' and 'immediacy' within the routines of everyday life. In this sense the media space in the domestic setting changes the situational geography where situation is defined by the flow of information (Meyrowitz, 6). Here time-space transformations can be experienced within the secure environment of the home. The media then becomes a liminal space; a threshold between the inner securities and familiarities of the home and the nebulous outer world which can only be understood, mediated, imagined and perhaps even domesticated through the media narratives. The taming of the unknown through the familiar setting of a secure heath constitutes domestication where the politics of representation of the media and our own innate values and belief systems play a role in domesticating the globe. We constantly order the wider world through our cognitive realities by inscribing meanings to what we witness and consume through our co-presence. The categories and typologies we form of the globe and the degree of emotional distance or closeness we have with events signify our ongoing domestication of the globe.

The flow of information through the settings of the domestic realm then allows a range of experiences where spatialities are altered or perhaps removed without leaving the boundary of the home. The global and domestic then enter an everyday relationship where global is situated within the practices and daily routines of everyday life. This domestication of the 'global' as a cognitive space within the places of the domesticity is important in imagining and relating to a world that lies beyond the doorstep. It mediates our sense of security, trust and sociabilities in our postmodern world. Our immediate and distant fears, anxieties and concerns are imagined through this domestication of the globe.

Lisa Parks observes that the 'time-space discourse' is a resonant strand in media and globalization theory. She nevertheless points out that the 'meanings, knowledges and experiences of time/space and movement have themselves shifted with different technologies, geographies, users and socio-historic conditions' (38). In critiquing the 'annihilation of time-space discourse' against the web environment, she points out that it has led to the creation of a fantasy of 'digital nomadism' where the user in the Internet environment is free to roam through the electronic terrain and assume different identities. This fantasy she contends is the 'extension of the fantasy of global presence which emerged with the first live international television broadcasts in the 1960s. Parks is critical of such subjectivities 'privileging and centralising a transcendent Western subject that she proclaims as existing above and beyond technology rather than in relation to it' (38).

Park's argument that cognitive realities are limited through a combination of geographic, artistic, linguistic and visual systems of signification is mainly in reference to the network infrastructure of the Internet. However, it is equally applicable to other media as well as the connections between them. The social and political context in which the 'double articulation' of technologies happens is crucial to both our construction and engagement with the global. Our power economies within the home and the outer world as well as our cultural systems of signification both define and constrain our imagination of the global and our sense of 'otherness' that can emerge in our postmodern condition. The constant narration of the globe through the media landscape creates a media memory in which we imagine the globe as being altered through events such as 9/11 and the 'war on terror.' The new forms of risk we accommodate in our domestic settings and the way we respond to them as individuals or communities depend on the ways in which we engage with the global as well as the order and ideologies we impose on it.

The ongoing narratives about the global environment under siege through human actions and ignorance, for example has had consequences for creating new green economies both within homes and wider societies. The domestic space as a consuming unit is implicated in this and hence its consumption rituals and habits have had to accommodate this discourse of the 'waning' earth. It captures both our communal imagination of the earth as a corporeal entity as well as the domestication of global issues into the moral economy of the home.

Conclusion

The domestication of information and media technologies and their situation into the domestic space construct the ontology of everyday life in postmodern societies. The double articulation of technologies and their ability to stream the globe into the private realms of our existence construct the mediated space as a liminal one between public engagements and private thoughts and actions. The global issues we appropriate and accord importance and consequence to, and the ways in which we order the untamed wider world constitute a process of domestication. The globe is temporally and spatially negotiated through media narratives and these narratives again enter new power arrangements within the domestic space. The constant transgression of the global into the thresholds of the domestic foregrounds the ways in which we individually and communally imagine the globe imposing distance and familiarity or the typologies which delineate the uncouth or barbaric from the exotic. The home space as a mediated space in which the global is streamed through ICTs reflects both the ideological and social context of its existence as well as the forms of individual agency and imagination that can accrue through the moral economy of the home.

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Globalization and the "Unfinished Business" of Postcolonial Studies

David Waterman

This paper argues that the tools of postcolonial studies are useful in a critique of globalization, allowing us to examine questions of universality and difference, inequality, nationalism and the role of the State, collaboration with and resistance to the global masters, and most important, how these debates are contextualized and represented. While it might seem that globalization is simply economic imperialism, the situation is more complex, and postcolonial studies need to evolve, to better engage with those elements of globalization which are genuinely new. How, for example, can a center / periphery model of postcolonial theory be adapted to a world of global flow? What role does the nation / State play in a global world? What is the space / place of empire? How do the lessons of colonial resistance apply in a global environment? This paper attempts to show that many of these questions can be addressed along cultural lines, especially in the ways that globalization is legitimized and represented, and finally, that globalization can be negotiated rather than simply endured.

> It is one thing to wish to downplay macro issues and political, economic, or theoretical determinsm[. . .] so that aspects of ordinary, everyday culture and experience can find greater definition; it is quite another to discount, to the point of invisibility, macro issues that tructure and limit what is locally possible experientially in the first place.
>
> - Kelwyn Sole (187-188)

If the beginning of postcolonial studies as an academic discipline could be precisely dated to 1979, with the publication of Edward Said's *Orientalism*, reports of its demise have been greatly exaggerated, although many scholars point to Michael Hardt and Antonio Negri's *Empire* (2000) as a suitable tombstone to mark the passing of postcolonial studies. Postcolonial theory did not, of course, sprout into being overnight with the publication of Said's masterpiece, but rather developed as an interdisciplinary critical examination of the colonial and postcolonial process, inherited from elements of preceding critical models (Marxism, feminist theory, postmodernist critique, the civil rights movement, for example), which evolve as a function of current world-views. In this continuing

evolutionary line, globalization has undoubtedly taken over the spotlight, an unwelcome state of affairs, in Zygmunt Bauman's opinion: "'globalization' is on everybody's lips; a fad word fast turning into a shibboleth, a magic incantation, a pass-key meant to unlock the gates to all present and future mysteries" (1). The clamor over globalization, especially its implication of novelty, misses the essential point, according to Ali Behdad: "the current crisis of postcolonialism can be partly attributed to how many of its theorists have acceded to the debate over globalization, instead of mapping the ways in which decolonization heralded the new global order or critically reflecting on the rise of corporate hegemony as a form of neocolonialism" (63). In other words, it is much too early to pronounce postcolonial studies dead-on-arrival – we should instead focus on the continuing utility of postcolonial studies, especially the question of how the tools of postcolonial studies can contribute to an understanding and a critique of globalization, most precisely, according to Imre Szeman, "on [globalization's] explicit threat to the continued existence of local cultures and traditions" (213). In the Introduction to *Postcolonial Studies and Beyond* (2005), the editors pose the question in urgent, interventionist fashion: "what visions of a postcolonial world can we as humanists offer that will interrogate, perhaps even interrupt, the forms of globalization now dictated by politicians, military strategists, captains of finance and industry, fundamentalist preachers and theologians, terrorists of the body and the spirit, in short, by the masters of our contemporary universe?" (13). When asking the question, "what can we do to fight the masters,?" the legacy of Postcolonial Studies allows us to enter the fray, well-prepared to address questions of universality and difference, inequality, nationalism and the role of the State, resistance, and most important of all, how these debates are contextualized and represented. Without wanting to suggest that the two are synonyms, this paper aims at the frequent articulations between postcolonial studies and globalization, to better understand current relations of global capitalism, conflicts and inequality, mass migrations of peoples, collaboration with and resistance to the global masters.

First, it must be said unequivocally that globalization is neither new – Behdad reminds us that "global flows and world-systems existed well before Spaniards began colonizing the New World, not only in the Americas but also throughout the Mediterranean, South Asia, and East Asia" (63) – nor, according to Stuart Hall, as insidious and pervasive as it may seem:

> If you talk about globalization too much you really believe it is happening. That is why I want to interrogate the discourse of globalization itself. I think that there are discourses of what I would call "hyperglobalizaion." *Everything* is transformed; *everything* is an outcast in the same way by the global processes. There isn't any local that isn't written, re-written through and through by the global. That just doesn't seem to me to be true. It doesn't ring true; I think it's a myth. (*Journal* 2)

In other words, the global, like the colonial, is not monolithic, and we must keep in mind Behdad's admonition that, in fact, only a handful of countries are globalizers, at least in the corporate sense (69-70). What is true is that globalization seems to have advanced very quickly near the end of the

twentieth century, largely because of two factors: the disintegration of the USSR in 1989 with the resulting "new world order," and new communication technologies which have not only made it possible to transmit information instantly across the globe, but which play a role in homogenizing cultural referents as well (see Szeman 213). It is this rapid pace which seems to have left postcolonial studies behind, seeming always to have missed its transformational opportunity, and has led critics to speak of postcolonial studies in the past tense, although certain scholars insist that while postcolonial studies is certainly not dead, it *is* time "to go beyond a certain kind of postcolonial studies" (Introduction to *Postcolonial Studies and Beyond* 7), in other words to recognize that, while much of globalization resembles warmed-over neoimperialism, one must also engage with those elements of globalization which are genuinely new (Internet linking of cross-border grass-roots movements, the phenomenal growth of foreign exchange markets, international remote services – see Byron G. Auguste). When examining globalization through a postcolonial lens, Peter Hulme advises us not only to adapt our postcolonial tools to the present situation, but to "be recursive, testing the power of its analyses on the monuments of European culture: it must continue to unthink those cultural securities at home" (55), a recognition that colonialism, like globalization, is a complex network of cause and effect, collaboration and resistance, which does not operate from the top down. Finally, we must heed Behdad's warning against abandoning postcolonial studies and jumping on the globalization bandwagon if we really want to understand "the ways in which the geographical and cultural displacements of people and things by European colonialism informed the so-called cartography of globalization today" (70-71).

One of the solutions to this postcolonialism / globalization critical divide is to produce a genealogy of globalization as a way of problematizing its current state as a function of its historical formation (never forgetting that postcolonial studies should be included as part of globalization's genealogy – see Behdad 77). Behdad suggests one possible direction for this sort of analysis to take :

> a mapping of the important connections that exist between our contemporary global flow and its colonial counterpart in the nineteenth century. In what ways, we may ask, for example, is the new transnational order new – that is, different – from its counterpart in the nineteenth century? How, for instance, is the paradigm of center-periphery of the nineteenth century restructured or displaced in our global village? Has the absolute spatial division between exploiters and exploited disappeared, as theorists of globalization claim? Or, is disparity still alive [. . .]? (70)

For example, Hulme points to Spain's defeat in 1898 as the foundation of modern geopolitics, given that the United States acquired, as spoils of war, territories that created "an equatorial girdle" (Cuba, the Philippines, Guam), reinforced by the Panama Canal (47), and he goes on to highlight the continuing importance of sea power as a factor of global dominance, especially the "circumnavigatory policy that has underpinned US global power since the beginning of the twentieth century and whose

sea channels are still crucial to waging war in places such as Afghanistan and Iraq" (47). One of the problems, however, with this metaphor of mapping is that globalization insists on regarding the earth as a seamless space without borders, whereas postcolonial studies cannot seem to exist without the idea of the local, which brings us to the role of the nation / state within this debate.

Theorists of globalization would have it that the modern nation / state is disappearing, in favor of the postmodern global, that the postcolonial center / periphery model no longer holds in a world of borderless diaspora and flow. Such speculation is premature at best, and fails to take into account the continuing role of the nation / state within the global. Behdad cites research on the increasing difficulty for people to immigrate to the European Union, or the strict border control in the US, to back up his assertion that "While national borders may no longer impede international trade and global economic transactions, they do nonetheless matter greatly when it comes to human subjects whose movements are carefully regulated" (73). While Ashcroft reminds us that *Nike* and *Gap* make huge profits from cheap, unprotected labor, he goes further, suggesting that the "border hysteria" of developed states is a "panicked response" to globalization, since globalization is not just the flow of capital and labor, "but more importantly, by the proliferation of cultural movement and cultural relations over which the state has less and less control" ((9-10). Nation / states are the locus of what Louis Althusser has called ideological and repressive state apparatuses, and the role of such institutions seems largely undiminished in a context of globalization, if we consider for example the numerous obstacles which arise when a state institution such as "Justice" attempts to go global, that is, beyond its jurisdiction – the international court in the Hague is bedeviled by such questions of jurisdiction and sovereignty, and can only function with the support and cooperation of nation / states. Along these lines, Behdad raises several interesting questions that we should consider: "How, for example, is the nation-state reimagined in our globalized world? What roles do states play in the particular ways in which globalization is embraced and practiced in different locations? How are we to account for the rise of nationalist and ethnic fervor in a world that has become increasingly more transnational?" (74; also see Saskia Sassen). Those who predict the demise of the state are making the same mistake that Marx did, underestimating nationalist loyalty in terms of identity construction; the nation is, even in a globalized world, a seemingly-solid anchor to which people are attached, and not so easily removed. Even as the process of globalization continues, one need only look at what happens when a nation feels threatened; there is an immediate retreat into the patriotic, nationalist camp as citizens become defensive, (re)creating a binary logic of "us" versus "them." As examples, consider the United States after September 11th, or the increasing resistance to immigration in Europe (even in countries such as Holland, which have enjoyed a reputation for openness), or, less dramatic, French voters' refusal to ratify the European Constitution. Citing research regarding the ethnic politics among various diaspora communities in Los Angeles (for example, the fact that ethnic and nationalist fervor seem to increase in immigrant communities / ethnic enclaves), Behdad suggests that permeable borders do not necessarily result in "any originality of political vision or the breaking of

intellectual and cultural barriers" (75). While it may not be the *only* site for political action, the nation / state retains its importance even on the global stage.

Nation / states, even those which are referred to as democratic, are notoriously un-representative of diversity, Nivedita Menon suggests, since "the nation can only represent dominant, majoritarian values – minorities reasserting 'their' culture can never claim the legitimacy of representing the nation" (222), hence the homogenizing consensus of national (or global) citizens is revealed to be a myth, often constructed and deployed with national self-interest in mind. In the ongoing process of national formation, the autonomy of individuals and small groups is very often contained and limited, in the interest of "the nation." Resistance, opposition, political agitation and attempts at reform nevertheless exist, and become part of what goes into the formula of the national project. So too on a global scale, where questions of local political autonomy also come into play. Nation / states are not separate from the global in an either / or equation, but exist in a network, a relationship wherein the global does not, indeed cannot, exclude the national, as Vilashini Cooppan reminds us:

> Theories like those articulated in Hardt and Negri's *Empire*, which attempt to do away with the nation, lose a crucial capacity to name the most basic working of contemporary power, which for all its obvious globalization, nonetheless continues to function on the plane of the national. Just because we are globalized does not mean we are not also nationalized. In fact, it is very often through the processes of nationalization that the ideology of globalization takes place, and vice versa. (87)

The "unfinished business" of postcolonial studies, according to Cooppan, "simply means learning to move back and forth between [the nation and the global], learning to read each as the structuring condition of the other" (97), in a complex web of cause and effect. This is not to say that each nation / state has the same relation to the global, as enormous inequalities exist regarding relative power and control of resources, both natural and human. In this regard, any discussion of globalization must take into account the role of the United States as the central pillar of global capitalism.

The recent literature surrounding the US role in globalization is full of comparisons to Rome and its imperial designs, and like Rome, the US is not so much a neocolonial enterprise as an empire, with a desire not simply to appropriate but to conquer, a point of view which has become more prevalent since the American invasion of Iraq (Bookman; see also Cooppan 83). Leslie Felperin, for example, paints an unflattering portrait of the US by comparing it to the Roman empire, saying, in an analysis of Ridley Scott's 2000 film *Gladiator*: "Rome here stands in for America: corrupt at its heart, based on enslavement, dedicated to sustaining pointless wars abroad while the mob happily forgoes a more civil society for bread and circuses" (see also Cooppan 92). Cooppan summarizes many of these critics' definitions of empire as follows: "Deterritorialized and decentered, endlessly mobile, and deeply networked, Empire works not within boundaries but across them. Empire is the very image of globalization and, not coincidentally, what disrupts and dissolves the operative paradigms of

postcolonial theory" (82). So the locus of power in empire is apparently placeless, and nothing seems to be outside of empire as it subsumes, like a black hole, everything within its reach. Coopan rejects such a monolithic notion, and so should we, forcing us as it does to choose between *either* the national *or* the global, an example of faulty logic that we've already said does not account for the relational aspects between the them. Placelessness is further refuted by the social geographer Neil Smith, and to counter this overlooked spatiality he proposes a system of seven scales in order to practice "spatialized politics:"

> [. . .] a system of seven scales, each located within a particular space of identity (body, home, community, city, region, nation, globe). Although each scale is marked by a degree of internal coherence and internal difference, all the scales are constantly "jumping" the divides that separate one space of identity from another. This dynamic model, emphasizing "the active social connectedness of scales," as well as the simultaneous fixity and fluidity of borders, has as its ultimate aim "the recovery of space from annihilation and [the creation of] a language via which the redifferentiation of space can be pioneered" (Smith 66; see also Cooppan 93).

If empire were indeed placeless, we would have no need to discuss the central role of the US in empire, which we have already said would be difficult and unwise, especially since, as we will see, many of the institutions which underpin globalization are de facto American institutions. Contemporary empire, Cooppan reminds us, is very much based on what Smith calls a kind of national globalism, "starkly clear in the aggressive foreign policy of post-9/11 America, [. . .] a sober reminder of the particularly placed quality of contemporary empire" (Cooppan 93; see also Smith 636).

Imperial projects only work if force, or the threat of force, is employed; so too globalization, according to Thomas Friedman: "the hidden hand of the market will never work without a hidden fist . . . and the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the US Army, Air Force, Navy and Marine Corps" (64; see also Menon 220). Institutional financial control and economic coercion are also key factors in any imperial enterprise (support by the state / Crown), and for the sake of argument let us say that contemporary globalization began in 1944, with the Bretton Woods agreement which established the International Monetary Fund, ostensibly an international organization, but in fact merely a front for US interests, as Bill Ashcroft reminds us: "The US is the largest contributor to the IMF and the only member with an effective veto so the effects of structural adjustments in small economies inevitably do more for Wall Street bankers than for poor farmers" (13). It is precisely these "structural adjustments" which are the problem, the equivalent of "economic straightjackets," according to Ashcroft (13-14). The "Washington Consensus" is to blame, at least recently, for much of the arrogance behind this "monetarist mythology" – in 1990, John Wilson of the World Bank proposed a framework intended to help understand Latin American debt, a framework which was then applied globally with disastrous consequences (Ashcroft 12-13). Ashcroft

then goes on to cite two examples of countries which are going global with amazing speed, precisely because they are *not* playing by Washington's rules: "China has never accepted IMF funds and India's experience of IMF interference has meant that its influence in India is now virtually non existent" (15). Asia is not alone in its rebellion against the IMF; South American countries are beginning to follow suit, according to the economist Mark Weisbrot in a recent article in the *Courrier International*:

> L'influence du FMI sur la scène internationale ne cesse de décliner, et l'Argentine a contribué de façon déterminante à ce processus. Trois éléments ont contribué à affaiblir l'autorité de cet organisme au cours des dix dernières années, surtout dans les pays à revenu intermédiaire. En premier lieu, à la fin des années 1990, les pays asiatiques avaient accumulé des réserves pour ne pas avoir à emprunter auprès du Fonds. Puis l'Argentine a pris la décision de tenir tête à celui-ci, de se sortir de la crise sans son aide et de rembourser sa dette. Enfin, le Venezuela a proposé de fournir à la région une autre source de financement. (52)

Other influential figures have entered the mêlée, among them Dr. Jeffrey Sachs, Director of the Earth Institute at Columbia University and Special Economic Advisor to then-UN Secretary General Kofi Annan, who urges the IMF and World Bank to forgive outstanding debts and profoundly restructure the operations of international financial institutions. While the defenders of globalization tell us that a rising tide lifts all boats, a bit of simple observation and common sense, backed up with statistics, prove otherwise:

> In the UN 'World Population Prospects' (1998) the proportion of people in the developed world in 2000 was 1,188 million or 19.6% and in the developing world 4,862 million or 80.4%. By the year 2050 the populations of the developed world will drop to 1,155 million, or 13%, and the developing world rise to 7,754 million, or 87%. (Ashcroft 23)

If, as I've been trying to show, the tools of postcolonial studies are useful in a critique of globalization, the question arises: What have we learned from colonial resistance which could be applied in a context of globalization? One thing is certain – colonialism, like globalization, does not operate from the top down, but rather as a complex network in which dominant and non-dominant groups are affected, through resistance and collaboration (sometimes unknowingly, sometimes with full knowledge, sometimes with no choice), appropriation, transformation and such. We see examples of head-on resistance every day: manifestations against an upcoming G8 summit, the construction of a new McDonald's or Starbucks blocked by local residents, the boycott of soccer balls manufactured by child labor. Sometimes the violence of globalization is met with violence, sometimes the subtility of globalization is met with more subtle means of resistance, such as the appropriation of some imposed cultural artefact which is then transformed according to local needs and desires, until it becomes "ours:" Indian cinema, colloquially known as "Bollywood," comes to mind as an outstanding and

agreeable example of this circulation between global and local, what Roland Robertson has called "glocalization."

Classical imperial hegemony, according to Edward Said, was assured by the "twinning of power and legitimacy, one force obtaining in the world of direct domination, the other in the cultural sphere" (291), and the key words are 'legitimacy' and 'culture.' Legitimacy is achieved by consensus, and consensus is often achieved by representation, by making people believe that the way global capital is represented is the way the world really is, which very often comes down to how power and knowledge are represented (see Ashcroft 14). A climate of powerlessness is created, wherein people lose their sense of agency and begin to feel that any attempt at positive change is futile, and worst of all, according to Said, "an astonishing sense of weightlessness with regard to the gravity of history and individual responsibility . . ." (303). If globalization is to be resisted, the consensus regarding its legitimacy and especially its sense of inevitability must be challenged – at many different levels (recall Neil Smith's scale of seven interconnected 'spaces' of identity) – by refusing to play by the rules which the global masters have established. Ashcroft points to countries which are doing just that as our best chance of achieving what he calls postcolonial globalization :

> The critical feature of this postcolonial, post-Washington globalization is that it shows how societies can globalize while resisting the hyperpower imperialism apparently in control of the strategic, military, political and financial state of the globe. The new consensus is as much about culture as about economics, about representation as about financial control. The resistance to the imperial effects of global financial policies is a resistance to the discourse in which those policies are embedded. The Washington consensus can only be globalization if the *discourse* of the consensus is accepted. [. . .] But countries such as India and China, leading the world in an asymmetric and locally oriented approach to globalization, reveal the extent to which cultural resistance can alter the landscape of capital. In whatever way this post-Washington globalization may proceed, the phenomenon we may be looking at in this reassertion of culture is a truly *postcolonial* globalization. (19-20)

Said has, as we've seen, linked legitimacy with culture, and it is along cultural lines that postcolonial theory makes its most important contribution to an understanding and critique of the global, as Szeman suggests:

> it is precisely through culture that this connectivity [of globalization] is symbolized, conceptualized and understood, and it is also through culture that this connectivity becomes reflexive [. . .] in the confrontation of the local and the global. And even if the economic continues to be imagined as the central axis of globalization, as it so often is, it is necessary to remember that the global present is defined by [what Jameson has called] "the becoming cultural of the economic, and the becoming economic of the cultural" (Szeman 216; see also Jameson 60)

Culture and its representations as the essential element in negotiating with the global brings us back to the United States, and its interest in dominating the sphere of mass media as well; it's not by coincidence that the cinema industry, CNN and the Internet are all largely American institutions. The question arises whether, despite global theory's insistence on placelessness and flow, does negotiation with / resistance to globalization along cultural lines imply a critical stand against the US? Any colonized subject would say that colonial resistance must be directed against the colonizer in order to achieve decolonization. So, if the general thesis of this paper has been to illustrate the continuing utility for the tools of postcolonial theory in a critique of globalization, the answer to our question is yes. However, we've also said that postcolonial theory needs to evolve, taking into account the fact that colonialism and globalization are not exactly the same thing. It is unlikely, and perhaps even undesirable, that un-globalization should be brought about; just as colonialism and its effects cannot be erased from history, so too globalization will not be undone. So, what kinds of questions might come up in a strategy of resistance to make globalization a genuine postcolonial globalization, in other words a globalization infused with the local? Can a global medium like Internet be, at least partially, appropriated in order to better diffuse local issues and ideas – is the blogosphere a global tool of resistance? Can alternative representations then help us achieve what Ngugi Wa'thiong'o has called "decolonising the mind?" Can the inequalities and violence of global capitalism be redressed by a truly global system of justice, or are we condemned to simply endure the aberrations and crimes against humanity of the strongest nation(s)? How can globalization be removed from its seemingly-impenetrable, monolithic fortress and re-articulated instead as relational, its very existence depending on its connection to other spaces of identity: body, home, community, city, region, nation? Can 'culture' and 'economics' be framed in the globalization debate so as to be considered on equal terms, or will the binary logic of the ruling ideology always succeed in favoring 'quantifiable science' over moral and ethical values? These and many other questions should keep cultural critics busy as we attend to the "unfinished business" of postcolonial studies.

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"Identity & 'Erasure' in Salman Rushdie's *Midnight's Children*"

Ahmad M.S. Abu Baker

This paper highlights the problemtatics of identity formation in a postcolonial framework as embodied in Salman Rushdie's novel Midnight's Children. It observes the preoccupation with centrality and examines Saleem Sinai's constant process of redefining and rethinking his identity. Further, it deals with the desire for erasing identity and the need to abide in uncertainty to escape labeling and maintain freedom.

Some critics consider Salman Rushdie's *Midnight's Children* an autobiography. Wormald notes, "Saleem Sinai is born in the same year and city as Rushdie" (Mengham 1999:189). Rushdie himself is not surprised by "[t]he assumption of autobiography". He remarks that 'Saleem' and 'Salman' are "versions of the same name", and he maintains that Saleem is "the same age as me more or less, … he grows up in my house, he goes to my school, some of the things that happened to me happen in a more interesting form to him". He, however, claims that the assumption of autobiography is "partly a game that I played" (Nelson 1992:159).

Critics deal with *Midnight's Children* on the personal level of Saleem's journey of self-discovery, and/or as a mirror of the collective journey of Indian populations looking for self-realization after India's independence. Gorra, for instance, considers the novel "an attempt to preserve the spirit of India's secular and democratic independence—a process that Saleem describes as the 'chutnification of history'" (Gorra 1997:148). "Rushdie's *Midnight's Children* is a sort of comic epic genre, a form which is a fusion of Homeric, mythic and tragic connotations" (Reddy 1990:75). Reddy maintains, "the novelist ingeniously weaves the personal story of Saleem and his growth into the story of India and her development" (Reddy, p.72). To Mark Mossman, "the novel is … a book about social India, a book where the individual subjectivities of the characters are merged with, and are representational of, the various societal issues of the national culture". He also considers it "an argument for individuality, a book about a character who 'feels the split between the public and the private'" (Mossman 1999).[1]

Midnight's Children contains and juxtaposes binary opposites such as Peace/War, Black/white, coloniser/colonised, lover/soldier, desert or forest (as a freeing space)/civilisation (as limiting space), friend/enemy, and anonymity/identity. The narrator appears to be weary of the 'presence' of these binary opposites. "'O eternal opposition of inside and outside!" He likes things to be "homogeneous". For instance, to him, "[t]he body … is homogeneous as anything. Indivisible, a one-piece suit, a sacred temple, if you will. It is important to preserve this wholeness" (p.237). This supposedly "indivisible" body is deconstructed into millions of pieces when the narrator's body begins to crack.

Midnight's Children is concerned with the Individual and the Public as well as the micro and the macro. It also depicts the attempts of Indian populations towards figuring out their identity. Rushdie suspends the individual level to describe the public one and vice versa. The novel consists of two texts of Saleem and Aziz's journeys of self-discovery and their struggle towards self-realization. Each of these texts has to suspend its 'other' to continue for the 'presence' of one depends on the 'absence' of the other. Hence, these texts are what Derrida would call 'centres' which substitute one another. They exist in a state of 'différance'. Derrida claims that "[o]nce the center or the origin have begun repeating themselves, by redoubling themselves, the double did not only add itself to the simple. It divided it and supplemented it." Hence, "[t]here was immediately a double origin plus its repetition." He adds that "[t]hree is the first" and the "last" "figure of repetition" because "the abyss of representation always remains dominated by its rhythm, infinitely". To him, the figure "two" continues to be an "indispensable and useless articulator of the book". It is "the sacrificed mediator without which triplicity would not be, and without which meaning would not be … different from itself; in play, at stake" (Derrida 1978:299-300). The two texts inside *Midnight's Children* join together to form the 'third' or 'triple' text of the novel. The narrator hints at the presence of this 'third' text with his idea of the "third principle". "[C]hildren are the vessels into which adults pour their poison …. If there is a third principle, its name is childhood. But it dies; or rather, it is murdered" (p.256). The two texts within the text of *Midnight's Children* leak into each other thus destabilising the binary first-text/second-text by removing the slash (/) in between. This creates a 'twilight zone' in which a 'third' or a 'triple' existence is born. The following section reveals the desire for erasing one's identity since labeling becomes indeed problematic.

Erasure & Identity

The text of *Midnight's Children* is a 'Writerly Text', in Roland Barthes' words, as it has no limiting 'centre' of signification functioning as a 'transcendental signified'. The deconstruction of the 'transcendental signified' blocks the chance of reaching meaning, and hence, the narrator's occupation with "the notions of purpose, and meaning" (p.228). In addition, the narrator feels the need to "work fast, faster than Scheherazade, if I am to end up meaning – yes, meaning – something" (p.9) and expresses his "desire for form" (p.317) of course it will be a temporal one just like meaning is. To Fletcher, the novel's narrative technique is like Naseem's perforated sheet. The "narrative must always

reveal something while concealing everything else. Saleem's narrative self-consciously employs deferment of disclosure" (Fletcher 1994:72). The narrator also expresses the need "to fill in the gaps, guided by the few clues one is given" (p.427). The narrator is probably hinting at the 'gaps of indeterminacy' which the reader has to fill in while reading the text.[2]

The 'centre' is both part of the structure while at the same time not part of it. The narrator refers to objects that are a manifestation of what a Derridian 'centre' is. For instance, the midnight hour "which is reserved for miracles, which is somehow outside time" (p.212), the nose which is "the place where the outside world meets the world inside you" (p.17), the "basket of invisibility" (p.382), which is twilight zone between the world of the living and that of the dead, the washing chest which is "a hole in the world, a place which civilization has put outside itself" (p.156), the old "unlocked" clock tower (p.173), The forest of the Sundarbans which is so "thick that history has hardly ever found the way in" (p.359) and in which "Time was assassinated" (p.405), and Indira Ghandi's "schizophrenic hair" (p.438) which "had white hair on one side and black on the other" (p.421) separated by the "centre-parting" (p.438) are all examples of 'centres'.

Being a 'centre' makes a character powerful. The novel has characters competing for centrality. For instance, the relationship between Saleem Sinai and Indira Ghandi is one of a bitter struggle for centrality. The narrator expresses his "claim to a place at the centre of things" (p.238) and mentions "his previous lust-for-centrality" (p.356). Saleem Sinai describes himself during his army years as someone "who lives both in-the-world and not-in-the-world" (p.356). Hence, he functions as a 'centre' part of a structure yet not part of it. On the other hand, Indira Ghandi explains the reason for the rivalry between her and Saleem Sinai. "[I]t is all a question of God …. Indians are only capable of worshipping one God.'" For her, the "millions of gods" are all "manifestations of the same **O M**.", and she is *the* "manifestation of the **OM**.'" Further, the narrator claims that "those who would be gods fear no one so much as other potential deities" (p.438). Therefore, their rivalry is actually over who will become the 'transcendental signified' or God. It is also a rivalry over 'centrality'. Hence, the narrator wonders if they were "competitors for centrality" and if "she [was] gripped by a lust for meaning as profound as my own" (p.420).

The narrator suggests the idea of 'play' when he refers to the "dizzying early days before categorization! Formlessly, before I began to shape them" (p.316-17). 'Erasure' causes the 'play' of the 'centre'. Derrida notes that "only by means of a series of words that are faulty" and which he "erased in passing, in measure, regularly" yet "leaving them to the force of their tracing, the wake of their tracement (*tracement*), the force (without force) of a trace that will have allowed passage for the other" was he "able to arrive at the end" of his "phrase" (Derrida 1991:424). This 'erasure' causes the 'play' of the 'centre'.

The novel contains several references that reflect a desire for 'erasure'. The reference to the

"Gander", which is "the mythical bird, the hamsa or parahamsa, symbol of the ability to live in two worlds, the physical and the spiritual, the world of land-and-water and the world of air, of flight" (p.223) symbolises the narrator's desire to have the ability to live in two worlds and to erase his identity. In addition, the underworld casino in Bombay is "a world without faces or names; here people have no memories, families or past; here is for *now*, for nothing except right now'" (p.454). This underworld is a perfect escape for people who want to 'erase' the restrictions of faces, names and past. Moreover, when Saleem joins the army and becomes known as the buddha, he refuses to acknowledge his past. He asks his fellow soldiers not to "try and fill my head with that history. I am who I am, that's all there is'" (p.351). His denial of his past betrays "a trace of undesirability" (p.351). Further, Saleem takes off his uniform "and became anonymous, a deserter" (p.376), and he envies Haroun al-Rashid who "wander[ed], unseen invisible anonymous, cloaked through the streets of Baghdad" (p.381).

The name "Sinai" is "the name of the desert – of barrenness, infertility, dust; the name of the end" (p.305). The situation of the desert echoes that of Saleem's body which is impotent, lacking a fixed identity, and cracking and turning into particles of dust in the end.[3] "Silence [is] like a desert" (p.304). It is an 'absence' of 'voice'. 'Voice' is limiting whereas 'silence' is not. The desired identity must be temporal like the desert without defining contours or fixity of form. The relationship between the desert and identity can best be explained by the following quotation by Hall:

[T]he desert is thought of as nothingness waiting to become something, if only for a while; meaninglessness waiting to be given meaning if only a passing one; space without contours, ready to accept any contour offered if only until other contours are offered; space not scarred with past furrows, yet fertile with expectations of sharp blades; virgin land yet to be ploughed and tilled; the land of the perceptual beginning the place-no-place whose name and identity is not-yet." (Hall 1997:3)

Saleem has a desire to return to a 'pure' state like that of the desert in which his 'self' is not marked by nationality, race, and other social frames which limit, label and frame him.

The colour of Saleem's skin, a race marker, contradicts that of his eyes. His skin is brown yet his eyes are blue. He suffers from the 'presence' of conflicting colours or race markers in his body. Shaheed states that Saleem "gives me the creeps, yaar, it's those blue eyes" (p.349), and later Farooq dubs Saleem a "freak with … blue eyes of a foreigner" (p.369). His identity as Indian, Pakistani, or even "foreigner" is 'erased' and he becomes anonymous. He attains the freedom of transcending borders between nations, even transcending ethnicity and identity when he shifts from being an Indian to being a Pakistani and then an Indian again.

Saleem also suppresses his religious identity. His head "was full of all sorts of religions apart from

Allah's" (p.310). He reminds the reader, "despite my Muslim background, I'm enough of a Bombayite to be well up in Hindu stories" (p.150). Though "[b]orn and raised in the Muslim tradition, I find myself overwhelmed all of a sudden by an older learning [Brahmin philosophy]" (p.194). Also, he maintains that "Blue Jesus leaked into me" (p.109) and attends "the Cathedral and John Connon Boys' High School" (p.153). Indeed, Christianity attracts Saleem, and he escapes "into the bosom of the Christians' considerately optional God" (p.230). Zagallo also 'baptises' him with a "monk's tonsure" (p.232). In addition, Saleem also fails "to believe or disbelieve in God" (p.275) yet he refuses to marry Parvati the witch unless she converts to Islam (p.415) which indicates the impossibility of achieving a total 'erasure' identity.

Further, Saleem claims to be a Buddha. Initially, he declares it as a "fortunate ambiguity of transliteration!" Later, however, he explains that "[o]nce upon a time, a prince, unable to bear the suffering of the world, became capable of not-living-in-the-world as well as living in it; he was present, but also absent; his body was in one place, but his spirit was elsewhere" (p.349-50). Saleem too manages to live both within/outside the world simultaneously. "Like Gautama, the first and true Buddha, I left my life and comfort and went like a beggar into the world" (p.397). By running away from his own "suffering of the world", Saleem becomes another Buddha with his ability of transcend the limitations of his corporeal frame. "I floated in shikaras and climbed Sankara Acharya's hill as my grandfather had" (p.329). Saleem's religious identity is, then, shattered. In effect, Saleem is neither a Muslim nor a Christian nor a Hindu because all of these religions "leaked" into him.

Even Saleem's gender identity sometimes fades. He can enter or 'possess' the body of anyone. The narrator claims that "I sampled the inner life of a woman making mirrorwork dresses". At Khajuraho, he "was an adolescent village boy, deeply embarrassed by the erotic, Tantric carvings on the Chandela temples" (p.173-74). He also becomes "Jawaharlal Nehru" (p.174). He also has the magical feeling of "creating a world; that the thoughts I jumped inside were *mine*, that the bodies I occupied acted at my command" (p.174). His shifts of identity come with the risk of losing his original one, if any. He explains, "If I had not believed myself in control of the flooding multitudes, their massed identities would have annihilated mine" (p.175). Saleem also demonstrates his ability to change gender identity when he mentions the midnight child from Kashmir. "[T]here was a blue-eyed child of whose original sex I was never certain, since by immersing herself in water he (or she) could alter it as she (or he) pleased" (p.198). Saleem has the Kashmiri blue eyes, and he can 'enter' any body, so he could be referring indirectly to himself. Wormald claims that "the secular visions of Rushdie's magical realism and Saleem's experience depend not just on the concept of fluidity but on its element" (Mengham 1999:196). Saleem's ability to change sex, to travel through time, and to escape the limitations of his corporeal body depend on the element of "fluidity" Wormald refers to.

Saleem's ability to change sex invokes the blind prophet Tiresias in Greek mythology who lived seven years of his life as a woman. Tiresias ferries dead people across the river of life (Styx) to the

underworld of Hades. The boatman Tai who appears to be immortal echoes this image of Tiresias. Tai informs Aziz that "'I have watched the mountains being born; I have seen Emperors die. …. I saw that Isa, that Christ, when he came to Kashmir" (p.16). He is "the living antithesis of Oskar-Ilse-Ingrid's belief in the inevitability of change … a quirky, enduring familiar spirit of the valley. A watery Caliban" (p.15). In this respect, Tai represents Tradition, whereas Saleem's modern text (his autobiography) represents Individual Talent. The image of Tai as Tiresias is emphasised when he refers to "a tribe of feringhee women who came to this water to drown" (p.17). In a sense, Tai is ferrying these women to their death, to the underworld just like Tiresias. Further, he has a "woman's lips" (p.16), and this indicates that he is androgynous.[4]

When Saleem becomes the buddha, he 'absents' his past. Yet, a 'trace' remains to indicate the 'presence' of the 'absence' of his past. His desire for 'erasure' is what leads him into the Sunderbans jungle. His "drift into the Sundarbans, the jungle away from civilisation, is an occasion for the total loss of identity, in any form" (Rao 1992:19). But 'erasure' is never complete since a 'trace' remains. Hence, "[w]hat you were is forever who you are" (p.368), and "[t]o understand just one life, you have to swallow the world" (p.109). Further, Saleem defines himself as "the sum total of everything that went before me, of all I have been seen done, of everything done-to-me" and as being "everyone everything whose being-in-the-world affected was affected by mine." He adds, "I am anything that happens after I've gone which would not have happened if I had not come" (p.383).

Furthermore, Saleem admits that "the past has dripped into me … so we can't ignore it'" (p.38). "Saleem invokes the metaphor of swallowing as inclusion, he encounters the problems of containment, boundaries, centrality, and marginality, problems that plague modern nations and apocalyptic visions" (Hefferman 2000). Using a deconstructive mechanism, Saleem tries to escape all these limitations and to erase them. However, a trace always remains. The "resurgent ghosts of [Amina's] past" (p.331) represent the 'trace' of 'erasure'. "Nothing ever seems to go away'" (p.331). Even the 'erasure' of the Methwold's villas leaves a 'trace'. "In the ghost-haze of the dust", they "could discern the shapes of the past" and "dubash's nude statuette [which] danced in dust-form" (p.272). 'Erasure', therefore, remains an unfulfilled desire since no one can escape his past entirely.

The narrator's identity is also erased and suppressed. The narrator functions as an authoritative 'presence' and a 'centre' of signification. He shifts between using the first person and the third person to narrate his story. For instance, he notes that "I insist: not I. He. He, the buddha" (p.360) Culler suggests that "the self is broken down into component systems and is deprived of its status as source and master of meaning" (Culler 1981:33). The narrator is 'erased' as a 'transcendental signified' to allow the 'play' of the 'centre'. Though the narrator warns the reader not to "make the mistake of dismissing what I've unveiled as mere delirium; or even as the insanely exaggerated fantasies of a lonely, ugly child" (p.200) and worries about "venom-quilled critics" (p.360), yet, his authoritative 'presence' is 'absent' since his reliability is shattered. He tells his story under the effect of drugs,

suffers from poor memory, makes errors, lies and is, therefore, unreliable. The narrator himself admits that "errors are possible, and overstatements", and that "the risk of unreliability grows" (p.270).[5] By revealing his unreliability, he 'erases' his authoritative 'presence'.

"*Midnight's Children* … serves as a testament to the importance of memory in the recreation of history and the constitution of the individual's identity" (Cundy 1996:32). The narrator announces that "[m]emory, as well as fruit, is being saved from the corruption of the clocks" (p.38). "For Saleem to lose his memory is to lose his identity; his link with the past which places him in the social and historical context that outlines his individuality." Further, "[m]emory is the chain which connects the post-colonial subject to his or her disrupted history" (Cundy 1996:35). Saleem has to travel into his past to achieve self-realisation which is only attainable through his memory. However, Saleem's memory is not reliable at all. He admits that he "fell victim to the temptation of every autobiographer". This "temptation" is "the illusion that since the past exists only in one's memories …. it is possible to create past events by simply saying they occurred" (p.443).

'Truth' to the narrator then is not exactly 'reality'. He explains that "'[w]hat's real and what's true aren't necessarily the same'" (p.79). Further, "[r]eality is a question of perspective" (p.165), and "can have metaphorical content; that does not make it less real" (p.200). The narrator also remarks that "we are too close to what-is-happening, perspective is impossible" (p.435). Moreover, "the illusion itself *is* reality" (p.166). The narrator writes about "a time which damaged reality so badly that nobody ever managed to put it together again" (p.420) and admits that he is giving the reader "'[m]emory's truth, because memory has its own special kind" (p.211). The narrator's reliability is therefore removed and shattered completely.

The reader is left wondering whether to believe the historical documents on Indian history or the narrator's own 'representation' of the 'truth'. The reader also wonders whether the baby swap took place or not. Rushdie's "narrative strategies are directed to focusing as well as resolving such a tension between the world of desire in fantasy and its inevitable denial in reality" (Rao 1992:37). The narrator uses "the medium of Fantasy … both for liberation and attachment." Fantasy is a "Timeless construct" which the narrator uses to "retrieve himself into his troubled psyche and resolve his national identity between India and Pakistan there" (Rao, p.15). Hence, the narrator blurs the dividing lines between reality/imagination, truth/fiction, and/or history/imagination thus causing them to 'play' since they are 'decentralised' by the removal of the (/) separating them. The ghost of Joseph D'Costa is an embodiment of the blurring of reality and imagination. Mary Pereira's inability to sleep "blurred" her perceptions and "merged waking and dreaming into something very like each other" (p.204). The ghost "managed to cross the blurred frontier, and now appeared in Buckingham Villa not as a nightmare, but as a full-fledged ghost" (p.205). This 'decentralisation' implies that history is just '(mis)representation(s)'. So, Saleem has a conflicting desire to constantly and temporally construct an identity, a meaning, a form, and a past in order to deconstruct, shatter and erase them later on.

Conclusion

To conclude, Rushdie's novel depicts the individual's attempts at finding out who he is, his role in the world, and his relationship with God. It highlights the problemtatics of identity formation. Saleem attempts to figure out, redefine and rethink whether he is an Indian, a Pakistani, or even a foreigner. The novel exposes the racial hatred and the powerful discourse of religion, which becomes a catalyst for religio-ethnic violence, partitions and war and generates a desire to erase religious identity. Rushdie's novel is set in a postcolonial framework. The skies in the novel are godless or God appears to be 'indifferent' to human miseries. Martin Esslin describes "the absurdity of the human condition itself in a world where the decline of religious belief has deprived man of certainties" (Nelson 1992:150). Saleem, like the government of India, renounces his God(s), and hence, he is "deprived of certainties". To Edward Said, "Rushdie is everyone who dares to speak out against power, to say that we are entitled to think and express forbidden thoughts" (Braziller 1994:261). Rushdie's "forbidden thoughts" allow him to deconstruct religions, criticise governments and corruption. Nothing to him is 'absolute' and cannot be questioned, not even God.

Notes

[1] Mossman claims that *Midnight's Children* is a "novel of both the east and the west, of both colonizing Europe and America and the colonized sub-continent of India" (Mossman 1999). Ashutosh Banerjee claims that "Rushdie maintains a continuous effort at synchronizing national life and domestic life, so that the odyssey of the Azizes and the Sinais also becomes the odyssey of the nation" (Mossman). Further, Vijay Lakshmi notes that "Rushdie's fiction interweaves the subjective absurdity with the objective; the personal, which is unique to an individual, with the universal, which is part of the human condition". He considers Saleem Sinai "a parody of the nation he symbolizes and, like the nation he perceives, he is beginning 'to crack all over like an old jug'" (Nelson 1992:150).

[2] Padma is an "exemplification of Roland Barthes's arguments on the role of the reader subsequent to the 'death' of the author". She "becomes a vocal and individualised member of the multitude which sits at the feet of the storyteller, hanging on his every word" (Cundy 1996:30).

[3] The link between Saleem's body and the desert becomes stronger when Zagallo gives a lesson on "Human geography", uses Saleem's face as a visual aid, and gives Saleem the "monk's tonsure" (p.232). This "tonsure" becomes an embodiment of the desert and another expression of the desire for 'erasure'. The "tonsure" is an 'absence' of 'presence', since the 'erasure' or removal of hair creates it. It is also a 'presence' of 'absence' since it is a 'trace' of the 'erasure' of hair.

[4] The image of Tai as Tiresias is completed by joining his character with that of blind Ghani, "who claimed to appreciate European paintings" (p.21), and "Tai Bibi, the oldest whore in the world" (p.308). She is an "ancient prostitute [who] possessed a mastery over her glands so total that she could alter her bodily odours to match those of anyone on earth". She is also an "impossible mythological old harridan" (p.319). The similarities between Tai and Tiresias, suggested by the two names themselves, increases by the reference to Tai Bibi. These references to Tiresias suggest the change of gender identity.

[5] In Saleem's autobiography, "[t]he assassination of Mahatma Gandhi occurs … on the wrong date." He asks if "one error invalidate[s] the entire fabric?" (p.166). He makes, however, "another error – that the election of 1957 took place before, and not after, my tenth birthday" (p.222). These errors increase the narrator's unreliability as an authoritative 'presence'. His memory is also falling apart. "[A]lready, already there are fadings, and gaps; it will be necessary to *improvise* on occasion" (my italics, p.384). The narrator lies about the death of Shiva, which he claims is his "first out-and-out lie" (p.443) and admits that he "exaggerated" and "distorted" Picture Singh "into a dream-figment of my own imagination" (p.426). Further, while writing the letter to Commander Sabarmati, he admits to "[c]utting up history to suit my nefarious purposes" (p.259).

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Globalization and Resistance

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According to its most important instrumental institutions or bodies, namely, inter alia, the International Monetary Fund (IMF), globalization is "the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, freer international capital flows, and more rapid and widespread diffusion of technology" (IMF, World Economic Outlook, May, 1997). For the World Bank, it is rather the "[f]reedom and ability of individuals and firms to initiate voluntary economic transactions with residents of other countries" (Wikipedia). Defined this way, globalization does not really seem to differ that much from Capitalism since "capital has always been global" (Do or Die 1). Indeed, this new global project is often understood as a more aggressive continuation of or rather appellation of capitalism which inhales its very essence from the expansion of economy: "EXPAND OR DIE." It is sometimes seen as even worse than capitalism in the sense that "it represents an attempt at extending and intensifying capital's grip on humanity." (Do or Die 1). Many people nowadays look at the time when capitalism was in its boom with a great nostalgia. At least it was a time when the exploitation of people used to take place in a way that was softer or more "democratic" and be exercised under "sovereign nation-states." However, this sovereignty, though has always been limited within the new world economic system that emerged after the end of WWII, is on its way of extinction. This essay therefore offers a reading through the act of resisting globalization as a form of oppression (in the classical Marxist meaning) with reference to Gramsci's theory of ideological hegemony and Said's approach to the representations of the intellectual.

With globalization, state sovereignty has been buried together with the concept of nation-state. The "interdependence of countries" that the IMF uses in its definition is in reality the forced dependence of weak countries "on (and ultimately servitude to) the western capitalist machine" (*Anti-Marketing*) by compelling them into a neo-liberal economic exploitation process taking the form of a neo-colonization that does not differ from nineteenth and early twentieth century imperialism. Some critics, such as Doug Henwood, even venture to deal with it "as a euphemizing and imprecise substitute for imperialism" (60). With globalization, the world order has become at the hands of large corporations that largely maneuver the destiny of small nations who have just won their independence from colonial powers to find themselves under the grip of a new kind of colonization. This neo-colonialism, which emerged after the decline of traditional imperialism (i.e. colonialism), has been made possible by both foreign (the new economic powers such as the USA and USSR) and

domestic (the unsympathetic regimes and dictatorships all over Latin America, Asia, and Africa) masters who were enthusiastically willing to use such populations as cheap labor for foreign capital. This gives more credence to the following definition provided by one of the original and most influential anti-globalization groups, the International Forum on Globalization, defines globalization as "the present worldwide drive toward a globalized economic system dominated by supranational corporate trade and banking institutions that are not accountable to democratic processes or national governments." Such a system imposes on these governments credit-based economics, ensuing in unsustainable growth of debt and therefore debt crises which are worsened by obligatory "structural adjustment programs" enforced by the IMF. This is better explained by Andrew Ross in his *Real Love: In Pursuit of Cultural Justice* (1998):

> With the onset of neocolonialism under the technocratic rule of the World Bank and the International Monetary Fund, the balance of power and resis tance changed yet again as countries in the developing world fell one by one into the suffocating grip of the "debt trap." (qtd. in Farred 82)

This is how these countries become interminably enslaved by the World Bank and the IMF, which together with the WTO (World Trade Organization), are called "the unholy trinity of greed" (qtd. in Nelson 4), and whose decisions are at the hands of the First World Countries and their multinational corporations. Hence, the reason why some theorists and critics prefer the term "corporatization" to "globalization." Africa and especially its sub-Saharan part are the best instance of this abject status. It has developed a financial dependence on the World Bank and the IMF that "has reduced the continent to 'economic slavery'" (Farred 87) enhanced by its postcolonial leaders who, together with the mentioned institutions, made of Africa a "Third World within the Third World." The collapse of democracy in this continent, Grant Farred confirms, "precipitated a new mode of 'slavery,' IMF and World Bank–induced economic servitude more difficult to counteract than physical bondage of centuries gone by because it makes Africans (perpetually) dependent on the United States and Europe" (87).

Globalization and capitalism have met several forms of resistance. The onset of this resistance was molded by the general mood of the Cold War as one obvious manifestation of high competition to share the world market between the two economic blocks, led respectively by the USA (the capitalist block) and the USSR (the Communist block), that emerged after the end of the WWII and colonization (in its traditional sense). Since its emergence, globalization has often been a *bête noire* for all sorts of people—activists and academics, reformists and revolutionaries, most of whom chose the university as a space to voice up their ideas and discontent. Beginning in the 1960s and running through the 1980s, universities, especially through humanities, in both the First and the Third World, was a solid form of resistance and a major instrument that stimulated public opinion to take a position against that new form of imperialism. It was a time when nationalism was resurgent, and the internationalization of struggle could be possible. The May 1968 student revolution in Paris that nourished similar ones all over Europe is a concrete example. Stimulated by the Marxist theory of resistance based on concrete action and revolution as also advocated by Leninists and Trotskyites alike, this

form of struggle took a new direction from identity politics (which was its basis in its early days), into anti-globalism and anti-corporatism. Campus activism, however, could not survive this new era of "universal reign of world capital" whose forces are determined to crush any nationalistic tendencies (Nelson 6). The cultural values that the university used to hold and export and which used to be at the origin of the "culture wars" and identity politics as a form of resistance till the late 1980s, are at stake, not to say, completely destroyed. The university has become an active participant in the neo-liberal economic system. It imposes a new set of values, or *literacy*, that Evan Watkins calls "World Bank Literacy," and "appears comfortably at home with global structures of economic relations, on the one hand, and with individual economic interests and expectations, on the other" (13). Watkins' thesis seems to be compelling as it addresses the threat that this literacy poses to "the very structure and function of humanities disciplines in the university" (14). However, the anti-World Bank literacy discourse is no longer premised on the discussion of the depredation of neo-liberalism on the university and the humanities disciplines but on the "profound effect on the entire educational process in the United States" and in many parts in the world (Watkins 13). What humanities education has gone through is a complete demolition in favor of perceived instrumental market needs, pegged to the new role of education within the general global project. "The time when literary studies and the humanities in general had a more symbolic form of cultural capital is coming to an end," Cary Nelson affirms (10). Vocational education ("voc ed") and technical training have become the dominant necessary educational strategy to cope with the professional demands of the global market. Tech-prep degrees proliferate, direct cooperation between community colleges and technical training programs, privatization of education, and distant and lifelong learning develop, are all conditions meant to establish "increasingly intricate connections between work and education." (Watkins 23). The classroom then becomes "at once a more heterogeneous and more familiar element in people's lives, for much longer period of time" (Watkins 23); hence the divide between the "classroom" and the "public sphere." This very divide, once the source of political struggle and the generator of what Hirsch calls "culture wars," has been absorbed by the globalization project.

In the circumstances stated above, a question arises and compels an answer as to what opportunities there are for effective resistance. It should be made bold to claim that there is no form of resistance as pure anti-globalization. The latter is an umbrella term that shelters different forms of struggle for certain causes. To better support our contention, we would refer the Conakry women revolt in 1977 that Grant Farred uses in his article "Poverty in Liberty, Riches in Slavery." One should not deny the fact that it was a rebellion against one of the economic measures to meet the requirements of the global market and the "structural adjustment programs" (SAPs) imposed on Guinea like many other Western African countries—forbidding private trade and place all financial transactions under the supervision of the Guinean government. The revolt is more than that. The Guinean *citoyennes* wanted to maintain their source of survival and livelihood—the marketplace, whose control the government wanted to take over. They were by no means willing to let loose the political, economic, financial, and social power that the market provided. The revolt was more of a "gender politics" form of resistance through which the country's women's movement reached its height. It also boldly stood against the political oppression of Sékou Touré's regime to become a landmark in the African history of resistance. "The Conakry women's uprising on 27 July 1977 was a turning point in the PDG's [Parti

Démocratique de Guinée] history," to use Lansine Kaba's assessment. "[. . .] A testimony to the government's loss of support in the country, it heralded a new era" (241). Moreover, the *citoyennes*' actions exploded spontaneously and had no political pattern or organization in the manner of major revolutions, despite the fact that the market was used as "a site and strategy of resistance" (Farred 84). The revolt was more of a form of survival—a matter of life or death, than a political uprising against the government's policy. But this does not mean that it cannot be imitated in probably similar circumstances to become then an example of resistance.

With varying aggression, the massive manifestations and riots under the banner of "anti-globalization," against world giants' summits (G8) and globalization bodies' meetings (against the WTO in Seattle in November 1999, the IMF and the World Bank in Washington DC in April 2000, etc.), are a clear form of resistance to globalization. In spite of the leading participation of organized resistant groups (grassroots, NGOs, civil societies etc.) with slogans against the deleterious effects of neo-liberal economy and the exhausting laws and rules by institutions like the World Bank, IMF, and WTO; such effort still lacks co-organization and order. Their acts are occasional and their effects are not deep-seated enough to stimulate change. As soon as the manifestations are concluded and the damage is repaired, their slogans are forgotten. Moreover, they are still confined within the circle of pointing at the symptoms of the problem without being able to move into change. Nevertheless, such actions have important "impact on the public's knowledge of transnational institutions [and] have also been occasions for lessons in collective opposition," as Rosemary Hennessy explains. "The planning and organizing both in advance and on the streets for these actions have been a school for organizers and the role of Direct Action Network in this process has been crucial" (53).

The possibility of an alternative to Marxist approach (with its variation from traditional to post-Marxism) to power and struggle seems to have no substantial chances for efficiency. What forms the backbone of the Marxist theory of power is its deep-rootedness in the notion of "ideology" as "shared ideas or beliefs which serve to justify the interests of dominant groups" (Giddens 583) which is premised on the role of force and coercion as a basis for class domination. This theory still finds it echo in the analysis of the functioning of global and neo-liberal economic system being a continuation of capitalism that Marx was seeking to study. Marx and Lenin after him advocated direct action as a form of resistance. This view was also defended by Rosemary Hennessy in her analysis of the Direct Action Network. John Berger, moreover, seems to suggest the same anti-globalization approach. "The first step towards building an alternative world" he strongly asserts, "has to be a refusal of the world picture implanted in our minds and all the false promises used everywhere to justify and idealize the delinquent and insatiable need to sell. Another space is vitally necessary" (xv). Because the global project is deeply anchored in a long-term *approach* that targets the collective memory of the world citizens and tends to unite them under the same standardized world picture, the act of resistance should also be based on a same *approach* that seeks to directly change that memory by "not only refusing to accept the absurdity of the world picture offered us, but denouncing it" (Berger xvi). In other words, resistance should aim at the same consciousness that legitimizes the oppressor's power and domination, and therefore should go through the same process that has led to the status the latter reached.

At this point, Gramsci's theory of ideological hegemony seems to gain good grounds as complementary to our reference to the Marxist approach to power and struggle. Antonio Gramsci, in *The Prison Notebooks* (1926-1937), criticizes the Marxist theory of power as "missing an understanding of the subtle but pervasive forms of ideological control and manipulation that served to perpetuate all repressive structures" (Burke 3), to make his theory of political control bifocal: "domination" (the direct physical coercion by police and armed forces) and "hegemony" (both ideological control and more crucially consent). Let us then consider a more extensive definition of this second form of control, more efficient and dangerous than the first one:

By hegemony, Gramsci meant the permeation throughout society of an entire system of values, attitudes, beliefs and morality that has the effect of supporting the status quo in power relations. Hegemony in this sense might be defined as an 'organizing principle' that is diffused by the process of socialization into every area of daily life. To the extent that this prevailing consciousness is internalized by the population it becomes part of what is generally called 'common sense' so that the philosophy, culture and morality of the ruling elite comes to appear as the natural order of things. (Boggs 39)

Hegemony in this sense lies at the heart of "ideological control" that the economic super-powers use to manipulate and dominate the smaller countries through the global project. This hegemonic process organizes the populations' collective consciousness in a way that they support its structures as "common sense" and accept what happens in society as "the only way of running society" (qtd. in Burke 4). As a strategy of struggle against hegemony, Gramsci suggests the building up of "counter hegemony" that seeks to disrupt the ideological consent of the masses that gives credence to the domination of the powerful. Structural change and ideological change are part and parcel of the same struggle that comes from within the hegemonic sphere itself by allowing people "to question their political and economic masters' right to rule" (Burke 4), and here lies the crucial role of the intellectual in creating the counter hegemony.

The intellectual, with Gramsci, has acquired a different status. He wrote in his *Notebooks* that "all men are intellectuals, one could therefore say: but not all men have in society the function of intellectuals" (9). Each social group creates within itself its own intellectuals (civil servants, doctors, lawyers, managers, scientists, teachers, technicians, etc.) who help to bind it together and help it function, and obviously act for the benefit of the ruling class. Gramsci maintained that the notion of intellectuals as being a distinct social category independent of class was a myth (Burke 5). Intellectuals, Gramsci classifies them according to their *social function* into two types: first, traditional intellectuals (such as professors, priests, administrators) are those who accept themselves as autonomous and independent of the dominant social group by placing themselves in "an aura of historical continuity" (Burke 5); and second, organic intellectuals are that strata of intellectuals that grows organically alongside the dominant group and helps them grow, get the consent of the majority, and therefore gain more legitimacy. In other words, "it is through this group that the ruling class maintains its hegemony over the rest of society" (Burke 5). Gramsci believes that the latter type are more actively involved in society as "they constantly struggle to change minds and expand markets; unlike teachers and priests, who seem more or less to remain in place, doing the same kind of work year in year out,

organic intellectuals are always on the move, on the make" (Said 4). Departing from the historical reality expressed in the words of Edward Said that "there has been no major revolution in modern history without intellectuals; conversely there has been no major counterrevolutionary movement without intellectuals" (11), how does Gramsci then describe the role of his intellectuals in *countering the hegemony* of the dominant?

Gramsci engages both categories of intellectuals in the revolutionary act, as "there is no human activity from which every form of intellectual participation can be excluded" (qtd. in Burke 6). In his *Notebooks*, he maintained that what was required was that not only should a significant number of 'traditional' intellectuals come over to revolutionary cause but also the working class movement should produce its own organic intellectuals (Burke 6). His approach to resistance is open, as he believes in the innate faculty of human beings to understand their world and change it. For him change starts from within, just in the way John Berger puts it in his article used as a forward to *World Bank Literature* (2003), the essay collection edited by Amitava Kumar: "And when hell is denounced from within, it ceases to be hell" (xvi). Gramsci wanted revolutionaries to be critical thinkers who should start from "the starting point of critical elaboration [which] is the consciousness of what one really is" (323). Change for him is the responsibility of all intellectuals who play the role of informal educators in their own local communities. "They can strive to sustain people's critical commitment to the social groups with whom they share fundamental interests" (Smith 127).

The importance that Gramsci places on critical self-awareness, on critical social awareness, and on the key role of the intellectual as part of everyday life, are further advocated by Edward Said in *Representations of the Intellectual* (1994). This is how Said puts it:

[T]he intellectual is an individual with a specific public role in society that cannot be reduced simply to being a faceless professional, a competent member of a class just going about her/his business. The central fact for me is, I think, that the intellectual is an individual endowed with a faculty for representing, embodying, articulating a message, a view, an attitude, philosophy or opinion to, as well as for, a public. (11)

He adds that the intellectual should have "a vocation for the art of representing, whether that is talking, writing, teaching, appearing on television" (13). Said seems probably to add a new type of intellectuals to those suggested by Gramsci, borrowing it from the American sociologist C. Wright Mills—the "independent intellectuals"—whose currency is "the means of effective communication" (qtd. in Said 21). Mills defines them in his *Power, politics, and People* (1963) as follows:

The independent artist and intellectual are among the few remaining personalities equipped to resist and to fight the stereotyping and consequent death of genuinely living things. Fresh perception now involves the capacity to continually unmask and to smash the stereotypes of vision and intellect with which modern communications [i.e. modern systems of representation] swamp us. The worlds of mass-art and mass-thought are increasingly geared to the demands of politics. That is why it is in politics that intellectual solidarity and effort must be centered. If the thinker does not relate

himself to the value of truth in political struggle, he cannot responsibly cope with the whole of live experience. (299, qtd. in Said 21)

Though pure art and thought are important forms intellectual representation, and therefore of resistance, they cannot be disengaged from mass politics: "Politics is everywhere" (Said 21). In an age of mass media and information industry, Said defines the role of the intellectual today as being centered on the act of "disputing the images, official narratives, justifications of power circulated by an increasingly powerful media [. . .] by providing what Mills calls unmaskings of alternative versions in which to the best of one's ability the intellectual tries to tell the truth" (22). However, this may seem as a kind of romantic idealism that would not survive in an era when the grip of strong governments, large organizations and super-powerful corporations on humanity is far-reaching. Said makes it clear that publicly refusing "to accept easy formulas, or ready-made clichés, or the smooth, ever so-accommodating confirmations of what the powerful or conventional have to say, and what they do" (23), is the kind of struggle that the intellectual should be responsible for. This would give way to "a state of constant alertness, of a perpetual willingness not to let half-truths or received ideas steer one along" (23). However, this form of resistance involves a long-breath energy that necessitates joint effort and organized coalitions.

The point is that even though the age of globalization is different from the one that held modern revolutions, we do not have to come up with a form of resistance out of thin air. Previous revolutionary experiences should be lessons to be drawn to avoid heaven-seeking experimentations. There are, I want to emphasize, rich rewards in using Gramsci as his theory provides a direct encounter with the matter that the global project poses. His contribution lies in the direct link between theory and practice in examining social hegemonic structures and counter-hegemony as a form of resistance. My understanding is that anti-globalization, as a form of counter-hegemony in the Gramscian sense, should go in tandem with the global process. This project did not start overnight and therefore its reversal cannot happen overnight either. Though the neo-liberal economic system sought to implicate intellectuals in its process, still there is room for intellectual representation and resistance, which should be part of this same process as Said sought to show. What is required is an internationalization of struggle through collaborative counter-hegemonic effort and worldwide coalitions among all categories of intellectuals. If globalization is based on standardization and unity, anti-globalization should also be based on this same standardization of struggle; and if capital has become 'deterritoralized' and 'globalized,' resistance should also follow the same pattern. At the end, and in conjunction with Barbara Foley's point, I would make bold to claim that Marxism still maintains itself as a 'grand narrative' of power and struggle that stood the test of time and therefore "remains indispensable [. . .] as not only a paradigm for critique but also a strategy for negation and supersession" (Foley 38).

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FDI Determinants in India

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All over the world, Foreign Direct Investment (FDI) is seen as an important source of non-debt flows, and is being increasingly sought as a vehicle for technology flows along with a means of attaining competitive efficiency by creating meaningful network of global interconnections. According to the eclectic paradigm of Dunning[3], the presence of ownership-specific competitive (O) advantages in a transnational corporation, the presence of locational advantages (L) in a host country, and the presence of superior commercial benefits in an intra-firm (I) are three important set of determinants which influence the FDI inflows. Of the three set of determinants of FDI inflows, locational determinant is the only manipulative factor in the hands of host government to attract it. The present study examines and analyses locational determinants thoroughly before seeking their confirmation through empirical tests.

FDI is assisting the economic growth of many countries that is why the countries put every effort to attract higher FDI. FDI can take the form of starting a subsidiary, acquiring a stake in an existing firm or starting a joint venture in a foreign country. FDI flows include all funds provided by the direct investor, either directly or through affiliates.[4] Its particular importance has been the increasing role played by multinational corporations (MNCs) in the developing countries. These corporations have set up a large number of branches or subsidiaries in these countries and have brought with them new technological expertise, machinery and equipment, better management and organization, superior management techniques etc.

The New Industrial Policy was declared by the Government of India in July 1991 with major changes to attract foreign investment. FDI was permitted in almost all manufacturing and service industries (except for a small negative list). The enlarged sphere for FDI entry now included mining, oil exploration, refining, power generation and distribution, and telecommunication which were earlier reserved for the state sector. In the recent years, a number of measures have been taken to further promote FDI. These include raising the foreign ownership cap to 100 per cent , ending state presence in most of the sectors, doing away with state monopoly in insurance and telecommunications, de-

fense, public sector undertakings (PSUs). FDI has also been allowed in real estate, civil aviation, tourism and hotel industry, insurance, tea plantation, retail sector and print media subject to some conditions of the government. Clearly the sectors opened to FDI are much larger now.

It is widely agreed that foreign direct investment (FDI) takes place when three sets of determining factors exist simultaneously: the presence of ownership-specific competitive (O) advantages in a transactional corporation (TNC), the presence of locational advantages (L) in a host-country, and the presence of superior commercial benefits in an intra-firm (I) as against an arm's-length relationship between investor and recipient[5] (Dunning, John H.,1977,1979,1988,1993).

- The ownership-specific advantages (that is, proprietary technology) of a firm, if exploited optimally can compensate for the additional costs of establishing production facilities in a foreign environment and can overcome the firm's disadvantages vis-à-vis local firms.

- The ownership-specific advantages of the firm should be combined with locational advantages of host-countries (that is, large markets or lower costs of resources or superior infrastructure).

- Thirdly, the firm finds greater benefits in exploiting both ownership specific and locational advantages by internalization, that is, through FDI rather than arm's length transactions. This may be the case for several reasons: for one, markets for assets or production inputs (technology, knowledge or management) may be imperfect, if they exist at all, and may involve significant transaction costs or time lag, for another it may be in a firm's interest to retain exclusive rights to assets (that is, knowledge) which confer upon it a significant competitive advantage (that is, monopoly rents).

While the first and third conditions are firm-specific determinants of FDI, the second is location-specific and has a crucial influence on host country's inflows of FDI. If only the first condition is met, firms will rely on exports, licensing or the sale of patents to service a foreign market. If the third condition is added to the first, FDI becomes the preferred mode of servicing foreign markets, but only in the presence of location-specific advantages. Within the trinity of conditions for FDI to occur, locational determinants are the only ones that host governments can influence directly[6].

According to the eclectic paradigm of Dunning, the determinant of FDI may be different according to the home countries making the FDI and the host countries receiving the FDI. The precise configuration of the 'OLI' variables explaining FDI is likely to be sector specific or activity specific. Thus, the importance of patents, wage rates, government policies, cross-border transport costs, and agglomerate economies in influencing the extent and pattern of TNC activity in the computer software

and pharmaceutical sectors are likely to be very different from the iron & steel or building and contracting industry. Even within the same industry, the extent of the 'OLI' advantage of particular firms may vary according to their size, history, product range, degree of vertical integration and location of their foreign operations and also, to their managerial strategy. The eclectic paradigm, though a tool offering an analytical foundation to explaining FDI, needs a good deal of contextualization before its principles can be given any empirical validity.

The objective of this study is to review the location-specific determinants of FDI flows, and to analyse how these can have an effect on the inflow of FDI in India.

Determinants of Foreign Direct Investment Inflows: Theoretical Discussion

The countries are competing with each other for their FDI, not only by improving their policy and economic determinants, but also by implementing pro-active facilitation measures that go beyond policy liberalization. Research on the effects of policy variables on FDI, particularly in India is rather limited. The studies on general determinants that affect FDI inflows are the work done by Chunlai[7] (1997**),** Stephen and Tallman[8] (1988), Gross and Trevino[9] , Romilly[10] (1997), Kumar[11] (2000), Chopra[12] (2002), Kaur and Sharma[13] (2004), Kumar[14] (2005) and others.

On the basis of the theory of Dunning, the host country determinants can be classified into three categories, that is, policy framework for FDI, economic determinants, and the business facilitation factors.

A brief analysis of these variables would set a background for the empirical analysis of the determinants of the Foreign Direct Investment Inflows in India. On the basis of the model given in Table 1, some of the important determinants of the host- country which affect the inflows of foreign direct investment in any country, have been reviewed as follows:

1. The National FDI Policy Framework

The core FDI policies consist of rules and regulations governing the entry and operations of foreign investors, the standards of treatment to be accorded to them, and the functioning of markets within which they operate.[15] These policies can range from outright prohibition of FDI entry to non-discrimination in the treatment of foreign and domestic firms, and even preferential treatment to foreign firms.

The importance of core FDI policy determinant can not be over emphasized because there can be no inflow of FDI unless the host country allows its entry liberally. Its potential relevance also becomes

evident when the policy is changed sharply in the direction of openness. Open policies are basically intended to induce FDI, but the inducement may not yield immediate positive results. Restrictive policies, on the other hand, such as sweeping nationalizations of foreign affiliates, can effectively close the door to FDI.

Since 1980s, the liberalization of FDI regulations has become a dominant type of FDI policy changes. Maximum number of FDI policy changes by 102 countries, that is, 271 changes occurred during 2004, of which 87 per cent contributed for creating more favorable conditions for FDI (UNCTAD 2005). The most significant change in FDI performance has occurred in China among developing countries. In other countries, however, similar changes in FDI Policies have not had similar effect on FDI. A case of Africa is one, where regulatory frameworks in most of the countries are quite open, but FDI inflows have not registered any noticeable improvement. Other similar cases can be quoted regarding some countries in central and Eastern Europe, where the liberalization of FDI policies has had little effect on FDI flows, despite the impressive performance of the region as a whole.

In brief, the negative effects of restrictive policies are much stronger than the positive effects of liberal policies. A liberal policy framework *'determines'* FDI in the sense that it enables TNCs to invest in a host country which allows it, and may even encourage FDI but there is no guarantee that investment will actually occur. Policy liberalization is necessary but not a sufficient determinant of FDI, and other determinants have to come into play for investment to flow into the country.

The speeding up of liberalization and the simultaneous weakening of its effectiveness as a determinant of FDI has extended the scope of FDI policy frameworks. It has drawn attention to other policies that may affect FDI flows. Some of these can be trade policy, intellectual property rights, and monetary and fiscal policies including those affecting taxes and exchange rates which are discussed below:

a) Open Trade Policy

Among the supplementary policies which are intended to influence locational decisions, open trade policy plays the prominent role. A country with a more open trading environment may be a better place to do business for foreign enterprises, and the FDI inflows may increase. On the other hand, the bulk of FDI inflows in most of the countries are of the tariff jumping type. Protection accorded to the local industry through tariff's by the host government prompts TNCs to set up local production[16].

While the depth or the extent of localization may be inversely related with the openness of the trade regime in part, because a restrictive trade regime may raise the cost of imported inputs and may encourage to localize a greater extent of production in the host country. Therefore, the openness of

the trade policy regime is expected to affect the foreign affiliates' sales favorably and is inversely related with the depth of manufacturing activity. However, export orientation of production may be positively related with the openness. Many developing countries have established export processing zones in an explicit effort to attract TNCs to set up export-platform ventures by offering them a more liberal trading environment in an otherwise closed economy. An economy protecting local industry may create a greater demand for technological inputs by increasing the need for indigenization by making imports more expensive. A restrictive trade policy regime may discourage R & D activity in the economy because of perceived difficulties in importing R & D inputs, such as equipments, personnel, components, etc. and for other handicaps of a restrictive atmosphere.

The liberalized and deregulated investment climate encourages and boosts exports and imports in the country. Hence, openness (OPEN) has been included as a potential explanatory variable of FDI inflows in India.

b) Macro Economic Policies

These are mainly monetary and fiscal policies including those affecting taxes and exchange rates. Monetary and fiscal policies, which determine the parameters of economic stability, such as the rate of interest, tax rates and the state of external and budgetary balances influence all types of investments. How these variables influence on the inflow of foreign direct investment is described as below:

i) Interest Rates

Interest rates affect the cost of capital in a host country ,therefore, they directly affect one of the determinants of the investment decision. The effects of interest-rates on FDI are smaller than on domestic investment because MNCs normally have a greater choice of sources of financing. For this reason, the interest rate has not been taken as an explanatory variable in the empirical analysis.

ii) Tax Rates

Fiscal policies also comprise general tax levels, including corporate and personal tax rates and thereby influence inward FDI. Other things being equal, a county with lower corporate tax rates should stand a greater chance of attracting an FDI project than a country with higher rates[17] .Personal tax rates may affect the manager's choices as regards the location of regional headquarters and may affect the hiring of foreign personnel. However, in the case of India, since 1991 no significant changes have been made in the tax rates on dividend, royalty, technical fees, and capital gains received by a foreign company[18] .So, in the study, this variable has not been considered as a determinant of the inflow of foreign direct investment in India.

iii) The Level of External Indebtedness

The level of External indebtedness shares a negative relationship with FDI inflows. The level of indebtedness shows the burden of repayment of the Economy. Thus, more the debt in proportion to the GDP, the less attractive the country shall be to the foreign investors, hence, a negative sign of the coefficient is expected in the analysis of study.

iv) Foreign Exchange Reserves and FDI

The foreign exchange reserves reflect the strength of external payments position. This increases the confidence of foreign investors. Therefore, a positive relationship of the variable occurs between foreign exchange reserves and Foreign direct investment inflows.

v) Debt Service Ratio

The total debt service ratio again signifies a burden on the economy to service debt, out of export earnings of the country. The higher the debt service ratio (DTSER/EXPORT), the higher will be the burden on the country to service the debt out of the exports of the country. The FDI inflow are expected to increase with a small debt service ratio. Therefore, this variable is expected to have a negative correlation with the FDI inflows.

vi) Real Effective Exchange rate (REER)

There is a growing agreement among economists and policy makers that the stability in real exchange rate promotes trade, investment and welfare. While precariousness in real exchange rate hinders export growth and generate macro economic instability, increased openness in trade policies from the 1991 appears to have positively affected the traded goods and foreign investment. Therefore, it has a positive association between stability in exchange rate and capital inflows into the country.

To sum up, one of the consequences of the worldwide trend towards the liberalization of FDI policies has been the realization by countries that, as their FDI policies become similar, the value of these policies as tools to influence locational decisions becomes less effective.

An effective national FDI policy framework requires a thorough understanding of the determinants of TNC decisions regarding foreign investment. It also requires the long-term improvement of the economic determinants of investment.

2. Economic Determinants

The economic determinants of inward FDI can be grouped into three clusters, each of them

reflecting the principal motivation for TNCs for investing in foreign countries, resource seeking, market seeking and efficiency seeking (Table1). As with the evolution of FDI regulations, these determinants have changed in response to the forces of liberalization and globalization. Economic determinants of inflows of FDI have been reviewed below and their change over time has been analysed.

a) Natural Resources

Traditionally, the most important host country determinant of FDI has been the availability of natural resources. Up to the eve of the second world war, about 60 per cent of the world stock of FDI was in countries rich in natural resources[19] .After the war, especially since the 1970s the relative importance of natural resources as a host country FDI determinant has declined. In the case of major home countries, the share of the primary sector in their outward stock of FDI decreased from 25 per cent in 1970 to 11 per cent in 1990 and below 5 per cent in 1995[20] .

Even when it was prominent as a FDI determinant, the presence of natural resources by itself was not sufficient for FDI to take place. Comparative advantage in natural resources usually gave rise to trade rather than to FDI. Investment took place when resource abundant countries either lacked the large amounts of capital required for resource extraction or did not have the technical skills needed to extract or sell raw materials to the rest of the world.

While the decline in the importance of natural resources as FDI determinant can be attributed to a decline in the importance of primary sector in the world output, the emergence of large indigenous enterprises in many developing countries usually State-owned, with sufficient capital and technical skills permit governments to rely on them for the production and distribution of raw or processed products. This meant that, in a number of cases, FDI was no longer necessary and host countries**(a)(b)**REER=The real effective exchange rate on the Indian Rupee (36 country bilateral weights with 1984-85 as the base period)

DTSER/Export=Debt servicing as a proportion of Export Earnings.

Infrast/GDP=Total infrastructure expenditure incurred as a proportion of GDP.

Hypotheses

While analyzing the data with respect to determinants of FDI inflows in India an attempt has been made to test the following null hypothesis :

$\mathbf{H_1}$:There is no effect of GDP on the inflows of FDI in India

H_2 :There is no significant effect of openness on the inflows of FDI.

H_3 :Debt/GDP ratio is not the cause of FDI inflows in India.

H_4 :There is no effect of Foreign Exchange Reserves on FDI inflows in India.

H_5 :There is no effect of REER in attracting FDI inflows in India.

H_6 :DTSER/Export ratio is not a motivating factor to influence FDI inflows.

H_7 :Infrastructure has no significant effect on FDI inflows in India

Empirical Results and Analysis

To understand the behaviour of each independent variable, a correlation matrix of all the explanatory variable has been obtained. The correlation matrix of FDI and other variables is shown in Table 1. It is obvious from the table that there exist an association between the explanatory variables under consideration and FDI. Amongst the various independent variables, GDP is found having the highest positive correlation (0.945) with FDI, implying that amongst all the explanatory variables, the growth rate of Indian economy is the most important factor influencing the inflows of FDI. Correlation coefficients of FDI with infrastructure, foreign exchange reserves and openness, that is, (0.893), (0.884) and (0.865) respectively are also very large and statistically significant at 0.01 level of significance. As expected, a negative correlation was found between DTSER/Export ratio, REER and Debt/GDP ratio and FDI which are (-.810), (-0.420) and (-0.086) respectively. The negative correlation indicates an inverse relation between FDI and the independent variables, such as debt service ratio and long-term debt.

Due to the problem of multicollinearity, the results of regression analysis become unreliable. In order to overcome the problem of multi collinearity, we have applied the step-wise multiple regression analysis. Here, we use FDI as the dependent variable and the seven variables (GDP, Openness, Debt/GDP ratio, Foreign Exchange Reserves, REER, DTSER/Export and Infra/GDP) as the independent predictor variables. Table 2 depicts the summary results of multiple regression model and F ratios were found significant at one per cent level in all the five models, which implies the existence of linear relationship between the independent variables and foreign direct investment (FDI) inflows in India. Hence, there is a strong evidence of a linear relationship between FDI and economic variables. The table further indicates that the data are free from the problem of auto-correlation as shown by the value of Darwin Watson test which is around two.

TABLE 1

Correlation Matrix of Foreign Direct Investment and the Determinants of Foreign Direct Investment

Period: 1980-81 to 2004 -05
Dependent Variable-FDI Inflows in India

	FDI	GDP	Openness	Debt/GDP	FROX	REER	Export	Infrast
FDI	1.000							
GDP .	945**	1.000						
Openness	.865**	.941**	1.000					
FDI Debt/GDP	-0.086	0.58	0.18	1.000				
FOREX	0.884**	.924**	.854**	-0.125	1.000			
REER	-.420*	-.568**	-0.636	-.764**	-0.315	1.000		
Export	-.810**	-.791**	-.745**	0.299	-.799**	0.189	1.000	
Infrast	0.893**	0.924**	.799**	0.57	.861**	-.537**	-0.704	1.000

Notes:

(i) ** Correlation is significant at α =0.01

(ii) * Correlation is significant at α =0.05

Table 2
Model Summary and F ratio of Multiple Regression

Model	R	R square	Adjusted R square	Std. Error of the Estimate	Durbin wastson	F	Sig.
1	0.966	0.933	0.905	2913.32		33.779	0.000
2	0.966	0.932	0.910	2943.54		41.341	0.000
3	0.965	0.932	0.914	2778.44		51.932	0.000
4	0.964	0.93	0.916	2747.2		66.259	0.000
5	0.962	0.926	0.915	2761.99	1.929	86.997	0.000

1 Predictors:(constant) GDP, openness, DEBT/GDP, FOREX, REER, DTSER/ Export, Infrastructure

2 Predictors:(constant) GDP, openness, DEBT/GDP, FOREX, REER, Infrastructure

3 Predictors:(constant) GDP, openness, FOREX, REER, Infrastructure

4 Predictors:(constant) GDP, FOREX, REER, Infrastructure

5 Predictors:(constant) GDP, FOREX, REER

6 Dependent Variable: FDI Inflows in India

Table 2 offers that the values of Adjusted Coefficient of determination (R^2) and R^2 without adjustment are above 0.905 and 0.926 respectively in each of the models. It refers that the combination of all seven explanatory variables explain more than 90 per cent of the variation in FDI in India during the study period. Adjusted value of R^2 being the highest in model no.4, it turns out to be the best model explaining the behaviour of FDI.

Now, the question is which of the seven variables are important predictors of FDI into India and which are not? We have tried to find answer to the above question by applying multiple regression. Table 3 reveals the regression coefficient and 't' values of all variables resulting from the model.

Table 3

Regression Coefficients of Five Models

Model	Unstandardized coefficients		Standardized Coefficients	t	sig.
	B	*Std.Error*	Beta		
1.					
(constant)	-46731.93	27685.892		-1.688	0.110
GDP	0.014	0.005	1.223	2.675	0.016
Openness	275.165	470.018	0.157	0.585	0.566
Debt/GDP	107.393	237.059	0.071	0.453	0.656
FOREX	-0.30	0.016	-0.513	-1.921	0.072
REER	250.087	139.395	0.419	1.794	0.091
DTSER/EXPORT	-72.850	189.317	-0.050	-0.385	0.705
Infrastructure (per cent of GDP)	3075.218	2448.797	0.266	1.256	0.226
2					
(constant)	-49714.48	25942.220		-1.916	0.071
GDP	0.014	0.005	1.243	2.805	0.012
Openness	322.442	442.811	0.184	0.728	0.476
Debt/GDP	83.553	223.339	0.055	0.374	0.713
FOREX	-0.3	0.015	-0.519	-1.994	0.062
REER	254.942	135.498	0.427	1.882	0.076
Infrastructure (per cent of GDP)	3135.632	2385.227	0.271	1.315	0.205
3.					
(constant)	-43559.83	19599.336		-2.223	0.039
GDP	0.013	0.004	1.174	2.982	0.008
Openness	321.678	432.668	0.183	0.743	0.466
FOREX	-0.028	0.013	-0.479	-2.065	0.053
REER	211.740	69.259	0.355	3.057	0.006
Infrastructure (per cent of GDP)	3066.509	2323.615	0.265	1.320	0.203
4.					
(constant)	-31588.4	11048.370		-2.859	0.010
GDP	0.016	0.003	1.372	4.798	0.000
FOREX	-0.026	0.013	-0.440	-1.969	0.063
REER	186.925	60.004	0.313	3.115	0.005
Infrastructure (per cent of GDP)	1988.831	1795.644	0.172	1.108	0.281
5.					
(constant)	-21327.05	6051.857		-3.524	0.002
GDP	0.017	0.003	1.511	5.847	0.000
FOREX	-0.025	0.013	-0.424	-1.889	0.073
REER	181.905	60.155	0.305	3.024	0.006

Dependent variable: FDI inflows in India

The table 3 shows that as per Model IV, the four independent variables including GDP, FOREX, REER and infrastructure turn as the important determinants of FDI. This model has dropped the insignificant variables, that is, DTSER/EXPORT, DEBT/GDP and openness. This shows that amongst all five models adjusted R square is highest in this model and explanatory power of independent variables is increased against the loss of degree of freedom. Standard error of estimate is also lowest in this model. The model indicates that GDP and REER reveal positive relationship with FDI inflows. The regression coefficients in this regard are found statistically significant at one per cent level. Foreign Exchange reserves are having negative coefficient of regression at 0.10 level of significance. While infrastructure is an important determinant of FDI, it is least significant in this model due to high correlation with GDP and foreign exchange.

Model V being the last, excludes the infrastructure variable but includes GDP, foreign exchange reserves and REER regressed in the equation. The observation of this model shows that R square of regression equation decreased to 0.926 and Adjusted R square also decreased to 0.915. GDP and REER are more influencing the FDI inflow at one per cent level of significance.

We may further describe the results given in Table 3. In Model IV, we have regressed FDI on GDP, Foreign Exchange Reserves, Real Effective Exchange rate and Infrastructure. The estimated coefficient of GDP is found significant which shows positive relationship with FDI inflows in India. The magnitude of coefficient is 1.4, which implies that an increase in GDP by Rs.1 crore would result in an increase in FDI inflows by Rs.1.4 crore. Thus, the growth in economy reveals a positive relationship with the increase in FDI inflows. Second, the regression coefficient for stability in exchange rate is also found significant at 1 per cent level. The estimated coefficient of exchange rate is 0.31 per cent which indicates that 1 per cent stability in exchange rate will lead to 0.3 per cent variation in FDI inflows. Thus, stability in currency rate also attracts FDI in host country. Third, although FDI contributes to foreign exchange reserves in a positive manner, it is found to have negative relationship with FDI inflows. So, it may be due to multicollinearity of FDI with GDP and explanatory variables. Fourth, the regression coefficient of infrastructure is 0.17, which implies that an increase in expenditure of infrastructure by 1 per cent would result in an increase in FDI inflows by 0.17 per cent.

On the basis of statistical significance, the Table 3 (Model IV) shows that the four independent variables including GDP, FOREX, REER and infrastructure have turned out to be significant determinants of FDI inflows in India with high 't' values. Hence, null hypothesis H_1, H_4, H_5, H_7 have been rejected and it can be concluded that there is positive effect of GDP, FOREX, REER and infrastructure on the inflows of FDI in India.

The other determinants, that is, DTSER/EXPORT, DEBT/GDP and Openness were found insignificant having low 't' values. So, the null hypotheses H_2, H_3 and H_6 are accepted and it can be

concluded that there is no effect of Debt/GDP, DTSER/Export and openness on the inflows of FDI in India.

Summary and Conclusion:

The present study reviews various determinants of FDI inflows. Empirical tests have been carried out to ascertain and analyse the same. According to the eclectic paradigm of Dunning, the presence of ownership-specific competitive (O) advantages in a transnational corporation, the presence of locational advantages (L) in a host country, and the presence of superior commercial benefits in an intra-firm (I) are three important set of determinants which influence the FDI inflows. Of the three set of determinants of FDI inflows, locational determinant is the only manipulative factor in the hands of host government to attract it. The present study analysis the policy related variables like openness of the economy, the ratio of the long-term debt of the economy to GDP, foreign exchange reserves, debt-service ratio, the real effective exchange rate, total infrastructure expenditure in proportion to GDP, and economic determinant, that is, GDP to throw light at the possible variables influencing the foreign direct investment inflows in India. The analysis shows that the four independent variables including GDP, FOREX, REER and infrastructure have emerged as vital determinants of FDI, and hence influence the FDI inflows. The influence of other factors, that is, openness, debt/GDP and DTSER/Export is not so significant in causing variation in the inflows of FDI in India.

ANNEXURE-I

Determinents of FDI inflows in India(1980-81 to 2004-05)

Year	Y FDI (Rs. in Crore)	X1 (Rs. in Crore) GDP at Factor Cost (Current Price)	X2 Openness (Exp+ Imp/GDP)	X3 DEBT/ GDP (%)	X4 FOREX (Rs. in Crore)	X5 REER Exchange Rate	X6(%) DTS ER/ EX-PORT	X7 Infra-structure (% of GDP)
1980-81	73	130176	15	13.59	5545	104.48	20.4	4.5
1981-82	65	152056	15	12.17	4025	104.48	19.9	5.00
1982-83	5.6	169525	15	13.79	4782	101.17	23.5	5.2
1983-84	19.6	198630	14	13.74	5972	104.24	26.3	4.6
1984-85	126	222705	14	16.33	7243	100.86	31.6	4.9
1985-86	144	249547	13	20.33	7819	98.27	29.5	5.2
1986-87	271	278258	13	22.35	8151	90.24	29.9	6.00
1987-88	118	315993	13	22.06	7686	85.36	25.1	5.5
1988-89	365	378491	15	20.68	7040	80.41	24.1	5.5
1989-90	269	438020	16	24.22	6252	78.44	24.9	5.5
1990-91	253	510954	16	26.21	11416	75.58	35.2	5.4
1991-92	316	589086	16	25.39	23850	64.2	30.2	5.7
1992-93	965	673221	19	32.47	30744	57.08	27.5	5.5
1993-94	1838	781345	20	37.25	60420	61.59	25.4	5.6
1994-95	4126	917058	22	34.23	79780	66.04	25.9	5.2
1995-96	7172	1073271	24	27.68	74384	63.62	26.2	5.5
1996-97	10015	1243547	25	23.44	94932	63.81	23.00	5.8
1997-98	13220	1390148	23	22.69	115905	67.02	19.5	6.1
1998-99	10358	1598127	22	23.50	138005	63.44	18.7	6.4
1999-00	9338	1761838	23	22.48	165913	63.29	17.1	6.2
2000-01	18406	1902998	25	22.18	197204	66.53	16.6	7.00
2001-02	29240	2090957	24	21.1	264036	68.43	13.4	6.9
2002-03	24367	2249493	26	20.2	361470	72.76	16.4	7.2
2003-04	21482	2523872	27	17.8	490129	74.14	16.3	7.2
2004-05	24870	2830465	32	17.4	619116	76.95	6.2	7.4

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Muslim Communal Politics and Partition of India: A Historiographic Resume

Amarjit Singh

This paper constitutes a historiographic resume of Muslim communal politics and partition of India. It observes that the partition of India and the establishemnt of Sovereign State of Pakistan was the culmination of the demand of All India Muslim League and the success of the muslim communal politics. The author puts forward the idea that several factors contributed in the growth of Punjab Muslim League which, in turn, supported enthusiastically the demand for the creation of Pakistan. It is also argued that in the partition of India, the state of Punjab as evidenced by the magnitude of the human massacre and migration of people on a massive scale suffered the most.

The independence of India in 1947 was the result of a long drawn struggle carried on by the people of India against the British Raj. However, the other side of the Independence was the partition of India, which was one of the most significant events in the history of mankind. On the one hand the independence of India marked the success of the Indian National Movement but on the other hand the partition of India symbolized the failure of the Indian nationalism. The partition of India and the establishment of the sovereign state of Pakistan was the culmination of the demand of All India Muslim League and the success of the Muslim communal politics. The partition of India, was in fact, the partition of Bengal and Punjab. The growth of the Muslim League and the demand of Pakistan in the Punjab, which was the heartland of future Pakistan, subsequently led to the partition of the Punjab province. Punjab suffered the worst of all that happened during this trauma of partition, the magnitude of the human massacre in this province was unparalleled which resulted in about half a million casualties and the forced migration of about twelve million people.[1]

The partition of India and the foundation of Pakistan was an event of significant historical importance with far reaching consequences for India and Pakistan. It has thus attracted the attention of historical writings. However, to begin with, the political and social climate of India and Pakistan was not conducive enough to undertake an analytical and scholarly work on the subject. Lack of access to primary sources and cross-references and loss of several important sources in the wake of partition also contributed to it. It was much later that the works of scholarly value and historical importance began appearing. With the passage of time, new sources, new facts and new view-points came along and spurred the historians to ask new questions and look back with a fresh perspective on the history of the partition of India. The historical research on the partition of India, as a result, emerges richer out of this on-going process.

To begin with, the popular historiography of India and Pakistan has studied the partition of India on the bases of the two nation theory. According to this the Muslims have always maintained their separate homogenous identity as distinct from the Hindus since the medieval times and the politics and policies of the Colonial state provided an opportunity to the Muslims to organize themselves politically which, as a result, strengthened their cause and subsequently led to the establishment of the sovereign state of Pakistan. It has been further argued that the leadership and writings of Sayyid Ahmad Khan, Muhammad Iqbal and Muhammad Ali Jinnah at the platform of All India Muslim League further assisted the Muslims to achieve their aspirations and goal. I.H. Qureshi, Aziz Ahmad, K.K. Aziz and Hafeez Malik are some prominent historians who have subscribed to the two nation theory.[2]

The British opinion on the partition of India was represented in the writings of H.V. Hodson, Penderel Moon, Nicholas Mansergh and C.H. Philips. Penderel Moon has recorded that a general lack of wisdom and statesmanship on the part of the Congress during the years 1937-1942, made Pakistan unavoidable. Thereafter the British efforts to preserve the unity of India were sincere and well conceived - it is difficult to see what more they could have done - but passions had been so deeply aroused for human reason to control the course of events.[3] C.H. Philips also considered the Indian leaders responsible for the partition of India and he claimed that the object of the British policy was to maintain the unity of India.[4] Surprisingly C.H. Philips and Penderal Moon had simply absolved the British from the responsibility of the partition of India whereas I am of the opinion that it was only with the help of the British that the All-India Muslim League under the leadership of Muhammad Ali Jinnah consolidated its demand of Pakistan which subsequently led to the partition. The tactical errors of the Congress also proved beneficial to the success of the Muslim League.

While discussing the role of the Indian leaders, Penderel Moon has further asserted that the responsibility for first putting forward Pakistan as the well nigh unanimous demand of the Muslims rests squarely on Muhammad Ali Jinnah. It is he who transformed it from an esoteric fancy into a powerful political slogan. Even if originally he made the demand only as a tactical move, he stuck to it thereafter so uncompromisingly that a settlement on any other basis became virtually impossible. By his stubborn attitude and refusal to negotiate with anyone except on his own terms he made sure of getting Pakistan, but also of getting it in the worst possible form - a truncated, moth-eaten Pakistan. Gandhi's responsibility, though less direct and less deliberate than Jinnah's was nevertheless very considerable. The mistakes made by Congress under Gandhi's leadership were due basically to the Gandhian facility for self-deception. Over conscious of his own good intentions, he clung till too late to the fallacy that Congress could and did represent all Indians including Muslims. Obsessed by the supposedly evil intentions of the British and unaware that his own methods of appeal were calculated to provoke Muslim antipathy he shut his eyes till too late to the menace of Muslim separatism. It was easy to blame everything on the British and to persuade one self that with their departure Hindus and Muslims would embrace as brothers.[5]

It is not an exaggeration to say that the interpretations of C.H. Philips and Penderel Moon are reflection of purely colonial mind and colonial attitude. The Indian historiography on the partition has been enriched with the writings of Bipan Chandra and Mushirul Hasan. Bipan Chandra argues that

not only did Hindus or Muslims or Sikhs or Christians not form a nation or a nationality, they did not even form a distinct and homogeneous community except for religious purposes. While a communalist talked of or believed in, defending his community's interests, in real life no such interests existed outside the religions field. For Hindus or Muslims, no such separate interests existed on an all-India or even regional basis. Whatever the followers of a religion has in common by way of language, culture, customs, food habits etc., was within a linguistic zone and often even that within a narrower locality or region within it. In fact, an upper class Muslim had far more in common culturally with an upper class Hindu than with a lower class Muslim.[6] Bipan Chandra argues that nationalism, which emerged in the nineteenth century India, was a real, valid and legitimate consciousness whereas communalism, which also emerged at the same time, was a false consciousness.[7]

Bipan Chandra further argues that a basic feature of colonial India was that anti-communal nationalist forces had no control over the objective economic and social conditions which were conducive to the growth of communalism. It was the colonial rulers who all wielded the state power and therefore only they could take economic and administrative measures to promote national unity and to undermine communal forces. However, instead of undertaking any such measures, the colonial state played a crucial role, by its acts of omission and commission, in aiding and abetting the communal forces, consequently, the secular and nationalist forces could not weaken communalism by directly affecting the social condition and thus drying up its social roots except by working for the overthrow of colonialism. Unfortunately, the nationalist movement, including its left wing composed of the Socialists and Communists, revealed the major weaknesses in these respects. In a sense, the burgeoning of communalism after 1937 may be seen as a punishment for these weaknesses.[8]

Mushirul Hasan also holds virtually identical views on the history of the partition of India. He rejects the idea that the Muslims of India prior to 1947 were a monolithic community with common interests and aspirations. According to him the Muslims constituted a disparate, differentiated and stratified segment of society. Muslims of India were encouraged to develop separately by the British colonial authorities. In his views the colonial government created a community in its own image and later allowed its war-time ally, the League, to transform a segmented population into a nation or judicial entity. He also accepts that ground for the separatist Muslim thinking had already been made fertile by Muslim thinkers and clerics.[9]

Mushirul Hasan further argues that the Hindu-Muslim partnerships exploded in the 1940s and the weakness of the secular ideology became all too clear to that generation. Their association with majoritarianism and minorityism discredited it, they were badly led and, at the moment of great peril, the Hindu, Muslim and Sikh organizations proved more than a match for the tepid enthusiasm of Congress secular wing. The Communist Party of India not only acknowledged the importance of the national question for politics, but also unequivocally embraced the principle of national self determination. Finally, the colonial government's conciliatory policy towards the Muslim League bore fruit during the Second World War, and stiffened M.A. Jinnah's resolve to achieve his Muslim homeland. When the war ended, the engine of communal politics could no longer be put in reverse. The League, the Akali Dal and the Hindu Maha Sabha rejected the once seemingly unassailable

pluralist paradigm, while religious fundamentalists turned to the creation of a Hindu state or an Islamic theocracy. The outcome was a cataclysmic event - Indias bloody vivisection.[10] Mushirul Hasan, thus, examines the partition of India in terms of the outcome of the weaknesses of the Indian nationalism and secular ideology.

R.J. Moore provides useful and important insights regarding the British policy and strategy towards Independence and partition. R.J. Moore also provides significant information regarding the influence of the British policy on the relationship which existed between the Congress and the Muslim League. In his opinion the British constitutional strategies helped to shape both the forces of Muslim separatism and of Indian nationalism. It was on the basis of the Government of India Act of 1935 that the Congress adopted the authoritarian attitude and it was this Congress authoritarianism which in turn shaped the response of the Muslim League. The Congress provincial ministries began to operate as the autonomous governments within a federal structure, they accepted the Congress Working Committee as the legitimate directorate of a unitary government. The monolithic Congress stood in the place that the unitary Raj had vacated. This was the beginning of a new Unitarianism in the Congress which seriously affected its relations with the Muslims.[11]

R.J. Moore further argues that the emergence of powerful provincial interests in the Muslim majority provinces was a steping stone to Pakistan. The Government of India Act of 1935 created autonomous Muslim provinces which encouraged the Muslim League to push forward its demand of a separate nationhood. The Muslim League began to convert the process of provincialization into the process of the establishment of separate sovereign state of the Muslims. This was Jinnan's tyrannical idea formulated to prevail over the Congress totalitarian claim to be the India nation in microcosm. [12]

Paul Brass, David Page, Farzana Shaikh, Anita Inder Singh, Stanley Wolpert and Ayesha Jalal have further enriched the historiography on the partition of India. These scholars have discussed at length the Congress - League relations, growth of the demand for Pakistan and have apportioned the responsibility of the partition to the Congress, League, British and to the individual leaders. Paul Brass suggests that the growth of the Muslim separatism in India was determined and manipulated by an elite whose propaganda based on communal identification was responded to by the Muslims of India. Paul Brass further argues that the ideology of Muslim separateness did not flow out of the objective differences between Hindus and Muslims but out of the use made of those differences through a conscious process of symbol selection. Nor was it the consequence of the objective circumstances of Muslims in United Provinces, who were better placed than Hindus in urbanization, literacy, English education, social communications and government employment.[13] Paul Brass took the view that the Muslim political elite played a significant role in winning support for separatism and he provides less importance to the part played by the religious institutions in arousing the thought of separatism.

David Page examines the period from 1920 to 1932 when political interests were consolidated around communal issues and Muslim attitudes were consolidated toward the eventual withdrawal of imperial control. David Page is of the view that in the consolidation of political interests around

communal issues, the imperial power played an important role. By treating the Muslims as a separate group, it divided them from other Indians. By granting them separate electorates, it institutionalized that division. This was one of the most crucial factors in the development of communal politics. Muslim politicians did not have to appeal to non-Muslims, non-Muslims did not have to appeal to Muslims. This made it very difficult for a genuine Indian nationalism to emerge and after the introduction of Dyarchy communal antagonism became a permanent feature of provincial politics. David Page further explains that how the Muslim communal politics at the provincial level later on developed into the demand of Pakistan in the 1940s.[14]

Farzana Shaikh, on the other land, argues that the Muslims of colonial India were anxious to maintain their special social and political status and distinction and they were keeping with them a sense of Muslim Community. She is of the opinion that the Muslim elite, while trying to obtain the special social status, was making efforts to maintain its age old traditions. For however diverse their political choices, these Muslims, reformist or modernist, nationalist or separatist, practicing or not, shared a common consciousness - a consciousness shaped not only by a specifically Indo - Muslim Mughal Tradition but also by a faith which stressed a community bound in service to some higher end. There was, across the political spectrum, an unmistakable awareness of the ideal of Muslim brotherhood, a belief in the superiority of Muslim culture and a recognition of the belief that the Muslims ought to live under Muslim governments.[15] Such a thinking on the part of the Muslim elite led to the demand of separate electorate and they secured it with the support of the British.

Farzana Shaikh further agues that the victories of the Provincial Muslim Parties in the elections of 1937 were achieved at the expense of the Indo-Muslim tradition and at the cost of the Muslim nationhood. After the elections of 1937, the Muslim elite came out with the demand and ideology of Pakistan which was effectively based on the Muslim traditions and a sense of community. However, it was only after the support and the conversion of the Provincial Muslim Parties and the provincial leadership that the ideology and the demand of Pakistan became a territorial reality, even if the demand was more loud elsewhere.[16] The interpretation of Farzana Shaikh can be placed, more or less, near to the nationalist historiography of Pakistan on the partition of India.

Anita Inder Singh examines the period from 1936 to 1947 in order to understand the history of the partition of India. Her work provides new insights and ideas regarding the events leading to the partition of India. She has discussed at length the relationship which existed between the Congress and the Muslim League, the growth of Muslim League and its demand for Pakistan and apportions the responsibility for the partition on the role played by the Congress, Muslim League and the British. Anita Inder Singh has also discussed the growth of the Muslim League in the Muslim majority provinces and the role played by Muhammad Ali Jinnah, the Quaid-i-Azam, in the foundation of an sovereign state of Pakistan. She has argued that Jinnah and Muslim League were serious about the demand and established Pakistan.

Anita Inder Singh has asserted that by the end of the year 1945, Jinnah and the Muslim League intended the claim to a sovereign Pakistan to be more than a bargaining lever to extract the greatest

possible constitutional concessions for the Muslim community from both the British and the Congress in an eventual Indian federation, and that at Simla in 1946 Jinnah played this tactic so that both the other parties had to concede Pakistan before, or when, power was transferred to India.[17] Between November 1946 to February 1947, the League's attitude to the Interim Government, its attempt to overthrow by force the Unionist ministry in Punjab, its refusal to enter the Constituent Assembly and to accept the Cabinet Mission plan of 16 May 1946-all signified its intent to achieve Pakistan.[18]

While concluding her thesis Anita Inder Singh has argued that in August 1947, the Muslim League was the only party to achieve what it wanted. There was no possibility of the British securing any military treaties with India as the price for transferring power, and they faced the prospect of losing their whole eastern empire. Congress paid a heavy price for the achievement of freedom, a consequence of the fact that communal forces were not defeated, nor unity totally achieved.[19]

Stanley Wolpert, the biographer of Jinnah, has added new dimensions to the studies on the partition of India. His study revolved around the activities and leadership of Muhammad Ali Jinnah and he called him the founder of Pakistan. According to Stanley Wolpert, only few individuals significantly alter the course of history. Fewer still modify the map of the world. Hardly anyone can be credited with creating a nation-state. Muhammad Ali Jinnah did all there. Hailed as 'Great- Leader' of Pakistan and its first Governor- General, Jinnah virtually conjured that country into statehood by the force of his indomitable will.[20] Stanley Wolpert considered the October 1937 session of the All-India Muslim League significant in terms of the study of the establishment of Pakistan. It is here at Lucknow that Jinnah had launched frontal attack against the Congress and also signed alliances with the Provincial Muslim Parties.

Stanley Wolpert has recorded that in October 1937 a new League was born, that by some magic power Jinnah had taken his most grave and momentus decision and he knew its consequences would be far-reaching, but there would be no turning back. Not for him. Not for his party. The Jinnah who had come to Lucknow still in limbo was torn between two worlds no longer. He left the old capital of Mughal power firmly rooted in his Muslim partys soil as its new Quaid-i-Azam.[21] Wolpert has also considered the Punjab as the heartland of future Pakistan and has recorded that the Punjab was Pakistan's first and most important capital latter, and by luring Sir Sikandar Hayat Khan, the Premier of Punjab, into his party's tent, Jinnah raised the green flag with its giant 'P at Lucknow, signaling the birth of an inchoate nation that was to remain in the womb of British India for precisely one decade.[22]

Stanley Wolpert is of the view that Jinnah was serious about the establishment of a sovereign state of Pakistan as early as in March 1940 and he achieved Pakistan, because it was not a bargaining counter for him. Wolpert has recorded that Jinnah's Lahore address lowered the final curtain on any prospects for a single united independent India. Those who understood him enough to know that once his mind was made up he never reverted to any earlier position realized how momentous a pronouncement their Quaid-i-Azam had just made. The rest of the world would take at least seven years to appreciate that he literally meant every word he had uttered that important afternoon in March. There was no turning back. The ambassador of Hindu-Muslim unity had totally transformed

himself into Pakistan's great leader. All that remained was for his party first, then his inchoate nation, and then his British allies to agree to the formula he had resolved upon. As for Gandhi, Nehru, Azad and the rest, they were advocates of a neighbour state and would be dealt with according to classic canons of diplomacy.[23]

Ayesha Jalal has further enriched the historiography on the partition of India and has initiated a scholarly discussion regarding the role of Jinnah and the Muslim League in the foundation of the sovereign state of Pakistan. Ayesha Jalal argues that the Lahore resolution was a bargaining counter, which had the merit of being acceptable to the majority province Muslims, and of being totally unacceptable to the Congress and in the last resort to the British also. This in turn provided the best insurance that the League would not be given what it now apparently was asking for, but which Jinnah in fact did not really want. She further argues that the Lahore resolution made no mention of partition, certainly none of Pakistan. In the League's considered view, the Muslim- majority provinces were to be grouped to constitute Independent states in which the constituent units shall be autonomous and the Independent states was something for future.[24]

Contrary to the conventional historiography on Jinnah and Muslim League, Ayesha Jalal suggests that the demand of Pakistan, for Muslim League, and Jinnah, was a bargaining counter till 1947. She argues that Jinnahs Pakistan did not entail the partition of India, rather it meant its regeneration into a union where Pakistan and Hindustan would join to stand together proudly against the hostile world without. This was no clarion call of pan-Islam, this was not pitting Muslim India against Hindustan, rather it was a secular vision of a polity where there was real political choice and safeguards, the India of Jinnah's dreams, a vision unfulfilled but noble nonetheless.[25]

Ayesha Jalal asserts that Jinnah did not want Pakistan nor did he will it, however, lastly he had to yield to it because he had no control the other forces, thus the creation of Pakistan was the tragic collapse of Jinnah's strategy.[26] V.N. Datta, in his General Presidential address, at the Indian History Congress, has said that Ayesha Jalals tells us what Jinnah did not want but she does not tell us what he did want. Thus the conclusion drawn in Jalals study is invalid.[27] Mushirul Hasan also suggests that perhaps Ayesha Jalal will change her perspective after examining the vast collection of private papers and newspapers in Indian libraries and archives since her early thesis has been overpowered by the Transfer of Power volumes.[28]

Asim Roy in his scholarly essay has placed the writings of Farzana Shaikh, R.J. Moore, Anita Inder Singh and Stanley Wolpert in the category of the orthodox historiography whereas he regards the work of Ayesha Jalal as a valuable contribution in terms of the study of Jinnah and the Muslim League and has placed it in the revisionist historiography. According to Asim Roy the traditional understanding of the political process leading to the partition of India and the establishment of Pakistan has remained strongly rooted in two unquestionable and popular assumptions, i.e., the Muslim League for the partition and Congress for unity. He further argues that Ayesha Jalal has initiated the much needed task of historical reconstruction by taking upon herself the challenge of demolishing the first of the twin myths which concerns Jinnah and the Muslim League's actual role in

the making of Pakistan or the partition of India.[29]

Asim Roy suggests that on both thematic and chronological grounds the Lahore resolution of 1940 clearly emerges as the divide between the two distinct interpretative approaches. Until then no sharp differences and disagreements seem to figure very prominently in the orthodox view and the revisionist analyses of Muslim politics between the two world wars. In the orthodox view, the resolution adopted at the annual session of the League at Lahore in March 1940 was the first official pronouncement of the Pakistan or partition demand by the party. Whereas the revisionist analyses that the Lahore resolution was not meant to be the Pakistan demand but a tactical move and a bargaining counter.[30] Asim Roy has taken up the task to challenge the second myth of the orthodox historiography, i.e., the Congress for unity, and has gathered ample evidence to prove that the Congress commitment to freedom with unity began to lose its fervor since the late 1920s and continued upto March 1947.[31]

The historiography of the high politics of India's partition, politics of the Muslim League and Jinnah and the foundation of Pakistan, it is well argued by Asim Roy, can be placed into two categories i.e. orthodox historiography and the revisionist historiography. He has very clearly made distinction between the two interpretations and has further enriched the revisionist viewpoint by marshalling ample evidence against the notion that the Congress was always for the unity of India. However, Asim Roy has left certain questions unanswered and unattended to. Was it only the high politics of the Congress, League and the British which subsequently led to the partition of India? Was it only the activities of the leadership and specially the tactics and diplomacy of Jinnah which led to the establishment of the sovereign state of Pakistan? Or if Jinnah and Muslim League were not serious about the foundation of a sovereign state of Pakistan then why did Jinnah and Muslim League muster the immense popularity of the demand of Pakistan among the Muslims of Punjab, Bengal, Sindh and North-West Frontier Province? What about the results of the struggle between the powerful national movement under the leadership of the Congress and the Muslim mass politics under the leadership of the Muslim League?

I am of the opinion that partition of India and the establishment of the sovereign state of Pakistan may be studied in terms of the outcome of the struggle between the powerful Indian national movement and the British colonialism on the one side and on the other side a struggle between the Indian Nationalism and the Muslim communal politics or the Muslim Nationalism, as it was described by the Muslim League and Jinnah. The British Raj as the third political player also played its role very significantly both as an ally of the Congress and as an allied of the Muslim League, the Raj also played well to maintain its pre-independence interests and post- independence interests.

The historians may also make a detail and critical study of the role of religions institutions, Islamic appeals and religious symbols in the formation of the sovereign state of Pakistan. The Muslim League's brand of puritan pristine and Arab-Inspired Islam simply marginalized the other secular and national forces and led to the foundation of the Pakistan. It was especially between the years 1944 and 1947 that the Muslim communal politics by making an extensive use of the religions symbols and Islamic

appeal especially in the Muslim majority provinces not only stood parallel to the Indian nationalism but also challenged its very nature and demand. The tactical moves, diplomacy, maneuver and leadership of Muhammad Ali Jinnah further strengthened the position of Muslim politics and its demand of Pakistan which subsequently emerged not only in the form of independence of India but also the partition of India.

Now I shall dwell upon some latest trends in the Indian and Pakistan historiography on the partition of India and the role of Jinnah in the foundation of Pakistan. The work of Sucheta Mahajan is a fine example to study the partition of India in terms of outcome of a struggle between the Indian nationalism and colonialism and struggle between nationalism and the communal politics. This study covers the period between 1945 to 1947 and Sucheta Mahajan very well argues that there were two processes which hastened the end - nationalism and communalism. Ironically, communalism, devised to delay the end, hastened it in the last stage. There were really two stories enmeshed in the story of 1945-47. One was the story of nationalism v/s. imperialism, which formally ended on 15 August 1947. However, the element of suspense in it was virtually over by early 1946, with the sending of the Cabinet Mission. At this stage the second story shifted to the center of the stage. Communal sentiments, zealously whipped up by the League, exploded into communal riots, dashing the hopes of a free, united India.[32]

Sucheta Mahajan further argues that the elections of 1946 marked the cleavage between the two stories of nationalism and communalism, The Congress sweep of the general seats strengthened its position at the head of the nationalist firmament. But equally emphatic was victory of the Muslim League in the Muslim seats, a flagrant challenge to the Congress claim to the voice of all the Indian people. The League's call was Pakistan, a Muslim nation that gained freedom from Britain and from Hindu India. Sucheta Mahajan has also recorded the role of the British and has said that the British could not be sure that Congress would allow undivided India to play the role in Commonwealth defense envisaged for her by the British and naturally did not want to close the option of Pakistan being a future ally. Thus the partition decision is to be seen both as the first act of the drama of the Commonwealth diplomacy and the closing scene of Divide and Rule.[33]

Bimal Prasad's work is a fine example to study the emergence, growth and consolidation of the Muslim communal politics, he says it the Muslim nationalism, against the strength of the Indian nationalism at the platform of the Indian National Congress. Bimal Prasad is of the view that the idea of the establishment of a sovereign Muslim state emerged even before the Lahore Resolution and Muslim League and Jinnah were serious about this issue. He argues that partly as a result of the evolution of Muslim politics and ideology between 1877 and 1937, and partly of the spectacle of a victorious Congress in the elections of 1936-37, the Muslim League decided in favour of laying greater stress on Muslim nationalism or communalism as a means of building up its strength. At the same time, it had also begun to feel attracted towards the idea of the establishment of a sovereign Muslim state, mooted a few years earlier and rapidly spreading among the Muslim intelligentsia and the youth, particularly in the Punjab.[34]

Bimal Prasad further argues that it is purely imagination and wishful thinking on the part of the historians that the failure of the talks of Congress-League cooperation in the ministry formation in the United Provinces after the elections of 1937 resulted in the Muslim League turning towards the ideal of a separate, sovereign Muslim state. He says that there is incontrovertible evidence which shows that even before the beginning of the final round of talks for the formation of so-called coalition ministries in these provinces Jinnah had felt decisively drawn towards the ideal of a separate, sovereign Muslim State, though for tactical reasons he had chosen not to reveal it to the public for the time being. It was at this time that in confidential letters addressed to him Muhammad Iqbal, the poet-philospher of Muslim nationalism, finally declared that the only proper solution of the Indian problem lay in the Muslim majority areas of India emerging as an independent state or states.[35]

Muhammad Reza Kazimi's work is an evaluation of the role of Jinnah in the growth of the Muslim League and the formation of Pakistan. It is an edited work and is a fine example to assert that Jinnah as well as the social- cultural forces both, contributed significantly towards the emergence of the sovereign state of Pakistan. It has been suggested in this work that Jinnah was the right man at the right place and right time but the place and time, the political situation in British India and the historical conjuncture he faced were not of his making. However, whatever the strength, the momentum and the intensity of historical forces working towards Pakistan, without the matching of the character, in this case that of Jinnah, with the circumstances, it could not have come the way, nor at that time, it did.[36]

This work also throws light on the trends in the revisionist historiography on the partition of India and the emergence of Pakistan. It has been argued that while the insistence on national status of Indian Muslims became a non-negotiable issue after 1940, the demand for a wholly separate and sovereign state of Pakistan remained open to negotiation as late as the summer of 1946. A refusal to acknowledge this is a result of the failure to draw an analytical distinction between nation and state.[37] Regarding the role of Jinnah, it has been argued in this work that many of those who had voted for the Muslim League in the election of 1946 had done so more out of the personal loyalty to its candidates than out of support for Pakistan. However, it was Jinnah's confidence trick that he declared that the election victory of 1946 was a mandate for Pakistan. [38]

Regional Studies and the growth of the Muslim communal politics, leading towards the partition, have also attracted the attention of historians which resulted in the accumulation of a vast literature on the Muslim majority provinces. David Gilmartin, Ian Talbot, lmran Ali and lftikhar H. Malik have discussed at length the Muslim politics of Punjab and its partition[39], whereas the communal politics of Bengal and its partition has attracted the attention of Joya Chatterje, Suranjan Das and Shila Sen.[40] Sarah F.D. Ansari uncovers the society and politics of the *Pirs* of Sindh in order to understand that how come their influence turned the tide of provincial politics in the favour of Muslim League and its demand of Pakistan whereas the work of Sayed Wiqar Ali Shah helps us to understand the currents and cross-currents of the Muslim politics of the Frontier Province and its swing towards the demand of Pakistan.[41]

Ian Talbot argues in his work that the Unionist Party of Punjab was essentially a collaborator to

the Raj and the Raj, because of its own reasons, deserted its collaborators during and after the Second World War. As a result, the Unionist Party was replaced by the Provincial Muslim League. Ian Talbot, thus, does not explain the growth of the Muslim League and the demand of Pakistan in the Punjab province in terms of the two nation theory.

Ian Talbot suggests that the Punjabi Muslims did not flock to the Muslim League's banner from 1944 onwards either because of a sense of separatism or because it offered them Pakistan. They entered its ranks because of local factional rivalries and changes brought about by the Second World War. The strains of the war efforts forced the Government of India to desert its allies in the Punjab. The British thus destroyed the political system which they had so carefully built up in their earlier years in Punjab. The Unionist Party lost much of its influence and was pushed into the background. Its members decided that the best method of maintaining their local power in the changed national and provincial context was to seek accommodation with the Muslim League. Jinnah also allowed his former opponents to enter the Muslim League, as he needed their influence in mobilizing support for Pakistan. As desired, the support of the rural landed elite, clan leaders, *Pirs, Sufis* and *Sajjada Nashins* led to the victory of the Muslim League in the elections of 1946 and the emergence of Pakistan.[42]

David Gilmartin in his work arrives at nearly the same conclusion as that of Ian Talbot. He argues that the Pakistan movement in the Punjab was shaped by the institutional structures of the British Colonial State. He is of the opinion that the Pakistan movement in Punjab can only be understood after fully comprehending the relationship between Islam and Empire. However, Gilmartin is also of the opinion that religion or Islam played a significant role in the growth of the Muslim League and the movement for Pakistan in the Punjab. The Punjabi Muslims were exhorted to support Pakistan, identifying themselves with the Prophet and the Quran, in a struggle between *din* and *dunia*.

David Gilmartin suggests that Jinnah and the Punjab Muslim League had been successful enough in mobilizing strong support of the *Sajjada-Nashins* and *Pirs* who subsequently won over the Muslims of Punjab for the cause of the Muslim League and Pakistan. He further argues that in building its base for Pakistan in rural Punjab, the League dramatized its claim to speak for a self-conscious Muslim community that transcended the local identities around which rural politics had been built. The *Pirs* played a vital role in this process. Religious intermediaries, they remained embedded in a world of local identities and influence yet stressed their commitment to community symbols that bound them and all Muslims to the concept of the perfect community led by the prophet. Many rural Muslims looked to the *Pirs* for religious leadership and found also a powerful political model with this context, the colonial system established by the British, the battle for Pakistan was contested.[43]

In the conclusion, it has been argued by David Gilmartin that the Pakistan movement destroyed the ideological foundations on which the British colonial government had linked its authority to Punjabi society. With the collapse of the Unionist Party, the state could no longer claim legitimacy as merely the organizer and protector of a system of local power in the Punjab. The Pakistan movement held out the vision of a popular Muslim community that could claim legitimate state authority. With its roots in the communal rhetoric of the press and urban politics, this ideal community found broad

public expression in the League's successful election campaign of 1946 and the emergence of Pakistan.[44]

Iftikhar H. Malik's works on Punjab deals with the formation of the socio-cultural identity of the Muslims' communitarian politics and the emergence of the sovereign state of Pakistan. He argues that in the case of pre-1947 Punjab, one notices the salience of religion based idiom not necessarily out of religious reasons par excellence but simply to augment the communitarian definition. The entry of religion into mainstream politics, like the issue of language or rural or urban chasms, only lays bare the comparative weakness of the mundane elements leading communitarian politics. He further argues that in the pre-partition Punjab, one finds an explicit transformation of cultural nationalism into presumably full fledged nationalisms seeking complete political sovereignty. By the time of independence, the Punjabi Muslims had largely begun to espouse the case for Pakistan the way the Hindus had aligned themselves with all India politics.[45]

lfthikhar H. Malik also acknowledges the central position of Punjab in the formation of Pakistan and the crucial role of Jinnah. He argues that without the crucial support from Muslim Punjab, there would have been no 'break through' for Jinnah and given the limited following of the Muslim League in the province all through the 1930s, it also comes out as a proof of his astuate statesmanship that he struck a deal with Sir Sikander Hayat Khan in 1937 through the Sikander-Jinnah pact which proved to be the launch pad for the League's entry and then its subsequent conquest of provincial party politics for the cause of the League.[46]

It is obvious from the foregone discussion that a lot has been written on the Muslim communal politics and partition of India by the historians and scholars. Regional studies and the growth of the Muslim communal politics in the Muslim majority provinces have also attracted the attention of the historians. Needless to say it has produced a very valuable body of the literature of lasting historical importance. However as is the case with every aspect in the study of the history, here too there is a room for further analysis. The availability of new sources, access to more private papers and the ever-evolving tools of historical research provide exciting opportunities to focus attention on the hitherto neglected aspects of the said phase of the Indian national movement and the growth of the Muslim communal politics.

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