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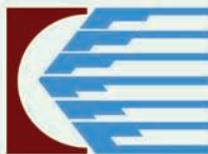
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END OF A PHENOMENON!

It was sheer magic for Sheila Dikshit to have remained CM for 15 years

Politics, howsoever we may deride, is the most demanding and cruel profession. The doors were shut to keep away the newsmen preying around to scavenge on what many saw a fallen political icon. How untrue! Sheila Dikshit despite her defeat in just concluded assembly polls shall remain tallest of the chief ministers to have ruled any of the state in India. While releasing my book on Delhi's political history in 2010, she had a query bordering on naiveté, 'What does Capital Phenomenon mean?' I explained that it's the coming together of two words - Capital, which stands not just for Delhi but also means major, huge and Phenomenon, stands loosely for a trend. Since the book covered the period she ruled over Delhi, some also concluded Dikshit to be the Capital Phenomenon. I saw no reason to dispute it. Soon after becoming chief minister, Dikshit coined the famous slogan to go with every government advertisement - Meri Delhi Meri Shaan. Delhi greatly benefitted from Sheila Dikshit as chief minister. It was a reciprocal relationship as it's equally true that the way city kept faith in her abilities for three continuous terms also added to her political stature. The results which came out on 8 December 2013 will take some time to fully enumerate whether city has been a loser or not but Dikshit certainly stands if nothing else politically demoralised.

Once Dikshit wrote in preface of a book, 'What is the magic of Delhi? It keeps changing all the time, the hues change with seasons, the dress changes, the colours change, the foliage changes, the flowers change, an ever changing city.' There was something magical in Dikshit's politics which made people in the national Capital give her a mandate for three consecutive terms. It indeed was as magical as Delhi could get.

During the 2003 polls, her principal adversary Madanlal Khurana of the Bharatiya Janata Party had said that Dikshit could be no match for him as she could not identify the lanes and streets of the national Capital. The fact that Dikshit proved too much for him and other leaders for his generation is now part of history.

Ominous signs of change betrayed on the day of the election when Dikshit was heard saying on a news channel, 'Who is Kejriwal - a man who lives in Ghaziabad and is trying to clean Delhi with a broom.' On the day of the result, Kejriwal did not need to show his identity. He became the face of the change, the way Sheila Dikshit had come to identify change in 1998.

During the 2008 polls, BJP had pitted veteran Vijay Kumar Malhotra as chief ministerial candidate. Malhotra launched a website, unveiled by party's then prime ministerial candidate Lal Krishna Advani. When asked if she too proposed a website, Dikshit had said, 'I am old world. I still believe in connecting directly with the people.' The 2013 results leave a question, why people did not connect with her this time around.

If somebody has managed to remain in power for 15 years it's indeed to the credit of the person to have retained people's faith for so long. However, one should have not have forgotten that Sheila Dikshit government first came to power in the national Capital in 1998 riding on the upward spiral in the prices of vegetables. The circle came full round in 2013. Dikshit's roadshows and full-throated campaign during the 1998 polls veered around onions. In 2013, the wayside hoardings across the city carried lighted message from the opposition BJP of tomato being sold at Rs 80 and onions at Rs 100 per kilogram. Dikshit tried countering it going on radio and saying that she made best efforts to subsidize price of vegetables. But her best efforts did not prove to be enough.

Dikshit ploughed a lone furrow all through for the Congress party. Rahul Gandhi addressed a dismal rally and Sonia Gandhi put up an average show. It was evident that there was not much 'popular' support for the party. There could not be when Congress leaders like Kapil Sibal justify telecom scam calling it zero loss to government. There cannot be popular support for the party whose helmsman Rahul Gandhi mocks his own government. This is not to suggest that no blame should appropriate to Sheila Dikshit government. It failed to keep its promise to the unauthorised colonies of regularising them. Despite its claims of Delhi having cheapest rate of power supply, it's bills continue to give huge shock to consumers. People felt frustrated and angry as private power distribution companies like BSES remained unaccountable. There were similar complaints in plenty against Delhi Jal Board. It's said that nothing succeeds like success. Dikshit this time around has been defeated. She is known to fight political crisis with determination and never ever show that she is worried. She could take on the high and mighty of her party and outside it because she had the support of people to demonstrate and fall back upon. The people have deserted her for now. If her party leadership still trusts, she I am sure would agree for another battle but then it's the high command which has to find her to be battle worthy.



04 February 2014
Basant Panchami

Sidharth Mishra

secretary's desk

In the last quarter we did not organize any seminar or workshop under our aegis but focused on traveling into hinterland, contacting academicians and researchers in our endeavour to bring their research work to the fore. It's our endeavour that *The Discussant* should look beyond Delhi in scouting for research papers and articles.

In the intervening period our president travelled to Kumaon University in Uttarakhand to interact with the students of journalism and is scheduled to deliver a lecture of Sumerfit School of Business, Dublin on Responsible Leadership. We hope to make the organization interactive in word and spirit.

We are looking forward to our workshop scheduled for 1 March 2014 on Acquisitions and Mergers, which is being anchored by our very eminent member Dr Rabi Narayan Kar. During the workshop we are looking forward to an interface between the academia and the corporate world.

With this edition we enter into second year of publication under supervision of the Registrar of Newspapers of India (RNI) and also ISSN. We shall keep our commitment of providing space to quality research rising above ideological biases.

We are grateful to Sh Anil K Gupta, Chairman and Managing Director, CONCOR for supporting the current issue of *The Discussant* by releasing a suitable advertisement.

04 February 2014

Dr Sanjeev Kumar Tiwari

DELHI ASSEMBLY ELECTIONS: LESSONS FOR ESTABLISHED PARTIES

SHAKTI SINHA*

FRUSTRATION WITH GOVERNMENT

In the euphoria of the Congress washout during the last Assembly elections, the BJP which swept Rajasthan and Madhya Pradesh comprehensively and retained Chhatishgarh, would need to introspect deeply why it failed to cross the halfway mark in the Delhi Legislative Assembly elections. The Congress had been in power for an unprecedented 15 years and was plagued with anti-incumbency, fatigue, complacency and the negative impact of a non-performing, corrupt and venal UPA regime at the Centre. Change was almost inevitable but it did not pan out the way it was expected to.

What must be particularly galling to the BJP's leadership and certainly to its supporters and well-wishers was the fact that the BJP polled 2 percent votes less than it did in the 2008 Assembly elections, when it won a meagre 23 seats. And that was seen as a washout. So what went wrong?

The underestimation of the AAP phenomena goes beyond complacency and should be seen as the failure of mainstream parties to understand societal changes of the recent decades. This is actually not surprising since the nature of political parties, particularly the BJP, has itself changed, a point which will be discussed in the paper. The result is that increasingly political parties are not in sync with the hopes, aspirations, frustrations and expectations of the citizenry.

Specifically, development and growth can no longer be seen as 'delivered from above', and the role of the government in this process has not kept pace with the popular perceptions and articulated needs. In fact, for people on both ends of the income spectrum, that is the reasonably rich and upper middle classes on one hand and the poor on the other, the State is seen in a negative light.

Their perceptions may be inadequate and one-sided but must be understood as valid to them. The well off see the State as constraining them and in effect they have 'seceded' from the nation with private and exclusive provision of

* Former Principal Secretary Government of NCT Delhi

education, power, water, security etc. When in trouble with the law, they would resort to corruption than face its rigours even as they complain about the rising levels of corruption.

They also like order in their lives and being basically apolitical, the messiness of politics upsets them, decrying especially vote-bank politics. A technocratic government in which politicians would have no role, a clean city without slums - this is what they desire. And since that is not happening, they would rather the government would be out of their lives.

At the other end of the spectrum, the poor find the State oppressive. Every agent of the State they run into - the policeman, the municipal inspector, the PDS functionary, the water board employee, the school teacher, are either out to extort and harass them or are deeply contemptuous of them and their aspirations. State sops like subsidised rations, old age pensions, free treatment at government hospitals, free education at government schools, scholarships and subsidised loans comes to them, if at all, at a price.

They have to pay bribes, are sent from pillar to post, services are not available to them in adequate quantity and the quality is always questionable. The net result is that the poor land up paying through bribes and opportunity costs of lost wages the actual costs of these services. They too want the State out of their lives. Anybody who promises to eradicate corruption and get the police and municipal worker out of their lives is speaking the language they understand and support.

FAILURE OF WELFARE SCHEMES TO WOO VOTERS

Observers wrongly conclude that the Congress lost Rajasthan despite Ashok Gehlot's flurry of welfare schemes. In fact, the Congress government of Sheila Dikshit had over the years rolled out the most generous welfare schemes seen anywhere in the country, e.g., it relaxed all norms of Old Age Pension leading Delhi to disburse Rs 1000-1500 to over 4 lakh beneficiaries over the age of 60 against an eligibility of only 1,19,000 as per government of India's norms. Most other states pay around Rs 500 to persons above 65 who are below the poverty line. Delhi starts with paying Rs 1000 to those above 60 whose personal annual income is less than Rs 1 lakh, and increases the amount to Rs 1500 after attaining 65 years, with widows and the physically challenged entitled to Rs 1500 from age 60 itself.

Two other schemes are worth mentioning among dozens of such welfare schemes for illustrative purposes. One is the very ambitious Anshree Yojana launched in December 2012. Every family whose total annual income was below Rs 1 lakh and which was not covered by the PDS get cash benefit of Rs 600 per month transferred into the account of the senior most female member of the family. The scheme is Aadhar linked to avoid duplication and to ultimately screen out PDS beneficiaries. The aim was to cover 2 lakh families or over 10 lakh persons. The scheme arose since government of India has frozen the number of PDS beneficiaries in each state consequent on the proliferation of 'bogus' ration cards.

Delhi's Congress government had earlier got a lot of kudos over its girl child centred Ladli scheme where Rs 11,000 was paid into the account of ever girl child born in hospital/medical facility. Subsequently Rs 5,000 would be paid into the account on attaining different education levels - Classes 1, 6, 9, 10 and 12. This is to ensure both girl's education and delay of marriage. In fact the Delhi government due to the general prosperity of the city and certain sound economic policies like privatisation of electricity distribution that saved it thousands of crores per year, has been able to spend close to 65 percent of its plan expenditure on the social sector - health, education, water supply & sanitation, housing etc., or close to Rs 8,000 crores in 2012-13 for a city of 18 million. And yet the incumbent government was thrashed at the polls.

NEGATIVE SOCIETAL PERCEPTION OF POLITICIANS

The issue of established parties not keeping pace with society's perceptions of the role of the government, as we have seen above, got compounded when they are seen as exclusive clubs where corrupt and dubious back room deals prevail, people feel alienated and in this election expressed their anger through the ballot box. The apathy of the past was replaced with active voter engagement, prompted not so much by what was happening in the city but rather at the macro level. The

Anna movement must get credit with making the middle- and upper- middle classes aware that with their involvement, things could change for the better. Here the AAP's message resonated well with the electorate, mostly as a carry over of the Anna movement but also for projecting a fresh outlook.

The BJP was not able to convince the voters of Delhi that they were significantly different from the Congress, and the image of being a divided house with individual leaders more worried about themselves than the fate of the party hurt it badly. The maladministration in the Municipal Corporations, problems in ticket distribution with a Mayor throwing tantrums and blackmailing the party into giving him a ticket by shifting a sitting MLA, senior leaders 'gifting' their seats to their sons etc. all sent a negative message, and this was clearly reflected in the results with all but one back room candidates being rejected, and the BJP losing in its strongholds.

BJP'S INABILITY TO PREPARE AN EFFECTIVE CRITIQUE

More than the AAP's ability to tap into this rich vein of frustration, it was the failure of the BJP to correctly assess what were the real issues of the electorate that held back the party from wresting power. The AAP's initial emphasis on rising electricity bills was nothing but proxy for both the large scale corruption that people perceived was robbing society of its potential and also for the continued high consumer inflation that has persisted at over 10 percent since 2008, itself an indictment of failed economic policies of UPA that prioritised welfare entitlement schemes while squeezing all growth impulses and feeding inflation.

The BJP failed to articulate an alternative to UPA policies though it carried a reputation for sound economic management and for striking a balance between essential welfare policies and the needs to promote entrepreneurship and generate employment. Instead of critiquing these failed economic policies of UPA, the BJP either remained silent or in fact proposed even more expansive and unaffordable entitlements. The large numbers of educated middle-and-upper middle-classes who form the core of the party's support base essential for getting elected, expected this from the party.

Schemes like the Mahatma National Rural Employment Guarantee Act (MNREGA), Right to Food etc. need to be evaluated and analysed. MNREGA has inherent limitations in how much it addresses the needs of the poor, how much local corruption it generates, how much it actually constrains productive forces in the rural areas and as a contributor to fiscal stimulus that fed inflation. Similarly, while it is unacceptable that there are people who have limited access to food, is the Right to Food approach the best one? And surely the lack of nutrition should not be confused with the lack of food? And why is clean water and sanitation missing from the debate?

However, the principal opposition party has, and did, not articulate any alternative approach that would convince people that it would adopt policies that would promote growth in the economy, and jobs for themselves; Delhi voters are not only swayed by local factors but by national ones too, being so close physically to the seats of power. BJP's failure to win votes from the large numbers of highly educated, upper middle class voters of South and West Delhi (constituencies such as Greater Kailash, Malviya Nagar, Rajendra Nagar, Tilak Nagar for example) is testimony to this.

The BJP was also not able to benefit from the frustrations of the large number of lower middle class and the not-so-poor, who migrated in significant numbers to the AAP. Delhi has about 20 lakh persons staying in slums, not all of whom can be categorised as really poor since many of them pay Rs 1500-5000 as monthly rentals. The most important problems for the slum dwellers are the lack of tenurial rights, fear of being shifted to distant Bawana, inadequate size of accommodation, lack of access to water and to toilets.

A city to survive and grow must get rid of slums but not slum dwellers, without whose presence our services and support structures would collapse. The most viable option is insitu development of slums that would largely pay for itself. This would improve the quality of life of the slum dwellers by giving her upgraded accommodation with minimum facilities for dignified living, and also maintain links with continual employment.

NEED TO PLAN FRESH GROWTH STRATEGY

In the specific context of the city-state, there is a need to develop a growth strategy in line with Delhi's natural endowments - its highly educated, reasonably prosperous work force, the technical skills of its lower middle classes and of its slum dwellers, its urban character, developed infrastructure etc - and the aspirations of its citizens.

Though migration rates have fallen substantially, Delhi is very much a city of migrants, all voluntary and quite aspirational. Clientele politics of doling out government jobs, or sops as referred to earlier, are passé. What are the kinds of economic policies that would create satisfactory jobs for its educated workforce must be debated.

With a per capita income in excess of Rs 2 lakhs per year, Delhi is the most prosperous city/region of the country. It consumes more electricity than all the other metros combined. Taken together, the number of air conditioners sold went up from 2.66 lakhs in 2009-10 to 3.45 lakhs in 2011-12. During the same period, the numbers of UPS/inverters sold went down from 3.66 lakhs to 2.62 lakhs, a reference to the power sector is there later in the paper.

While Delhi can never be an agricultural or industrial workhorse is understandable but the city has traditionally been a trading hub. How to build on this needs to be understood, e.g., while land prices have gone up, this can be partly offset through technological innovations. Similarly, smart technologies including of waste management has meant that most modern cities still host niche industrial clusters that generate jobs and taxes. So ruling out all industrial activities is self-defeating.

Merely reiterating that Delhi needs hi tech jobs is not the equivalent of the articulation of an economic agenda that is viable and catches the agenda of the public. The bottle necks in the present system, the changes advocated to achieve such a vision need to be identified and stated in the context of a bold and imaginative vision.

But these critical concerns and aspirations were not articulated by any party. Instead the BJP talked about reducing electricity bills and of increasing the number of subsidised gas cylinders; the first of which strengthened the AAP's hand since it was seen as BJP's cynical use of somebody else's message. The second was seen as much less important to these other issues of water and sanitation, and of improved quality of accommodation.

Incidentally, the doubling of coal prices over the past three years is responsible for increases in electricity tariffs, itself a product of failed policy of coal nationalisation, which has not been questioned by any party. And someone familiar with Delhi's power scenario, there is no way tariffs can be brought down since all power is bought from public sector generating stations directly, unless Delhi is prepared for either extensive power cuts or for a Delhi government budget where resources are diverted away from roads, schools, hospitals and welfare schemes to hugely subsidising consumers.

As an aside it must be stated that Delhi suffered serious power shortages when supply was done by the state owned utility, Delhi Vidyut Board. In technical terms, T&D losses were in excess of 55 percent, and extend of loadshedding was 5 percent. The comparative figures for 2013 are 15 percent and 0.3 percent. In fact, loadshedding could have been totally eliminated had the regulator allowed adequate capacity augmentation, but whose approval is held back by them on the grounds that tariff would increase proportionately. Interestingly, a national daily which tracks key issues identified by Delhi citizens had ranked power as number one issue ten years back. This rank fell to five or so a few years ago and for last two years, it has failed to be listed in top ten issues. Similarly, a 2013 survey based on extensive focused group discussion for Delhi's Human Development Report showed that after Metro, people were most satisfied with the power situation.

The 1100 or so unauthorised colonies, which are mostly middle and upper-middle income, are home to over 30 lakh persons. Their main issues are regularisation, reliable water supply and minimum municipal services. While the incumbent state government rightly took the flak for its failures, the BJP run municipal bodies have a role to play in the regularisation process and in the provision of services, hence they were not able to really reap the harvest from the disaffection with the Congress.

CONCLUSION

To conclude, one must go back to the key issue which is the disconnect between the voters and the established political parties. As we have seen across social and economic classifications, political parties have not seen the ground shift beneath their feet. Even on a non-issue like Sec 377 of the Indian Penal Code, society, particularly BJP's new core constituency of educated, upper worldly classes, has moved beyond the old, Victorian mindset. Even as it wants governments to be fiscally conservative, they are social liberals who don't want the government to regulate their private lives, particularly not invade their bedrooms.

Politically, increasingly these aspirational classes, cutting across incomes, see the political system as venal and uncaring. They identify the establishment as the single factor holding back society and themselves from growing to reach their full potential. In their frustration, they yearn for strong, decisive leadership with a clear vision. Corruption is something they see all around themselves, and which they identify with the cynical political leadership that has led to this state of affairs.

AAP's appeal was essentially this as they were seen to have put corruption on the agenda, and were themselves not part of the establishment. AAP's assumption that the voters have endorsed their agenda is erroneous as they came up as a one issue mass movement.

The established political parties on the other hand have ceased to exist at the local level; there are no party workers available to transmit messages back and forth. Citizens have to approach touts, not political workers, to sort out their problems with the bureaucracy. And no one is there who can convey to the political leadership the messages coming from the grassroots, particularly at the micro and mohalla level. The AAP's volunteers reached out commendably and were seen as selfless, not self-serving.

The end-result was that while both the BJP and the Congress were able to hold on to their core supporters, 30 percent and 25 percent of the electorate respectively, the BJP was unable to tap into either the anti-incumbency voters or the not-affiliated voters in significant numbers. The latter have been generally supportive of Sheila Dikshit over the years but this time deserted the Congress in droves, but they did not favour the BJP as would be expected in the past. For its part, the BJP with its strong organizational base that can be revived must introspect and develop clear alternate approaches that resonate well with voters as it prepares to take on the UPA in the summer of 2014. The match is not over till the referee blows the final whistle.

THE RISE OF AAP AND CHALLENGE TO TRADITIONAL POLITICS: A STUDY OF 2013 ASSEMBLY POLLS

DHARMENDRA KUMAR SINGH*

Results of recently held assembly elections in four states seem to be a political earthquake for the Congress Party in particular and the UPA government in general. The epicenter was none other than political capital of the country -- Delhi and its tremors felt in rest of the three states --- Madhya Pradesh, Rajasthan and Chhattisgarh. The results set to boost BJP's campaign for the 2014 Lok Sabha elections with the party winning assembly elections in three of the four Hindi heartland states i.e Madhya Pradesh, Rajasthan, Chhattisgarh and emerging the largest party in Delhi. The Congress decimated in Rajasthan, Madhya Pradesh and Delhi. The result of Delhi assembly election is a major setback for Congress, where it stands at poor third position. The party failed to even reach the double digit mark in Delhi, which was ruled by Congress for 15 years. The party put up a tough fight in Chhattisgarh. The results clearly show that there is an anti-Congress wave gaining momentum across the country. The reasons behind losing all four states are very loud and clear. The main reasons are corruption, price rise and lost of credibility of UPA government at the Centre as well as in Delhi and Rajasthan. There is no doubt that the wave is against Congress, but that does not mean that the momentum totally is in favour of BJP. The fractured mandate in Delhi validates the point.

Apart from the wave factor, these poll results have conveyed a new political message. The results show that there is a space for a new alternative. Apart from BJP winning three states, and Congress losing abruptly in these states, the emergence of a new political entity Aam Aadmi Party led by anti-corruption crusader Arvind Kejriwal is talk of the political circuit. AAP is a new phenomenon in Delhi. The new political baby, which was founded on 26 November, 2012, managed to bag 28 seats out of 70 assembly seats and 29.5 per cent votes in just a year after its existence. It has produced a new factor of uncertainty for the two big parties.

* Election and Political Analyst

**THE RISE OF AAP AND CHALLENGE TO TRADITIONAL POLITICS:
A STUDY OF 2013 ASSEMBLY POLLS**

TABLE - 1

| State | BJP | | | | Congress | | | | AAP | | Others | | | |
|-------|-------|-------|-------|-------|----------|-------|-------|------|-------|-------|--------|-------|-------|------|
| | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) |
| | 2013 | | 2008 | | 2013 | | 2008 | | 2013 | | 2013 | | 2008 | |
| Delhi | 32 | 32.95 | 23 | 36.38 | 8 | 24.45 | 43 | 40.3 | 28 | 29.38 | 2 | 13.22 | 4 | 10.1 |

The Congress has been decisively trounced in the recent elections except Mizoram, but not discussing Mizoram because BJP and other national parties except Congress have no presence in the northeastern state. In the rest of four other states BJP had scored 69 per cent seats while Congress slipped to only 21 per cent seats. BJP scored 32.95 per cent votes but 46 per cent seats out of 70 seats in Delhi, Aam Aadmi Party got 29.38 per cent votes but bagged 40 per cent seats while Congress received 24.45 per cent votes but secured only 11 per cent seats in Delhi. The BJP won three states and emerged single largest party in Delhi with 32 seats, but didn't get simple majority. The highlight of the current round of state elections is the extraordinary performance of the Aam Aadmi Party. It is interesting to know how AAP dented BJP vote bank in Delhi, which is the hub of political turmoil. BJP has been raising issues like corruption, price rise and policy paralysis from road to Parliament, but how and why one-year old infant AAP performed charismatic way in Delhi is a matter of case study.

ARVIND KEJRIWAL: THE NEW HERO OF POLITICS

It has been said that Narendra Modi, the prime ministerial candidate of BJP, is a charismatic leader and star campaigner of the party because of his crowd pulling abilities. Now, question arises why Modi's magic had not worked in Delhi and party didn't even get the magic number to form the government? If anti-incumbency factor had been working against Congress then it should have gone in favour of BJP, but it didn't happen? Did BJP failed to identify AAP as enemy number one instead of Congress or confused in selection of the chief ministerial candidate very late or infighting within party and confusion in candidate selection? It may be the reason to give benefit of doubt to Arvind Kejriwal or something else. Do voters are fade-up of Congress and BJP's old-age politics which gave rise to a new political entity that emerged under the aegis of almost entirely new faces or less known people? BJP leaders claim that their party is different from others, but practically failed to follow the principle. But in case of AAP, it has proved and been tested in Delhi. The AAP has changed the concept of government in Delhi before getting confidence vote. Within three days of formation of government, AAP implemented two major poll promises, first providing free water up to 20 thousand litre per month in each metered house and reducing electricity bill by 50 per cent till 400 units. Now, AAP is being talked in urban areas. People have started saying that emergence of AAP seems to be a threat for Modi. The triangular fight in the Lok Sabha polls may damage BJP on around 50 seats, but may not encumber BJP because of strong anti-incumbency factor against Congress, but AAP may certainly damage the principal opposition party on some urban seats. AAP's performance shows its presence even in centrally located/educated areas, but not evenly spread across in Delhi. Another factor is that Lok Sabha elections is scheduled to be held in April- May, so AAP may not able to make its presence across the country within three months. Reason behind this is that the new party has no organisational set up outside Delhi. AAP is talked in those areas where media exposure is present. It seems party is only talked in urban area rather than rural area. Thirdly, India is not Delhi. The factors such as caste, region, religion, language influence voting pattern across the country. After formation of government in Delhi, people are enthusiastically interested to get membership of AAP in other states, which is not enough to win Lok Sabha elections, whatever AAP got votes in Delhi, around 23 lakh, is just more or less equivalent to one Lok Sabha seat. It has been discussed that AAP may secure around 20 to 30 Lok Sabha seats, it may be true but it is too early to predict. AAP's penetration rate is drastically increasing in all sections, because AAP is new baby of Indian democracy where untouchably formula does not work.

HOW AAP PERFORMED IN DELHI

The AAP's success must be put in the perspective, of traditional parties to learn and to change old style of politics and governance. Anna Hazare's popular movement against corruption has awakened the nation. The belief that existing system favoured the status quo and the entrenched participation did not want radical change. Arvind Kejriwal, associate of Anna Hazare, decide to take political route to change the system and Aam Aadmi Party was formed. He formed a political party with a difference from other political parties. Apart from demanding the Jan Lokpal Bill, Kejriwal's much publicity against inflated electricity bill in March, 2013 pushed his party into campaign mode. AAP manifestoes' 18 major issues, including freebies such as reducing electricity bill by 50 per cent and 700 litre free water per day in each household, made it a household name. Freebies have been instrumental or game changer during the past elections. From V. P. Singh to Karunanidhi, Jayalalitha to Akhilesh Yadav, Parkash Singh Badal to Raman Singh won the elections due to bronze offer to woo voters. It may be the two poll promises-free water and low power tariffs, including other factors of AAP, that attracted the middle class voters in Delhi. AAP is totally different party to jump into poll fray with new vision, new dimension and new innovation of functional democracy rather than electoral democracy.

How party voted for 2013 Assembly in contrast to 2008 Assembly poll

TABLE- 2

| Party voted for 2008 Assembly | Party voted for 2013 Assembly Election in Delhi | | | | |
|-------------------------------|---|--|---|---|---|
| | Congress | BJP | BSP | AAP | Total |
| Cong. | 331 <u>(41.5 %)</u> (77.0 %) | 146 <u>(18.3 %)</u> (25.7 %) | 35 <u>(4.4 %)</u> (42.7.0 %) | 250 <u>(31.34 %)</u> (50.0 %) | 798 <u>(100 %)</u> (47.2%) |
| BJP | 35 <u>(7.0 %)</u> (8.1 %) | 308 <u>(61.5 %)</u> (54.1%) | 21 <u>(4.2 %)</u> (25.6 %) | 112 <u>(22.4 %)</u> (22.4 %) | 501 <u>(100.0 %)</u> (29.7 %) |
| BSP | 2 <u>(7.1 %)</u> (.5 %) | 6 <u>(21.4 %)</u> (1.1 %) | 11 <u>(39.3 %)</u> (13.4 %) | 8 <u>(28.6 %)</u> (1.6 %) | 28 <u>(100.0 %)</u> (1.7%) |
| Others | 62 <u>(17.1 %)</u> (14.4 %) | 109 <u>(30.1 %)</u> (19.2 %) | 15 <u>(4.1 %)</u> (18.3 %) | 130 <u>(35.9 %)</u> (26.0 %) | 362 <u>(100.0 %)</u> (21.4 %) |
| Total | 430 <u>(25.5 %)</u> (100%) | 569 <u>(33.7 %)</u> (100%) | 82 <u>(4.9 %)</u> (100 %) | 500 <u>(29.6 %)</u> (100 %) | 1689 <u>(100 %)</u> (100 %) |

Source: CSDS Post poll of Delhi Assembly Election 2013

Bold and underline indicates 2013 votes and number denotes sample size

AAP is the only party which has eaten votes of all parties. The real surprise is, of course, Delhi where the Congress lost 15.8 per cent of votes and BJP instead of gaining lost around 3.4 per cent in comparison to their 2008 vote share. According to CSDS Post Poll Survey, Congress retained only 41.5 per cent votes, while BJP share was 61.5 per cent in comparison of 2008 election but AAP bagged 29.6 per cent of the votes of every other party. AAP has snatched 31.34 per cent vote share of Congress, 28.6 per cent of BSP, 22.4 per cent of BJP and 35.9 per cent votes of others, while BJP managed to get 18.3 per cent of Congress, 21.4 per cent of BSP and 30 per cent of others vote. It shows AAP decimated Congress, BSP and others in comparison to BJP.

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TABLE- 3

| Parliament | AAP | BJP | INC | Others |
|--------------------|---------------------|---------------------|--------------------|--------------------|
| New Delhi | 7 (37.88 %) | 3 (33.24 %) | 0 (23.81%) | 0 (5.08%) |
| East Delhi | 5 (30.86 %) | 3 (30.15 %) | 2 (25.01 %) | 0 (13.99 %) |
| Chandni Chowk | 4 (30.76 %) | 3 (36.33%) | 2 (22.73 %) | 1 (10.18%) |
| West Delhi | 4 (28.55 %) | 6 (34.45 %) | 0 (21.31 %) | 0 (15.70 %) |
| North East Delhi | 3 (28.12 %) | 5 (32.28 %) | 2 (29.26 %) | 0 (10. 34 %) |
| South Delhi | 3 (26. 57 %) | 7 (32. 7 %) | 0 (26.32 %) | 0 (15.04 %) |
| North West Delhi | 2 (25. 61 %) | 5 (37 .18 %) | 2 (22. 78 %) | 1 (14.43 %) |
| Grand Total | 28 (29.38 %) | 32 (32. 95%) | 8 (24.45 %) | 2 (13.22 %) |

Aam Admi Party's dramatic appearance in political arena has been compared to the TDP, the AGP and TMC. It did not take years of patient in mobilising to breach the political barricades. AAP's performance is undoubtedly unquestionable particularly in Delhi, but the same kind of support cannot be expected in the national prospective. AAP performed better than BJP only in two Parliamentary constituencies -- New Delhi and East Delhi. AAP bagged seven seats out of 10 seats in New Delhi and 5 out of 10 seats in East Delhi parliamentary constituencies. BJP performed well in rest of the five parliamentary constituencies. AAP received 37.88 per cent votes while BJP got 33.24 per cent votes in New Delhi parliamentary constituency, while it was neck to neck fight in East Delhi where BJP bagged 3 seats, just two seats less of AAP. The results show that AAP performed well in those areas where Anna and Kejriwal's movement were held. Another factor also indicates that AAP's performance is better in urban areas and centrally located. The party also performed well in those areas where media exposure was more. Also the party got major share of first timer voters. The party has not performed well in West Delhi, North East Delhi, South Delhi and North West Delhi. It clearly indicates that AAP's presence in Delhi is not evenly spread across the all parliamentary constituencies.

TABLE -4

The AAP has emerged on the cost of BJP. Questions have been raised as the principal opposition party in the Lok Sabha successfully won three states -- Madhya Pradesh, Rajasthan and Chhattishgarh but why not performed well in Delhi? The prime reason is delay in selection of the chief ministerial candidate in Delhi, which was not a factor in other three states. Secondly, there was strong anti-incumbency factor against Sheila Dikshit, but BJP failed to encash the anti-incumbency factor because of under estimating AAP, old campaign strategy, infighting and chaos in ticket distribution. If Harsh Vardhan would have been projected as chief ministerial candidate earlier, the scenario could have been very different. The possibility of BJP

| Position | AAP | BJP | INC | IND |
|--------------------|---------------------|---------------------|----------------------|---------------------|
| Winner | 28 (37.25 %) | 32 (48.97 %) | 8 (11.32 %) | 2 (2.46 %) |
| Runner | 20 (29. 85 %) | 29 (41.34 %) | 16 (21.60 %) | 5 (7.21 %) |
| Third | 18 (24.46 %) | 7 (10.93 %) | 40 (58.02 %) | 5 (6. 59 %) |
| Fourth | 4 (14.28 %) | 2 (4.41 %) | 6 (21.35 %) | 58 (59. 96 %) |
| Grand Total | 70 (29.38 %) | 70 (32.95 %) | 70 (24.45 %) | 70 (8. 27 %) |

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getting simple majority was there in the same vote share. AAP was polled 37.25 per cent votes, BJP received 48.7 per cent votes and Congress secured 11.32 per cent votes in those seats where parties won seats.

TABLE - 5

Media exposure index: Partywise vote per cent in 2013 Assembly election in Delhi

| Party voted for 2013 Assembly | | | |
|--------------------------------------|-----------------|--------------|--------------|
| | Congress | BJP | AAP |
| Very High Media Exposure | 18.9% | 39.9% | 30.7% |
| High Media Exposure | 17.4% | 35.3% | 38.1% |
| Moderate Media Exposure | 24.5% | 33.3% | 29.1% |
| Low Media Exposure | 29.9% | 30.9% | 27.2% |
| Very Low Media Exposure | 36.7% | 32.0% | 18.8% |
| No Media Exposure | 26.7% | 37.3% | 16.0% |
| Total | 24.4% | 34.0% | 29.5% |

Source- CSDS post poll Survey

Credit goes to media for the emergence of AAP in Delhi. It has been said that there is no impact of media to influence voters in support of a particular party, but survey shows how voters of Delhi voted in favour of different parties. It is also assumed that due to media exposure AAP had penetrated in Delhi. There is clear correlation of voting pattern among very high media exposure, very low media exposure and no media exposure. A total of 39.9 per cent of voters voted for BJP, 30.7 per cent preferred AAP while only 18.9 per cent voters selected Congress Party in areas where media exposure was very high. Highest 38.1 per cent of high media exposure voters have voted for AAP, while 35.3 per cent and 17.4 per cent voters have chosen BJP and Congress, respectively in this category. In the areas of less media exposure and no media exposure, AAP recorded very low voting percentage in comparison to BJP and Congress. Voters who have been watching and reading TV and news papers for lesser time had different kind of voting pattern. A total of 36.7 per cent voted in favour of Congress, 32 per cent for BJP while only 18.8 per cent only for AAP under this category. Those voters who did not have any media exposure had different kind of taste as 37.3 per cent voted for BJP, 26.7 per cent for Congress and 16 per cent preferred AAP. Voting pattern indicates AAP does not have grassroots organisation and ideology which is the backbone of any political party. AAP has eroded the vote base of Mayawati's political outfit BSP as 34.5 per cent of Jatav/Chamar and 38.0 per cent of other SC have voted in support of AAP.

Education: Partwise vote share in 2013 Assembly poll

| Partwise vote share in 2013 Assembly poll | | | |
|--|-----------------|--------------|--------------|
| | Congress | BJP | AAP |
| Non Literate | 33.0% | 30.7% | 21.5% |
| Upto Primary | 28.3% | 23.7% | 34.7% |
| Upto Matric | 28.1% | 32.7% | 29.7% |
| College and above | 20.2% | 37.1% | 30.7% |
| First time voter | 16.8% | 26.6% | 43.5% |
| Total | 24.4% | 34.0% | 29.5% |

Source- CSDS Post Poll Survey

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In India as language changes after every one kilometer, so is the case with voting patterns. The country has a different kind of voting patterns depending upon caste, creed, colour and religion. Here non-literates use to vote for a party in accordance to their own social and personal preferences, while literates' select party in a totally different manner. Congress is still popular in non-literate category, primary educated voters preferred AAP while educated voters franchised their votes in favour of BJP. A total of 33 per cent of non-literate voters voted in favour of Congress, 30.5 per cent for BJP while 21.5 per cent voted for AAP. A total of 34.7 per cent voters of primary educated used their voting right in favour of AAP, 28.3 per cent for Congress and 23.7 per cent in favour of BJP, but voting pattern changed in the category of higher education. Some 32.7 per cent from primary to matric level voters opted for BJP, 29.7 per cent for AAP while 28.1 preferred to cast their vote in favour of Congress. A total of 37.1 per cent electorates under the category of college going and above voted for BJP, while 30.7 per cent selected AAP and 20.2 per cent preferred Congress. The Delhi assembly poll witnessed a significant change in the voting pattern among the first time voters. Some 43.5 per cent of first time voters voted in favour of AAP, 26.6 per cent opted for BJP and only 16.8 per cent selected Congress. It's the overwhelming support of first time voters that changed the game in Delhi.

KEJRIWAL: THE GAME CHANGER IN DELHI

Arvind Kejriwal has changed the conventional politics of the country. Congress and BJP, both national parties, have been practising traditional politics for a longer time. With the entry of AAP in political circle, it seems old parties may change the policies or bring populist schemes, but they may not change their style of politics. New party or new leader has the ability to change the direction of politics. A strong leader first listens to public demands and then work in order to resolve problems of citizen. In traditional way of politics, an ordinary voter feels empowered just at the time of elections and soon after the poll results they become powerless. Kejriwal believes in people's democracy, which changed the dimension of politics and forced the national parties to think differently. The theory behind Kejriwal's strong entry into the Indian politics is populism. He used it in entirely different manner and conceptually specific way. First, it refers to mobilisations led by political outsiders, someone who was not previously a major player within the existing party system. Secondly, populist leaders would use their outsider status to craft appeals that attacked the existing political establishment for being self-serving and deaf to the needs of the ordinary citizen. Demands of country and thinking way of citizen have changed a lot after 1991 liberalisation era but traditional parties have not changed the way of thinking that is why Kejriwal's factor has rattled the Congress and BJP at least in Delhi. Kejriwal's promises of a citizen-friendly and corruption-free state began to excite the imagination of urban India.

WHY NOT MODI FACTOR WORKED IN DELHI?

The new entrant Aam Aadmi Party played the spoilsport for national parties in Delhi and disturbed the easy-to-understand poll calculations in Delhi. Now, experts say that Narendra Modi wave did not work in Delhi, Madhya Pradesh and Chhattisgarh, except in Rajasthan. In order to analyse the political scenario across the country, firstly we have to understand that there is no strong wave in favour BJP's prime ministerial candidate Narendra Modi in the country. We can just say it as the effect of Modi. Secondly, what would be the impact, if Modi had not been anointed as PM candidate of BJP. It's due to Modi's effect and his continuous attack on Congress that nation came to know of wrongdoing of Congress. This is clear cut anti-incumbency factor against Congress at the Centre and state levels too. It was not Kejriwal's effect that worked in Delhi, but it was Modi's factor in all the four states. Kejriwal just infiltrated into anti-Congress votes because of inability and confusion within the BJP at all fronts that is the reason Arvind Kejriwal made strong presence in Delhi. Thirdly, wave does not mean complete sweep across the country, it was not happened during the Emergency period and V.P. Singh's regime. Congress and BJP are oldest parties and has base more or less in all states due to organization and

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ideology, if 5 to 13 per cent voters, generally called floating voters, turn in favour of a particular party, it is called wave taking consideration of results of Rajasthan, Madhya Pradesh, Bihar and Gujarat. It shows 5 to 13 per cent voters can make a leader stronger, popular and charismatic. It is also discussed that Modi held impressive six rallies in Delhi, but BJP lost four -- Ambedkar Nagar, Ballimaran, Sultanpur Majra and Rohini seats. But, it was the infighting that cost the party dearly. When house is not in order, what can Modi do?

Anti-Congress wave in Madhya Pradesh, Rajasthan and Chhattisgarh

| States | BJP | | | | Congress | | | | Others | | | |
|----------------|-------|-------|-------|-------|----------|-------|-------|-------|--------|-------|-------|-------|
| | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) | Seats | (%) |
| | 2013 | | 2008 | | 2013 | | 2008 | | 2013 | | 2008 | |
| Chhattisgarh | 49 | | 50 | 40.34 | 39 | | 38 | 38.61 | 2 | 100 | 2 | 21.05 |
| Rajasthan | 163 | 44.88 | 78 | 37.64 | 21 | 36.38 | 96 | 32.39 | 16 | 18.74 | 26 | 29.97 |
| Madhya Pradesh | 165 | 45.05 | 143 | 34.27 | 58 | 32.99 | 71 | 36.82 | 7 | 21.96 | 16 | 28.91 |

The BJP's victory in the last set of state assembly polls before general elections has strengthened the position of prime ministerial candidate Narendra Modi. BJP performed well in recently held state assembly elections by sweeping in Madhya Pradesh, Rajasthan and retaining Chhattisgarh for the third term. It is said that the party's performance in Madhya Pradesh owes little to Modi. It was Shivraj Singh Chouhan's election all the way, but BJP never performed such a way in the state. It is obvious that this is the victory of Chouhan, but credit goes to Modi for emphatic victory. In Chhattisgarh, the BJP's victory is too narrow, which again indicates that there was no wave, but the scenario could have been very different if Modi would have not been a factor. Also massacre of Congress leaders by Maoists in state is termed as another factor. Vasundhara Raje has given credit to Modi for landslide victory in Rajasthan. In Madhya Pradesh, Shivraj Singh Chouhan dropped 43 unpopular MLAs. During the campaign, Chouhan carefully selected people-friendly words to win the heart of voters by saying 'Shashak Nahi Sevak' (servant not ruler). His chief minister's bungalow is open to ordinary people and always available for the denizens of the state. Vasundhara Raje launched her Suraj Sanklap Yatra six months prior to the assembly election in the state and covered almost all assembly seats. Several populist schemes launched by Ashok Gehlot like free medicine scheme, expansion of pension scheme did not work during the polls. It is said that launch of populist schemes in the last leg does not work. Like Vasundhara Raje and Shivraj Singh Chouhan's yatra, Raman Singh also launched Vikas Yatra and announced populist schemes like Annapurna food programme and PDS, which is one of India's best run schemes.

IS MODI READY TO LEARN AFTER DEFEAT IN DELHI?

Arvind Kejriwal's victory in Delhi must be an eye opener for BJP leaders. BJP would have to change the traditional way of politics and election strategies if they really want to counter Kejriwal's effect, which they have not done till now. Modi is still addressing rallies in dramatic tone and gestures and attacking Congress and Gandhi scion, but not uttering anything about what BJP is going to do in the country. Till now, he has failed to go beyond the platitudinous promises of any politician who is begging for people's votes. If a different vision would not come forward from the BJP, after tasting 'defeat' in Delhi election, then Delhi would be remain a distant dream for BJP.

ENLIGHTENMENT AND CRITIQUE: KANT AND FOUCAULT

ARUNI MAHAPATRA*

In this paper I will analyze the nature of Enlightenment through a close study of two essays, one by Immanuel Kant and the other by Michel Foucault. By examining the nature of critique it has given rise to, we can begin to understand some of the reasons why it exerts a profound influence on our thinking about philosophy. I want to discuss the idea of critique in some detail, not simply because modernity is something with which we are familiar negatively, through its critique, but also because, as Alain Touraine clarifies, it was, in the first place, articulated negatively, as a critique of something else (Touraine 18-19). For this I will discuss Foucault's reading of Kant, in a couple of essays, namely "What is Enlightenment" and "What is Critique?"

Kant's definition of Enlightenment as man's emergence from self-imposed immaturity which is brought about by the autonomous and public use of one's intelligence is open to quite a range of interpretations. If one looks at the intellectual context in which this view was articulated, one becomes aware of the importance of critique. When the question "What is Enlightenment?" was asked by Johann Zollner in December 1783, the Enlightenment entered a reflective phase (Deligiorgi 6). Kant's answer to the question put a whole new spin on the various levels at which this idea was being debated in the German intellectual scene. Karl Leonhard Reinhold and Moses Mendelssohn were two prominent thinkers who wrote influential articles addressing what they believed were some issues relating to the effects of enlightenment on society at large. They were addressing the question whether Enlightenment should be regulated or not. This was important, because many people who held influential posts in government and the church were worried about the misleading influence that an unbridled pursuit of truth and knowledge might have on the so-called common people (43). It was as if the theoretical investigations of the philosophers and scholars had to be reined in, in case they ended up causing some social discord. Implicit in these moral anxieties is a deep split between rational argument and social practice.

As against this, Kant's idea of Enlightenment begins with a very clear awareness that such a split doesn't exist. For Kant the awareness that rational argument has a social dimension is built in. It doesn't have to be accounted for as a secondary

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thought, an ethical or a moral concern for the common man on the part of the theorist. Because Kant begins with the assumption that one's own enlightenment is not a solitary intellectual activity but an effort to think publicly, he is able to distinguish between public and private uses of reason. This is something I find problematic, because Kant doesn't really flesh out the link between public reason and the use of one's understanding, apart from using examples which make it clear that the two are obviously related¹.

For us there seems to be a contradiction because his definition is exactly the opposite of what we, in a commonsensical way see as private and public uses of reason. The contradiction doesn't seem to exist for Kant, possibly because of two reasons. First, obviously, because these exist in a larger, overarching unity, and second because this unity stems from Kant's new way of understanding the Enlightenment, which is through the use of public argument. There is a shift in emphasis from earlier theories of the Enlightenment. While Reinhold and Mendelssohn talk of rational insight and truth like they were elements missing from the content of existing philosophy, Kant brings in argument, by which he doesn't mean a broadening of the scope of discussion but a fundamental change in the mode of discussion. This new mode raises questions of willingness. Even the German term he uses for immaturity is actually a legal term for "those who have come of age by virtue of nature" (Deligiorgi 60). So the assumption is that people are universally capable of enlightenment, they just have to make the all-important decision.

There seems to be an unshakeable faith that public engagement with one's rational faculties will automatically lead to a critical disposition of man towards nature and other men. One reason for this is that unlike other thinkers before him Kant doesn't replace religious or political authority with the authority of reason. He invites people to use their reasoning abilities and see for themselves (Kant 42). This activity, when done in public, will automatically lead to a situation when men submit to the authority of reason. This is one reason why, for Kant, a situation where one's public and private uses might completely contradict each other is not even imaginable. Once people stop submitting themselves arbitrarily to authority and start reasoning critically, they will realise that their political leaders do not exercise arbitrary control over them.

But Kant is able to say all this because he embodies the critical attitude of the Enlightenment. As Foucault explains in "What is Enlightenment?", it is a reflection on the present, as it is different from the past, and what this difference means for philosophy (Foucault "Enlightenment" 34). He would actually find useful the kind of gap which I pointed out in Kant's analysis. This lack of a clearly spelt-out "method" for how exactly one is to make a smooth transition from one's private use of reason to a public one would distinguish, for Foucault, Kant's text as one belonging to the Enlightenment, clearly different from something written in the Humanist tradition (44). The gap is not a void but a site where Enlightenment really becomes Enlightenment, itself a matter of argument and debate.

Kant's belief in critique as something that by definition has transformative potential ironically makes his argument weak. Public use of reason as a practice which is available to everyone becomes problematic when one notices the fact that this practice itself was mediated by institutions like the newspapers and journals, each with their own editorial processes. Further, all these institutions were mediated by technologies like the printing press. These and other criticisms that were made of the Habermasian public sphere can easily be raised against Kant (Fraser 110).

In an obvious way, Foucault's reading of Kant, which is completely different from Habermas's (Calhoun 3), corresponds to the differences between Kant and, say, Mendelssohn. His task is less to work out a critique of modernity and more an attempt to situate his own intellectual project in a critical dialogue with Kant's. Most of Foucault's engagement with the Enlightenment is an attempt to inaugurate a new kind of critical philosophy. In 1978, he presented a lecture titled "What is Critique?" before the French Society of Philosophy and asked if it would be possible for French Philosophy to start a new Enlightenment, one with more social responsibility. In the same essay he also wondered if Kant's idea of mankind's emergence from self-imposed tutelage might be extended to a refusal, on the part of the people, to be governed (Foucault 45-50). At the time of writing "What is Enlightenment?" he was in the later stages of his career and occupied with a range of projects, involving ideas of

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governmentality, biopolitics, security, population, technologies of the self and others. He was also engaged in the thorough restructuring of the planned second and third volumes of the History of Sexuality, in the light of new research, which was reflected in the annual courses and lecture series he gave at the College de France. His focus on the idea that it was possible for the subject to reinvent himself therefore makes sense in an immediate way. In this essay he lays down his vision much more clearly, devoting one whole section to the new historico-philosophical investigation that he characterises as “genealogical in design” and “archaeological in method” (Foucault “Enlightenment” 46). This, too, wasn’t something new for Foucault.

The conclusion of this essay is no different from the long, final answer Foucault gave to the question about the role of the intellectual in a 1977 interview titled “Truth and Power”. Here, as in the essay about Kant, Foucault sets out a programme for new ways in which the faculty of thought must be employed by intellectuals and philosophers. When asked about the role of the intellectuals in modern society, Foucault answers by first tracing the demise of the universal intellectual (like Zola) and the rise of what he calls the specific intellectual (Oppenheimer). This specific intellectual is no seer, and his thought is not transcendental in any way. He is like any other professional and is implicated in the economic structures he tries to analyse. In today’s world his task is therefore to ask questions that investigate the conditions which have made possible the formation of the categories of “truth” and “knowledge” (69). Foucault posits this injunction against what many Marxists of his time said, namely that intellectuals should engage in overt ethical action by incorporating class struggle into academic work. Famous among these was Althusser’s insistence that philosophy is-or rather, should be- a kind of “revolution in theory”. Foucault goes for a more radical re-thinking by rejecting these ideas because they betray an assumption that power is something that needs to be reclaimed from the bad guys and put to serve more ethical ends. Foucault clarifies that the task is not to make power serve the ends of truth, as it were, but to investigate how what we call truth has been created by a series of more or less arbitrary historical manoeuvres, and these manoeuvres have created truth by validating some pieces of knowledge in place of others (74-75).

There is a similar move, in this essay, from a negative formulation of the limits of knowledge (which is how Foucault understands Kant’s idea) to a positive formulation that allows us to look for instances of transgression. When he says that his philosophical project is genealogical in the sense that he does not seek to discover “What is impossible for us to do or to know” (this is a feature of the kind of philosophy that Kant sought to inaugurate), but to uncover “the possibility of no longer being, doing, or thinking what we are, do, or think”, it is easy to dismiss it as a linguistic or semantic shift in emphasis rather than a real change in the idea, but we have to see it as an indication of his larger goal, of not giving in to what he called the “blackmail of the enlightenment” since enlightenment was theorised in a way that anticipates critiques (42). This is why he insists we need to avoid a simplistic choice of either/or, which would be like a faithful adherence to doctrine, and instead engage critically with the idea of enlightenment on its own terms: the same attitude of critique that it seeks to inaugurate must be deployed for its own interrogation. This Foucault attempts to do by making Enlightenment a much more local, specific and contingent phenomenon.

Foucault’s reading therefore aims at a rethinking of some assumptions that inform traditional readings. The most important of these, the idea of critique, which Kant uses in a negative way, is used by Foucault in an opposite way, so that instead of prescribing how we may use reason in a limited manner in some contexts and unlimited manner in some others, the more important question for Foucault would be one that probes how these mediating institutions came to be in the first place. So he sticks to critique in a fundamental sense, while rejecting its universal applicability. Instead of transcendental, Foucault calls his method, genealogical and archaeological.

So Foucault’s method is to replace a singular, monolithic Enlightenment which happened at a certain time and place with a cognitive apparatus, a questioning stance in the present. This method means that Foucault engages with the problematic division between institutions and practices. We may compare this to the reading of Kant and the project of Enlightenment seen in the work of Habermas. Habermas’s influential book, The Structural Transformation of the Public Sphere is an extension of

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precisely those tendencies of Kant's work that Foucault finds transcendental. To expand the historical use of public reason in 18th Century Europe into a story of the origins and potential of democracy and to then speak of a communicative paradigm are instances of Habermas elaborating the ideas present in Kant's work, not the manner of Kant's argument. One year before this book, in 1961, Foucault published his own historical reading of Europe in the same period. This book, called *The History of Madness in the Age of Reason*, is an archaeological effort, which traces the constitution of madness as a mental illness in early modern Europe. Foucault, in his own words, traces the history of medical practice and finds that

The language of psychiatry, which is a monologue of reason about madness, has been established only on the basis of [...] a silence. I have not tried to write the history of that language, but rather the archaeology of that silence. (Foucault *Madness* xii)

This is the beginning of Foucault's many efforts that will seek to illustrate how what we see as subjective or human or in terms of some authentic experience is generally always the product of impersonal, historical forces that act through institutions like the Church and technologies like the panopticon and the scaffold. By the time of writing the Enlightenment essays, however, Foucault's position was complicated, and he was willing to believe in the potential of the subject to remake himself through a combination of ethics and pleasure.

By demonstrating the centrality of the idea of critique to the Enlightenment, I have tried to understand the different possible ways in which we might engage with this historical phenomenon, in whose legacy we are implicated in some way or the other.

NOTES

1. For the examples of the priest and the tax-payer, see Kant 42-44.

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SCOPE AND PERFORMANCE OF BSE-TASIS SHARIAH 50 INDEX

KHAN RAHAT BEGUM NAZIR*

ABSTRACT

During the world economic and financial crisis (2007-2009), when the multinational giants of conventional finance failed, it led people to look for alternate financial system which could be more flexible to such crises. It was observed that during the same period, Islamic finance industry was growing at a healthy rate and also relatively very less affected from the financial crises. This attracted the attention of various scholars, economist, policymakers, and countries towards this financial system. Islamic finance and product is based on Shariah law. Shariah law has prescribed certain guidelines for entering into any business or financial transactions. The major guidelines include prohibition of Riba (Interest), Gharar (Excessive Uncertainty), Maysir (Gambling) and investment into any other socially harmful activities.

In the past 10-12 years, India has also expressed considerable interest for improvement and introduction of Shariah compliant products in the capital market. Presently the numbers of Shariah compliant investment products in the Indian capital market are very few but of diverse in nature which includes Shariah Index, Mutual Funds, and Portfolio Management Services (PMS), Venture Capital, Insurance and Commodity market.

Shariah Index is a form of Shariah compliant investment products, wherein the scrips of the index are Shariah compliant. BSE TESIS Shariah 50 index is among such Shariah Indices operating across the world. It is jointly launched by Bombay Stock Exchange (BSE) and Taqwaa Advisory and Shariah Investment Solutions (TASIS) Pvt. Ltd. It is the first indigenous Shariah Index of India.

This paper attempts to evaluate the “BSE TESIS Shariah 50 Index” on various parameters; its composition, achievement, comparative performance, evaluation with its peers, its role and scope for developing Shariah compliant products in India. By using various Shariah screening norms adopted by TASIS shows that the Indian capital market also

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provides a Shariah compliant product investment opportunities as compare to other Islamic and non-Islamic countries. Which are growing continuously and giving a positive result.

KEY WORDS

Bombay Stock Exchange (BSE); Taqwaa Advisory and Shariah Investment Solution (TASIS); BSE TASIS Shariah 50 Index; Shariah compliant investment, Islamic finance.

INTRODUCTION

Shariah compliant finance and product refers to a system of finance that is consistent with Islamic law (shariah) known as Fiqh al-Muamalatand is guided by various Islamic financial institution like Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI),Baharain; Islamic Financial Service Board (IFSB),Malaysia; Islamic Fiqh Academy (IFA),Saudi Arabia; Dow-Jones Islamic Market Index (DJIMI),US; Taqwaa advisory and Shariah Investment solution (TASIS),India;This Institution are very active in Shariah compliant finance and product over the world and adopted various Shariah screening norms. Islamic law is against the collection or payment of interest. According to Islam money has no intrinsic value and only its commercial uses are permitted, it means that in Islamic financial market transaction, money turns into capital in to the hand of entrepreneur and lender of the capital is entitled to share the profit and loss of the business .Lender has to put his capital at risk and thereafter only he is permitted to share a reward.

INSTRUMENTS USED IN ISLAMIC FINANCE

- a. Profit sharing based instrument
- b. Trade based instruments
- c. Fee based services

According to Islam interest leads to inflation, and accumulation of interest leads to increasing the divide amongst the rich and poor. The rich will become richer and poor will become poorer. In the book, the “Future of Money” by Bernard Lietaer, he expertly highlights the intrinsic danger of interest and then he mentions how Islam has admirably represented the last supporter of resistance.

HISTORY OF ISLAMIC FINANCE AND PRODUCT

Islamic finance has been originated from small town Malaysia and Egypt. After couple of years by the independence of Malaysia in 1956, Islamic finance is introduced by Tabbang Hajji for Muslim pilgrimages, they mobilised and invested in accordance with Shariah law. This made the pilgrimage easier because profit earned on such savings lessened the total savings required for the Hajj. Further this concept popularised as the concept of Shariah compliant banking and finance and this successful project in Malaysia is now popularised in the world. In 1963 Ahmed Najjar established a saving cum investment project in a small town of Egypt named MitGhamr, later he opened several such projects in many small towns of Egypt. An experience based the Islamic financial a co-operation bank was open in Karachi in 1965;the government of Egypt started the Nasser Social Bank on the basis of Islamic finance in the year 1971. After that a number of Islamic financial institutions came up in different parts of the world after mid 1970s. A landmark in the history of Islamic finance was the establishment of Dubai Islamic Bank in 1975. At this stage so many improvement was noticed by Harvard University, London school of economics, Federal Reserve Bank, USA, Bank of England, world bank etc Thereafter the industry grew rapidly and established its place in many countries. Presently the size of global Islamic banking and finance industry is not restricted only in Muslim countries but the secular countries also like USA, UK France Germany, Canada,

Russia, Switzerland etc. are also in the lead. These countries realised the potential and took initiatives to allow it in their respective countries. Moreover, they have also taken initiatives for education in this field and as a result we could see many institutions in these countries offering courses on Islamic Banking and finance. The name of few institutions is Harvard Law School, Oxford University, London School of Economics and Cambridge University are offering courses related to this field. This proves that products offered by Islamic Banks and financial services are not only meant for Muslim but also for the people from other communities as well.

At present Islamic finance recognised by different names Shariah finance, Ethical finance, Interest free finance and has come out as an alternate to conventional system of finance. During the world financial crisis (2007-2009), when the multinational giants of conventional finance failed, it was observed that during the same period Islamic finance industry was growing at a healthy rate and also relatively less affected from the world financial crisis. This attracted the attention of Policymakers, Researchers, Scholars, Economist and convinced them to study more about this system of finance. This proved to be the milestone in the history of Islamic finance; thereafter the industry grew rapidly and established its place in many countries.

EXPANSION OF SHARIAH BANKING AND FINANCE

Today's Islamic Finance industry is rapidly evolving from niche to mainstream, with growth rate 20% to 24% a year. According to Ernst & Young's projection, "Islamic banking assets are forecast to grow to \$1.8 trillion in 2013 and beyond the milestone of \$2 trillion by 2014". There are six markets which are very important to the future globalisation of the Islamic finance industry. They are Saudi Arabia, Malaysia, The UAE, Qatar, Indonesia and Turkey. Top 15 Islamic banks whose capital is \$1 billion or more, 13 out of them are located in these rapid growth markets, said Ashar Nazim, Partner, Global Islamic Banking Centre of Excellence, Ernst & Young.

According to Ernst & Young projection, in the GCC, "Islamic Banking assets reached \$452 billion in 2012 and are expected to exceed \$515 billion the end of 2013. Saudi Arabia was the biggest market with an estimated \$245 billion in assets in 2012. UAE Islamic Banking assets, including windows were estimated at more than \$80 billion and Qatar's Islamic Banking assets reached \$53 billion in 2012".

Islamic Finance in the Gulf Cooperation Council (GCC) is likely to grow much faster than their conventional finance and increase their share of GCC banking assets for the foreseeable future, according to Standard & Poor Rating Services. At present more than 250 Islamic banks operate in more than 75 countries worldwide. Historically two core markets have extensively dominated in Islamic banking space, The Middle East (oil-exploring Gulf countries) and Southeast Asia (Malaysia being the unchallenged leader in this industry). In recent year, there has been an increased expansion of Islamic banking and finance with developed countries such as the United Kingdom, France, and Japan. Even China also introduced some Shariah compliant product.

Interestingly, India is the second largest Muslim populated country in the world and still lagging far behind in the development and promotion of Shariah compliant banking and finance. Some financial analysts like, Dr. Raghuram Rajan committee, who submitted a report during 2007 to Indian Planning Commission of financial sector reforms have recommended to opening the window for Islamic Banking and Finance, Father of Indian Green Revolution, Ms. Swaminathan speaking at Karuna Ratna Award Presentation function (6 April 2010) said that Islamic Banking may be the solution to farmers suicide crisis in Vidharbha. Dr. Mahmoodur Rahman committee, who submitted its report on 26 October 2013 to Maharashtra state government has also recommended about opening the window of Islamic Banking and finance.

Off late there have been some recent developments done in the field of Islamic finance in India also, such as opening of an Islamic NBFC (i.e. Al- Barakh Financial Services Ltd) by Kerala State industrial development corporation (KSIDC),

S&P CNX500 Shariah Index and Tata Ethical fund, Bajaj Pure Stock Pension Plan, E-Series Product (Commodity Market), BSE TASIS Shariah 50 Index etc.

After Independence India has made immense progress on various fronts, especially since 1991 when India liberalised its economic policy. Indian economy has achieved higher growth in its manufacturing and service sector. India also liberalised its Foreign Direct Investment (FDI) policy, which had very optimistic impact on its financial, technological, educational, and employment sector. These developments have caused increased urbanisation, higher savings and upgraded standards of living. It was because of increase in urban population that Indian economy shifted from predominant agrarian economy to fast developing manufacturing and service oriented economy.

Despite the above mentioned developments, Indian Muslim population did not benefited much by the conventional financial product because it is incompatible with Islamic principles. India is the second largest Muslim populated country after Indonesia but the economic situation of Muslim's in the country is very critical in various aspects. According to Sachar committee report approximately 50% Muslim population are very poor and financially excluded. Indian Muslims refrain themselves from interest based financial system and as a result value of their savings depreciates.

Of course Shariah compliant investment opportunity is also available in India but there is no much awareness about it. Shariah investment through the various stock exchanges is still in its infancy stage even though Muslims are aware of it, most of them prefer to stay away from it because they did not understand it appropriately and envisage that it is risky and unsafe to invest in the stock or they think it is against the Islam. So it is necessary to educate them actually what is Shariah investment, Shariah Indices, Shariah product etc.

OBJECTIVES OF THE STUDY

- To understand the Shariah compliant stock
- To explore the BSE TASIS Shariah 50 Index
- To study the methodology of Shariah Index construction.
- To analyse the comparative performance of BSE TASIS Shariah 50 Index with its peers BSE 500, Sensex, & Nifty Shariah
- To analyse the scope of Shariah compliant Index in India.

METHODOLOGY

The descriptive research methodology has been used to collect data. To assess the overall performance of the entry of Shariah indices, The Study exclusively based on Secondary data that has been collected from various published sources such as Journals, published research work, paper presented at different seminar and conference, news paper, books, Journals were freely utilized and the data of the BSE TASIS Shariah 50 Index and Sensex were collected by the Historical base available at BSE official website from January 2008 to February 2013. The trend Percentage method has been used to analyze the performance of Shariah50 Indices.

LIMITATIONS OF THE STUDY

- The study is limited to BSE-TASIS Shariah 50 Index alone.
- The study is limited for 5.2 years from 1 January 2008 to 28 February 2013.
- The study is limited only on secondary data.

STATEMENT OF PROBLEM

- To evaluate the BSE-TASIS Shariah index

- To examine the performance of BSE-TASIS Shariah 50 Index as compare to its peers.
- To evaluate the scope of Shariah Indices in India with BSE TASIS Shariah 50 Index as a case study.

SHARIAH COMPLIANT PRODUCT

Shariah compliant product is that product whose income is derived from the sources approved by Shariah (Islamic Law). Shariah is a set of norms, values, and laws that governs all the aspect of life be it political affairs, economic dealings, commercial transactions, social interactions etc. However it is a very vast and flexible. When we applied it on financial transactions, the transaction must be concern for a just, fair and transparent to society and at the same time it should be prohibited by illegal activities which are harmful for society. The main source of Shariah law is Quran (Holy book of Islam), Sunnah and Hadith(Collected history of Deed and Saying) by prophet Mohammed (PBUH), Shariah law prescribed certain principles and guidelines for financial transaction those are

Prohibition of Interest (Riba) - It means Shariah law prohibits any pre-determined payment or collection over the actual amount of principle.

Share the Risk & Reward - The lender must share the profit & losses or risk & rewards out of the financial transactions, where the money was lent

Prohibition of Illegal and Harmful forms of business activity - Shariah law prohibits investing in the unethical goods such as alcohol, tobacco, firearms, gambling, pornography, drugs or anything which is harmful for society.

Uncertainty about the subject and terms of contracts - This include a prohibition on selling something that one does not own

At present there are number of Shariah compliant regulatory and advisory institution in the world, which developed certain Shariah screening norms for the functioning of their financial transaction. These Shariah screening norms broadly fall under two groups' business activity and financial activity which explained later in this paper. Some major Shariah compliant institution among them are AAOIFI Bahrain, Dow Jones Islamic Market Index (DJIMI) US; The Shariah Advisory Council of the Security and Exchange Commission (SEC), Malaysia; and the Meezan Islamic Fund Criteria, Pakistan; Taqwa Advisory and Shariah Investment Solution (TASIS), India. Different scholars have set different criteria for selecting the Shariah compliant stocks. However, broadly speaking they use more or less the same method or criteria.

Making an investment in Shariah complaint products the product must be screened for two main aspects viz their business activity and financial activity. A product which passes both the test is termed as Shariah compliant product. Shariah compliant stocks are not meant for investment by only Muslims but the socially responsible investors from other communities could also invest as well. Madhu Kannan, (Managing Director and Chief Executive of the Bombay Stock Exchange) said "This Shariah index will attract Islamic and other socially responsible investors. Shariah index are for those investors who are interested to trade with Shariah compliant stock and for those who do not want to invest in the company which are involved in unsocial and unethical business activity which are harmful for the society."

Last few years have been remarkable in many ways for Islamic finance in India also. It witnessed the launch of S&P CNX 500 Shariah Index and CNX Nifty Shariah Index, BSE-TASIS Shariah 50 Index, Shariah compliant venture fund of Secura India Pvt Ltd, Tata Ethical Fund, Taurus Ethical Fund, Bajaj Pure Stock Pension Plan, GIC Retakaful, Shariah compliant E-series product (commodity market), Cheraman Fund (Venture Capital Fund). Since the paper is on the BSE TASIS Shariah 50 Index, the remaining portion will cover the different aspects of the Shariah index.

BSE-TASIS SHARIAH 50 INDEX

As mentioned above great majority of Muslims are reluctant to invest in the capital market as clear information regarding the Shariah status of those listed stocks are not available in the public domain. Catering to the need, BSE jointly with TASIS on 27 December 2010 launched "BSE TASIS Shariah Index" to attract investment from Muslim community of India and

FII's from Middle Eastern countries. This is the first Shariah equity index whose information is public scattered on a real-time basis. This is the first home-grown, largest and most liquid Shariah compliant index within BSE 500.

BSE-TASIS Shariah 50 Index includes the top 50 companies in India that have passed TASIS's stringent Shariah compliance norms. This is India's first equity index which employs weight capping for its constituents at the time of rebalancing. The Index constituent's weights are capped at 8%. It is benefited for reducing the weakness, increases diversification and makes related product more attractive to the national and international investors. The base value of Index was fixed at 1000 (as on 1/1/2008). The Index is rebalanced on a monthly basis. Stock of BSE TASIS Shariah 50 index is screened monthly by TASIS for Shariah compliance of the Stocks.

METHODOLOGY OF SHARIAH INDEX CONSTRUCTION

The work for construction and maintenance of the index is divided between BSE & TASIS, whereas TASIS is responsible for finding out Shariah compliant stocks and BSE to select constituents for the index from that list of Shariah compliant stocks. Every month BSE sends to TASIS the constituent of BSE 500, thereupon TASIS applies its Shariah screening norms on those constituents. The list of Shariah compliant stocks out of those BSE 500 constituent, are sent to BSE. BSE uses its methodology to select the constituent of the "BSE TASIS Shariah 50 Index". The methodology of the index construction is explained below:

1. Shariah Screening of Stocks by TASIS

As mentioned above TASIS employs its Shariah screening norms on the BSE 500 constituent. Shariah screening of stocks involves two steps first screening on the basis of business and second on the financials. The criteria of TASIS for Business and Financial screening are given below:

1.1 Business Screening

- Screening out those sector in which investment is impermissible per se: These include any interest based activities such as banking, insurance, stock brokerage of conventional financial product and provision of fund based financial service, manufacture, distribution and sale of non halal (prohibited by Shariah) items such as potable alcoholic beverages and narcotics, processing, distribution and sale of pork and pork related products, gambling and tobacco; and
- Screening out of those sector in which investment is prima facie not permissible in the Indian context till specific reliable information is available to the effect that the activities undertaken by the industry as a whole or a specific company in that industry is in accordance with the Shariah; such industries include all meat processing industries and units marketing such product, sugar manufacturing units, media broadcasting and entertainment industries, airlines and diversified companies; and
- Screening out those companies who's main line of business may not lie in any of the above but which may be strategically involved in one or more of the above activities.

1.2. Financial Screening

- Debt to Total Asset $\leq 25\%$
- Interest Income (+ 8% interest based investment) to Total Income $\leq 3\%$
- Cash and Bank Balance + Receivables to Total Asset $\leq 90\%$

2. Construction of Shariah Index from Bombay Stock Exchange

After applying the Shariah screening norms, TASIS comes up with the list of Shariah Compliant stock and this is submitted to BSE and then BSE choose the constituent of Shariah Index from this list of Shariah compliant stock. BSE ranks all the Shariah compliant companies on the basis of average free-float market capitalisation and average turnover for preceding 3 month. Final rank is calculated by assigning weight of 75% to rank on free-float market capitalisation and

25% to rank on turnover and even monthly review is also done to check the performance of company.

2.1. Calculation of Shariah Index

The constituents of Shariah index are assigned weight and the maximum weight assigned to any constituent or scrip is 8%. Such capping factor is assigned to the index constituent to ensure that no single scrip based on its free-float market capitalisation exceeds weightage of 8%. The BSE TASI Shariah 50 Index is calculated by using following formula.

$$\frac{\text{Capped market capitalisation of index constituents}}{\text{Base Market capitalization}} \times \text{Base Index Value}$$

Where capped market capitalisation for scrips in BSE TASI Shariah 50 Index is arrived by multiplying free-float adjusted market capitalisation of individual scrip with its respective capping factor.

2.2. Free-float Market Capitalisation

Free-float market capitalisation takes those shares which are issued by the company for trading in the market and excludes promoters holding, government holding, strategic holding and other locked-in shares which will not issued to the market for trading in normal way. Free-float market capitalisation is only for the purpose of index calculation and assigning weight to stock in the index. Subsequently all the BSE indices with the exception of BSE PSU index have adopted the free-float methodology.

2.3. Determining Free-float Factors of Companies

BSE determines the Free-float factor for each company based on the detailed information submitted by the companies in the prescribed format. Free-float factor is a multiple with which the total market capitalisation of a company is adjusted to arrive at the Free-float market capitalization. Once the Free-float of a company is determined, it is rounded-off to the higher multiple of 5 and each company is categorized into one of the 20 bands given below. A Free-float factor of say 0.35 means that only 35% of the market capitalisation of the company will be considered for index calculation.

2.4. Free-float Bands

| % Free-Float | Free-Float Factor | % Free-Float | Free-Float Factor |
|--------------|-------------------|--------------|-------------------|
| >0 – 5% | 0.05 | >50 – 55% | 0.55 |
| >5%-10% | 0.10 | >55 – 60% | 0.60 |
| >10-15% | 0.15 | >60 – 65% | 0.65 |
| >15 – 20% | 0.20 | >65 – 70% | 0.70 |
| >20 – 25% | 0.25 | >70 – 75% | 0.75 |
| >25 – 30% | 0.30 | >75 – 80% | 0.80 |
| >30 – 35% | 0.35 | >80 – 85% | 0.85 |
| >35 – 40% | 0.40 | >85 – 90% | 0.90 |
| >40 – 45% | 0.45 | >90 – 95% | 0.95 |
| >45 – 50% | 0.50 | >95 – 100% | 1.00 |

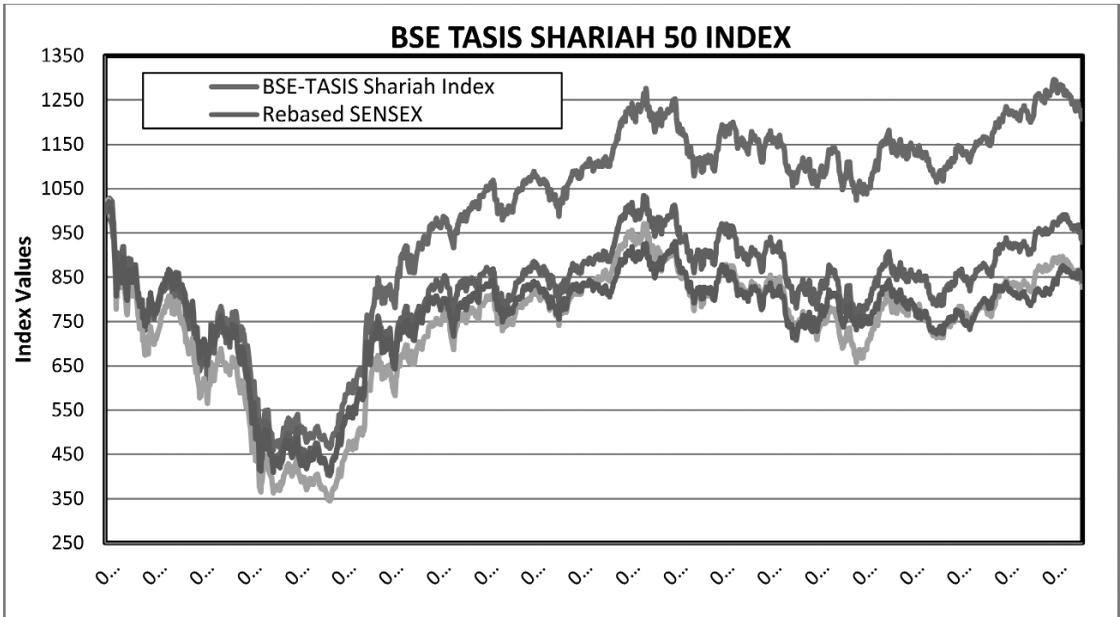
(Source: BSE TASI Shariah 50 Index)

PERFORMANCE OF BSE-TASIS SHARIAH INDEX AS COMPARE TO OTHER INDEXES

The value of the Shariah index was rebased at 1000 (as on 1/1/2008) and correspondingly the value of other indices Nifty Shariah, Sensex and BSE 500 were also rebased at 1000. Thereupon the performance of the index was comparatively analysed. During the period from 1 January 2008 to 28 February 2013 the highest value of the index was 1296.40 and of its peer index Nifty Shariah, Sensex and BSE 500 it was 1019.63, 1034.69 and 1025.59. Similarly the lowest values during

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the same period to the indices were 460.00, 408.50, 401.989 and 344.43. It is clear that among these indices which are considered to be indicator of Indian economy the value of the BSE TASI Shariah Index was highest among the highest value of the other indices. When the value of indices dips down, the drop in the value of BSE TASI Shariah 50 Index was comparatively lesser than other indices. It proves that investment of investors in the BSE TASI Shariah 50 Index is safe. Investors will enjoy comparatively higher if all the indices perform exceptionally and similarly will have comparatively lesser losses if all the indices perform abysmally.



(Sources: - BSE TASI Shariah 50 Index)

BSE TASI Shariah 50 Index has comparatively given a better return from its peer indices. The table below gives the comparative return of the indices including BSE TASI Shariah 50 Index.

Comparative Return of the Indices

| Date Range | | BSE-TASIS Shariah | Nifty Shariah | SENSEX | BSE-500 |
|------------------------------------|------------------------|-------------------|---------------|--------|---------|
| YTD | 1-Jan-13 to 28-Feb-13 | -5.71% | 1.75% | -3.67% | -6.37% |
| 1 Year | 28-Feb-12 to 28-Feb-13 | 5.09% | 3.28% | 6.38% | 4.86% |
| 2 Years | 28-Feb-11 to 28-Feb-13 | 10.63% | 4.78% | 5.82% | 4.57% |
| Absolute Returns (Since 01-Jan-08) | 1-Jan-08 to 28-Feb-13 | 20.70% | -15.92% | -7.09% | -17.28% |

(Source: BSE TASI Shariah50 Index)

SCOPE AND PERFORMANCE OF BSE-TASIS SHARIAH 50 INDEX

From the above table it is clearly seen that the return of BSE TASI Shariah 50 index is 20.70% while other indices has given a negative return. For the period of one year ranging from, 28 February 2012 to 28 February 2013, the index has given a comparatively better return from other indices. Only Nifty Shariah index has given a higher return (6.38%) from that by BSE TASI Shariah 50 Index (5.09%). For the period of two year ranging from 28 February 2011 to 28 February 2013, the return given by BSE TASI Shariah 50 index was comparatively outstanding.

The average daily return of BSE TASI Shariah 50 Index is 0.0251% which is higher than that of Nifty Shariah (0.0013%), Sensex (0.0103%) and BSE 500 (-0.0002%).

So, from above analysis it is clear that the BSE TASI Shariah 50 Index is performing better from other indices. It has offered a better return from that of its peer indices which are considered to be the indicator of Indian economy. It is viable option of investment for the Shariah conscious investors with profitable return.

SCOPE OF BSE-TASIS SHARIAH 50 INDEX

According to Dr.Shariq Nisar, number of Shariah compliant stock in India are much higher than those in many Muslim countries put together, thus it provides immense scope for parking money to an Shariah conscious investors.

Slowly the world's economic centre of gravity is shifting away from developed countries to developing countries including India. India is the world's largest democratic country and it is one of the fastest growing large economies in the world, with enormous investment opportunities.

1. Immense opportunity for Indian Muslims

Since Muslim community does not participate in the capital market owing to the lack of information available concerning the Shariah status of the stocks, BSE-TASIS Shariah 50 index provides a good opportunity to the community for investment in the capital market. The index is viable option for the community to be part of financial system without violating their religious believes.

2. Useful for all Mankind Based on Social and Moral Values

As said Shariah compliant stocks does not include those stocks which are harmful for the society. Therefore it is very good option of investment for the socially responsible investors who do not wish to invest in the socially harmful business activities like gambling, vulgarity, tobacco, alcohol products etc. They could invest in the stocks present in the index or any other investment product based on the index.

3. Huge Opportunity for Investors

In BSE the number of listed company is very large. Every year many new companies get listed on stock exchange. Due to large number of listed companies, India provides a large universe of Shariah compliant stock. The huge Shariah compliant stock provides huge opportunity for mutual fund manager, broker and individual investor who are interested in Shariah compliant portfolio.

4. Base for licensing the construction of Shariah-compliant

BSE-TASIS Shariah 50 index will build a base for licensing the construction of Shariah compliant product, including mutual funds, ETCs (exchange traded funds) and structured product.

5. Open Window for Arabian Gulf Nation

The launch of BSE TASI Shariah 50 Index will pave the way for FIIs from the Middle East countries. India is a developing nation with potential growth, it is haven for investments. In absence of Shariah compliant investment option, India witness less inflow of funds of from Muslim countries. This Shariah Index will attract investment from these countries.

CONCLUSION

The present study empirically analysed Islamic banking and finance and the performance of BSE-TASIS Shariah 50 Index compare to its peers Nifty Shariah, Sensex and BSE 500 during the period from 1 January 2008 to 28 February 2013. The comparative returns of the selected indices are collected from TASIS and BSE. The study employed table, graphs and descriptive method to examine the study objectives. From the above analysis the study finds that the BSE TASIS Shariah 50 Index is performing better than other indices and it has offered better returns from that of its peer indices. Hence the study infers that the equity based Shariah compliant investment is the viable and ethical option of investment for the Shariah conscious investors and the investors who are not interested to invest in social harmful business.

The study isobserved that Islamic finance is an innovative idea which added so many varieties to the financial transaction on the basis of various social ethics and norms and it is also clear that it is not a temporary phenomenon. There is no doubt, in India for Islamic finance there exist huge potential because of its favourable demographics and wide opening of the economy. Arabian Gulf nations and Shariah conscious investors can find Indian stock market as a very good place to invest their funds in various sector such as IT, energy, cement, steel and mining etc.

Islamic finance will provide immense opportunity to the poor and vulnerable by helping them in small manufacturing, retail sector and agriculture enterprises. It will also help in Infrastructural growth such as irrigation, electricity, dams, bridges,roads and communication project which are the key factors to the Indian economic growth.

CSR & SUSTAINABLE DEVELOPMENT– INNOVATIVE POSSIBILITIES

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ABSTRACT

Corporate Social Responsibility (CSR) is now one of the core concerns of business. The nature of the responsibility has changed with time, but it has always been an inherent part of the social system as duties and responsibilities of the individuals/ entities. The CSR extends beyond the premises of the work area of the corporate body and encompasses the lives of people which form the society. The priority may extend beyond the people i.e. to the society at large- the area, region, state in which a corporate operates and has business propositions.

In totality, Corporate Social Responsibility is the obligations on the part of companies to build certain social criteria and manage the business. The concept of Sustainable Development (SD) on the other hand speaks of the balanced approach towards economic and social development initiatives implemented in an environmentally responsive and benign manner. CSR and SD are the two identities that cannot be viewed in isolation. Both complement each other as society can thrive in an equitable manner only when the sustainability of the business environment, economic environment, technological environment and natural environment (natural resources) is safeguarded.

The current paper focuses on the trends of CSR & SD in modern India and the innovative possibilities at NHPC, the executable and benevolent interventions that can be identified and implemented honouring the needs and aspirations of all its stakeholders in a rational manner.

KEYWORDS

Corporate, Social, Responsibility, Sustainable, Development, Stakeholders, Innovation, Commitment.

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INTRODUCTION

The World Business Council for Sustainable Development defines CSR as “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large.” There is no single code or standard that leads to corporate responsibility. This varies in standards. They provide voluntary principles and standards for responsible business conduct in a variety of areas, including employment and industrial relation, human rights, environment, information disclosure, competition, taxation and Science and Technology.

Lately, the concept of Sustainability and Sustainable Development has been integrated with CSR. In a wider spectrum, CSR & SD seems to be complementary to each other. The World Commission on Environment & Development (WCED) in its entitled “Our Common Future” introduced the concept of “Sustainable Development” defining it as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Thus the concept of sustainable development speaks of the balanced approach towards economic and social development in an environmentally responsive and benign manner.

CSR & SD: GENESIS & CONTEMPORARY ISSUES

Of late, CSR has emerged as an idea; a thought that is gradually assuming a shape as a coherent practical programme, giving business a new meaning essentially, the idea of CSR rests on the philosophy that the business has direct or indirect effects. The spirit of CSR would entail a holistic perspective of how companies conduct themselves in relation to their stakeholders and join hands with them for growing together. CSR thus becomes an integral fact of business that has a definite role to play in shaping the destiny of organisations in a dynamically balanced environment.

The context of business is important in this framework. It describes the interface between organisation and its environment at three levels - individual, group and society. At the individual level, organisation has the onus of respecting the basic rights of individual—the right to live a healthy life, the right to grow and the right to be assured of a safe future for him and his progeny. Organisation thus has the prime responsibility of providing people with an environment where they can lead a good quality of life. The extent to which people are contented with such response could be gauged by the love and belongingness that they could reciprocate for the organization. Such love would energize the organisation and create a faith that is essential for growth and substance.

Groups are independent entities who symbolize homogeneity and are created for a common cause. Organisations must live up to the aspirations of such groups and create, deliver and communicate their values which could be used for the long-term benefit.

The social responsibility of business is the third level of interface between the organisations with its environment. In the ultimate analysis, the super ordinate purpose of organisation is to wipe off tears from the eyes of the underprivileged and bring in a smile on face of underprivileged and deprived.

ALIGNING SUSTAINABILITY & SOCIAL RESPONSIBILITY WITH BUSINESS STRATEGY

CSR and Sustainability is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Corporate enterprises are expected to conduct their business operations and activities in a socially responsible and sustainability budget, should aim at creating new business opportunities and developing new products and services that are affordable for the consumers, profitable for the companies, and help in contributing to socio-economic development and environment protection. Large companies like NHPC must incorporate social and environmental issues into its strategic decision making framework in a way that reflects its actual business importance.

INNOVATIVE POSSIBILITIES OF CSR & SD AT NHPC

NHPC has traditionally been focusing on the CSR works limited to education (infrastructure development, scholarships, vocational training etc.), health (vaccination medical camps, distribution of medicines, eye camps, health infrastructure development and strengthening etc). Infrastructure development (roads, pathways, footpath, water supply system, buildings, other civic amenities etc.). Promotion of art and culture, rural sports etc. However, there is a need to further innovate and traverse into a new arena altogether so as to keep pace with the trends and innovations being done elsewhere both nationally as well as globally. To achieve the above objectives following fourteen points innovations are proposed:

■ Integration & Convergence

organisation and society are complementary to each other. This basic appreciation about organisation being part of the society and that its growth is possible only when the society supports them. This relationship, as such, as the precursor to pursuit for excellence.

What is needed today is to integrate the three vital aspects of corporate response - (towards) people, groups and the society as such and align them all with the corporate mission. NHPC's commitment to CSR reverberates in the Corporate Mission which states:

**“To execute and operate projects in a Cost effective, Environment friendly
and Socio-economic responsive manner”.**

The task is arduous. But a strong will and sincere approach could make it happen.

■ Blending Policy & Objectives:

More and more organisations are blending their Corporate Social Responsibility agenda with their company's policy. Now-days corporations are selecting a few strategic areas of focus that fit their corporate values; selecting initiatives that support their business goals; choosing issues that are related to their product; supporting issues that help in meeting their marketing objective etc.

In order to give more thrust & focus to its ongoing community development initiatives NHPC has adopted a full-fledged Scheme on CSR in line with Department of Public Enterprises (DPE) guidelines on CSR initiatives w.e.f. 2010-11, wherein separate fund is allocated and CSR Projects/Programmes are taken up based on the Need Assessment Survey (NAS)/Base Line Surveys. A new DPE guideline, which is effective from 1st April 2013 has also integrated the concept of CSR and Sustainability. Such synergy would reinforce NHPC's attempt to ensure growth of the society along with its own that would breed a relationship of trust.

■ Augmented Commitment:

In the Memorandum of Understanding (MOU) entered with the Ministry of Power for the FY 2008-09 & 2009-10, CSR was given a weightage of 0.5% for which NHPC achieved an Excellent Rating against the said parameter. From FY 2010-11 onwards, the CSR weightage under MOU has been increased to 5% and the CSR targets under MOU are now activity based.

The DPE, from the year 2010-11, has included SD as a compulsory element for all CPSEs under “Non-Financial Parameters”. It has been given a 5% weightage in MOU, which is signed between the Administrative Ministry and CPSEs. In order to implement this Guideline and bring in uniformity in the process of sustainable development and its scope of activities, DPE has issued a Policy guideline on SD in September 2011. For the purpose of Performance Evaluation under the MOU system this Policy has been made applicable for FY 2012-13. As per the Guidelines of DPE on SD, every CPSU has to formulate its own SD Policy in line with the guidelines prescribed by DPE.

To implement DPE's Guidelines on SD, NHPC formulated its own SD Policy in line with the core provisions and concerns prescribed in DPE's Guidelines.

Presently, NHPC is providing 8% weightage for the CSR (5%) and Sustainable Development (3%) combined. This would entail greater commitment from all those involved in CSR works at Corporate as well as field level.

■ **Leading from the Top**

There is an imperative need for the top management of a company to be passionately involved in carrying forward the agenda of corporate social responsibility and sustainability. Experience testifies that the delegation of the task of planning and implementation of activities under CSR & Sustainability is to be ingrained in the nucleus of the organization, and be reflected in organizational culture, it is imperative that the top management leads from the front in bringing about the required attitudinal and procedural transformation. If there has to be a change then the top management has to be the part of that change.

NHPC has established a CSR & SD cell headed by an Executive Director that is dedicated to the formation of CSR & SD objective of the company, identifying the areas and implementing programmes.

For the emphatic implementation of SD initiatives, NHPC Board has constituted a Committee on Sustainable Development headed by an independent Director and Director (Technical) and Director (Projects) are other nominated members. To reinforce the efforts put in by NHPC in CSR & SD, there is a need to establish multidisciplinary team comprising of individual eminence in the field of Environment, Civil, HR, Industrial Engineering, Public Relation, Mass Communication, Social Sciences etc.

Better Fiscal Support:

Post liberalisation, the direct spending on CSR activates has increased. DPE guidelines state that the budgetary allocation for CSR & SD to be worked out on the basis of Profit after Tax (PAT). As per the existing DPEs having PAT (in the previous year) over Rupees 500 crore, is 1% - 2%. Accordingly, NHPC has allocated the funds from last two years. In the FY 2012-13, NHPC has allocated the fund amounting Rs. 39.23 crore. under CSR. Likewise for SD activates, the budget approved was to the order of Rs. 1.78 crore.

There is a provision in the revised DPE guidelines that the un-utilized budget for CSR activities planned for a year will not lapse and will, instead, be carried forward to the next year. However in order to ensure that the CPSEs take their corporate social responsibility seriously, some new provisions have been incorporated in the revised guidelines. Henceforth, CPSEs will have to disclose the reasons for not fully utilizing the budget allocated for CSR and Sustainability activities planned for each year. Besides the unspent amount of the budget allocated for CSR and Sustainability activities for a year will have to be spent within the next two financial years, failing which, it would be transferred to a 'Sustainability Fund' to be created separately for CSR and Sustainability activists.

It may be imperative here to mention that new CSR Rule, 2013 are being proposed in the Companies Act, which will be applicable from the FY 2014-15 onwards. As per the proposed rules, a company has to allocate 2% of the average net profits made during every block of three years for CSR works. Net profit is to be computed as Profit Before Tax. This may lead to additional financial allocation and increased commitment for CSR works.

In order to meet the desired objectives, it is important that NHPC too has optimal resources (manpower, infrastructure etc.) in place to implement and monitor the CSR works emphatically.

■ **Need Assessment: The VIP Way**

Need assessment is the backbone for the effective implementation of any CSR & SD activity. Local people and the project affected people are most important stakeholders of a hydropower project as project acquires private land for its

components including submergence. We must not forget the fact that CSR is an opportunity for a company to pay back to the community who has sacrificed its land for a developmental cause. Maximum benefit of the project should therefore go to the local community. In order to ensure that the benefit actually reaches the affected populace, it is important that the assessment is properly done so as to honour the aspirations of affected families and fringes community. The concept of “Village Immersion Programme” - VIP should be inculcated in the planning process right from the start. Project officials should camp at the village for few days so that a feeling of togetherness develops with the local people/community who take time to open up and share their needs with utmost alacrity. Meetings with the community should be done in small groups rather than big groups so that dogmatic views are avoided and real need of the people is ascertained.

■ **From Philanthropy to Responsibility:**

The CSR scenario in the country has undergone a sea of change in terms of the way the companies fulfill social commitments. The earlier trend of giving away money to charities and NGO's has long given way to sustainable development. Earlier the companies were supporting charities, NGO's or various causes through donation which, in turn, helped them get a tax rebate. But the companies had no direct control or involvement as to where these funds were utilised and for what purpose.

NHPC may as such associate with the NGO's trusts and societies which are doing some exemplary work in the field of community development, community empowerment and sustainable development at the grassroot level. Attempt should be made to ensure that the funding or programme reaches the needy and that it addressed the concerns of the stakeholders of the company whom it wants to influence.

■ **Emphatic Reporting**

Corporate Social Responsibility is the latest buzzword and every other corporate has jumped onto the bandwagon. A large number of companies today are bringing out CSR reports. These reports sometimes are published under different names like Corporate Citizenship, sustainability and Community Development although they belong to the arena of CSR.

NHPC is also bringing out Annual Reports on CSR and SD. The reports highlight the activities identified for implementation at the Corporate level, Regional Offices and projects. The reports also give overview of the MOU targets and achievement against the targets, both financial and physical.

Attempt should also be made to bring out pamphlets and booklets periodically highlighting the CSR & SD works. The print material should be used as a publicity material to let all stakeholders know about the efforts put in by NHPC to develop projects in an environmentally sustainable & socially responsive manner.

■ **Effective Communication**

Communicating the CSR programmes of the company to its various stakeholders has also increased in the last decade. What began with publishing of CSR Reports has now given way to sustained campaigns by various companies to highlight the CSR initiatives taken by the company; some companies have taken special initiative in CSR communication.

DPE vide OM dated 12.04.2013 issued guidelines on CSR & Sustainability for CPSEs and has included that CPSE, MUST adopt the CSR Communication Strategy specific to their company with the approval of Board of Directors.

As per the guidelines, a Company should disclose its CSR and Sustainability initiatives on official website. A brief summary of CSR & Sustainability should also be included in the annual report. The corporate enterprises are expected to subject their performance to scrutiny and audit by external agencies. As part of CSR, a company should resort to public records of the progress made or success achieved in implementing CSR and SD Projects should be progress made or success achieved in implementing CSR and SD Projects should be maintained for Sustainability reporting and disclosure of information to all stakeholders.

The CSR & Sustainability agenda is to be internalised in the organisation at all levels, deriving internal communication strategies to spread awareness of CSR & Sustainability among employees.

NHPC is in the process of preparation of a CSR & SD Communication Strategy, which is in a draft stage. It is imperative that the communication strategy should propose a feedback mechanism from its stakeholders, both internal and external, so that NHPC could channelize its effort into the required direction.

■ From CSR to one's individual responsibility

In the present day scenario there are no dearth employees showing eagerness to render their services towards the CSR activities of a company. For a majority of them it is a way for self-development. It is way to gain exposure and towards external social groups to achieve greater self-actualisation. Therefore the trend is towards individually contributing to the society. For example one of India's oldest companies, the Tata group has over 11000 employees who have volunteered themselves towards social causes. In SAIL, although no specific data compilation has yet been done. There are innumerable individuals who devote all their spare time towards contributing to the development of education, living standard, cultural enrichment of the community in and around the steel townships.

Such sustained commitment should also come from the employees of NHPC to realise Corporate Commitment for achieving organisational CSR and SD goals. At the initial stage employees should be motivated for community services though the incentive schemes which could be in the form of awards and recognition, publicity of individual or groups efforts through official website, coverage in company's annual report, NHPC new etc.

■ Caring for Employees

Employees are one of the important stakeholders of a company. CSR therefore should also cover the employees' benefits to some extent as they play a key role in company's performance and in achievement of desired objectives. Company with its policy framework should create an environment which is congenial for the employees to give their best at work. This may include adequate compensation for working hours, good medical and health services for self and family, maintaining hygienic working conditions, good recreational facilities like gymnasium, clubs, sports centre, canteen facilities, and continuous trainings, sharing of responsibilities etc. Some of the companies have a system of paid holidays for their employees. This forms the part of work compensation factor that will catalyze and propel an employee to give his or her hundred percent. NHPC has in place some of the above facilities for its employees and their family members, but lot more is required to be done. NHPC should also develop a system for gauging an employee's satisfaction and expectation through constant feedback. This may lead to a healthy working culture in the company.

■ Social Auditing - A novel way of Determining Impact of CSR

Social auditing is a process that enables an organisation to assess and demonstrate its social, economic, and environmental benefits and limitations. It is a way of measuring the various factors by which an organisation lives up to the objectives of CSR. It audits organisation's CSR objectives through systematically and regular monitoring. Social auditing requires the involvement of all stakeholders. This may include employees, financial institutions, contractors, supplies and other persons having a plausible stake in the organization. Social auditing may be conducted by NHPC through its own set of procedures which may include direct interviews, surveys through structured questionnaires, stakeholders' consultation and feedback through workshops, seminars etc.

■ Ensuring Backward and Forward Linkages

NHPC is doing lots of work in community development and empowerment. The vocational training programmes and self

sustenance initiatives of NHPC are commendable. Some of these works are being got done through NGOs. There is a very powerful system presently in vogue in the rural areas, the Self Help Groups (SHGs), Mahila Mangal Dal, Aanganwadi etc. This system could further be strengthened by NHPC. While creating and establishing the SHGs attempt should be made to ensure backward and forward linked for the SHGs. Presently lots of SHGs are working for empowering through income generation activities like sewing, cutting, tailoring, food processing, horticulture etc. But due to lack and timely availability of raw material and also marketing link for selling the ready products, these SHGs perish. As such, NHPC can establish a system of backward linkages (providing raw material for the suppliers for the cottage industries) and also establishing market linkages (forward linkage) for selling the rural products by these SHGs. Presently, there is a lot of demand of rural handicrafts and genuine organic food products in urban markets not only in India but also abroad, which NHPC could tap and take advantage of, for the sustainability of rural artisans, craftsman and agriculturists.

■ A Green Footstep towards Sustainable Development

Conservation and optimal use of natural resources is an essence of sustainability, as the natural resources are getting depleted day after day due to their over exploitation. Attempt should be made to integrate the use of eco-friendly techniques in various community development works which will not only optimally utilize the local available earth resources but also act as an income generation activity for the local people. Now a days, there are various eco-friendly techniques in vogue which are proving to be an asset for the marginal community involved in such activities. Few of the eco-friendly products and techniques are:

- a. Manufacturing of furniture, dustbins, tree guards, decorative pieces and other household items from Ringal (locally available bamboo species) and Lantana (weed).
- b. Development / plantation of Jatropha is commonly known for its use as bio-fuel. It has other multiple uses like soil conservation, development of wind shelters, fencing of agriculture fields etc. Many SHGs are working in hill states like Uttarakhand for income generation and self sustenance means of the womenfolk through Jatropha plantation.
- c. Development of coal from Peerule (pine needles). An innovative way of utilising the pine needles lying waste. The technology is being used in Uttarakhand for converting the waste into coal, which can be effectively used for cooking and heating of houses during winters. Around 10 kg cowdung is mixed with one quintal pine needle, the mixture then set in a machine for further mixing. After drying the mixture for 2-3 days it can be used as coal. Around 1 kg pine coal gives fire up to 60-90 minutes, 50 kg pine coal may provide fire equal to an LPG cylinder.
- d. Reducing of carbon footprints through alternate use of energy resources like solar lights, re-chargeable solar lanterns (Kissan Solar lights-Hand charging).
- e. Promotion of organic farming, fruit wash technique for protecting post harvest fruit and vegetable produce etc. Such technique could be integrated with the SHGs working in the area.

NHPC should promote the use of above innovative green technologies as a part of Sustainable Development Initiatives.

CONCLUSION

CSR is about how companies manage the business processes to produce an overall positive impact on the society. CSR is no longer a one off activity for corporate sector. It is no longer a fringe activity being conducted for the sake of looking good. It is now a sustained activity for most companies- an activity that is aimed at creating a better society while ensuring profitability for shareholders. The type of 'CSR' activities the company undertakes may not matter much. What matters is the final impact on the society. One thing that can be said conclusively is that the concept of 'CSR' is here to stay, in one form or the other, by one name or the other.

CSR has much broader implications for the nation as a whole. It reduces dependency on the government for social change. Most governmental programmes quickly get embroiled in political manipulation, corruption, communal overtones, and bitter infighting. Social reforms driven by the sorporate and community will bring people together, turn the attention of the masses to task that benefit society and reinforce peace and harmony.

In order to ensure sustainability of various CSR interventions put in by a company, an elaborate system is required to be established which could periodically monitor the progress of work, its impact on the society and efficacy of planned interventions.

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INTERNET MEDIATED COMMUNICATION AND ITS IMPACT ON PSYCHO SOCIAL CAPITAL: AN INDIAN STUDY

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INTRODUCTION

Recent years have witnessed plethora of research in the area of self and its impact on various mental and behavioural processes. The way people conceptualise self and represent it often influences the behaviour and quality of life. This paper proposes to examine following research questions-

How people use technology as a means of self-regulation in the everyday life.

How use of a particular medium of communication like internet has empowering or misery impact on individuals and society.

Are users new mode of communication has led to enhancement in the quality of life.

The internet in everyday life is a landscape for thought and actions that has evolved in the past few decades and a developing country like India it has taken strong roots of inter-connectedness with the people. People nowadays are organising their everyday life activities with the use of internet. People of different socio-economic, demographic and cultural categories are organising their everyday life activities such as shopping, banking, travelling, studying and socialising to name a few. Everyday life has both kind of potential boredom and stress at one end and authenticity, vitality and growth at the other.

According to Henri Lefebvre "Everyday life is profoundly to all activities and encompasses them with all their differences and their conflicts, it is their meeting place, their land, their common ground. And it is in the everyday life that the sum total relations which make the human and every human being a whole takes its shape and its form." (1991-p97). The dynamics of our everyday activities also result into long term indicators of self-efficacy, happiness or complexity. The

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larger social, political and cultural context also influences the micro-sociology of our living of everyday life. It is the rhythm of everyday life expectations and its fulfilment that it helps us build psych-efficacy or suppress it by huge gap in expectations and its fulfilment because instrumental rationalisation, commoditisation and bureaucratic power can't fully suppress the impulses of human desire, sociality, hope and creativity everyday life will always harbour "the buds and shoots of new potentialities." (Bakhtin, 1984,p73, quoted Gardiner, p20).

How this use of internet blend and shape with our daily life and its impact on self efficacy and empowerment of individuals requires a critical understanding. Critical reflexivity is required to understand the complexity of contradiction of emancipator as well as misery aspects of impact generated by internet interaction. Internet has become a predominant mode of communication including doing valuable school and college assignments, movies and music, romantic activity, learning, performing household chores.

Emails, internet, chat sessions, social networking sites have occupied a major share of the communication process adopted by the users of various demographic backgrounds. How internet use affects the lives, well-being, self efficacy, interpersonal communication, linguistic competence, social identity and relationships of its users have occupied the mainstream space in the Indian context. The American psychologist declared the internet to be a "social technology that reduces social involvement and psychological well-being". [Kraut etal 1998].

How the actual social involvement in community activities have gone down resulting into feelings of loneliness and alienation and in same situation internet use has also resulted in increased social participation and positive social activity. Thus a kind of paradoxical generalisation goes on from the vantage point of internet users and a strong opposition and negative generalisation by those who do not advocate its use. It is imperative to understand its functional features depending on different ways of using would bring about widely divergent consequences. Has new medium replaced the old medium of television can't be answered so easily.

One can find differential use patterns among users to meet their needs and people are interested in old and new mediums to get satisfaction for a particular type of content. It is also presenting a generational gap among its users. Teenagers and youth seem to have become specific user category, more frequent chatting with representatives of the opposite gender giving them a sense of belonging to a group in crafting their own social networks. It has also been found in recent time that internet application also provides a platform to those who used the internet for civic purposes tended to become more actively involved in their community activity and while those who used the internet heavily but for other purposes remained relatively disconnected from community activities.

In recent past online users organised several protests at unprecedented speed which also brought important legislations for the prevention of crime against women. In similar such protests electronic communications established strong ties with the people from far-flung areas of the country for putting pressure on the government to bring effective bill to curb corruption. Hampton and Wellman (2003) concluded that the presence of high speed internet in the community did not weaken or radically transform ties.

Few important research questions that deserve the attention of researchers in this area include exploring new technology role as enabler to perform our activities. People trying to explore this new technology try to accomplish the goals that were not possible in the preceding state of technology. How these new technologies impact the self efficacy of an individual terms of achieving life opportunities. How these technologies go beyond the level of individuals and lead an impact on social and organisational realms.

A major turn in the enquiry of such subjects is required to uncover how individuals of different generations are making sense of and integrating its applications into their lives. Actor's choice of choosing a particular medium also deserves greater attention to approach this as a process reality. This way of viewing the process aligns interpretative research on internet in everyday life with the social construction of technology perspective [pinch and biker, 1984, biker 1995 and law,

1992, biker, 2001] which traces the origins and evolution of technical devices to the choices made by various group of social actors. Many authors also talk about co-construction between users and technologies [Oudshoorn and Pinch 2003].

Thus experiences of everyday life and long term changes in larger social worlds do not remain unchanged with the arrival of new technologies. The users of new technology have different impacts due to its entry to a different temporal stage in the life of a person. For example teenagers and youth of this generation organise their life worlds as when they wake up in the morning which was not so to the previous generation of people. The advocates of media domestication technology organised their projects conceptually and methodologically (Haddon 2004, Berker et al 2005). How messages in the public world produced through internet blend with the private life of a person and with the moral economy of the household should be basis of investigation.

ANALYSING THE IMPACT AREAS OF INTERNET COMMUNICATION LANGUAGE

Electronically mediated communications encompass increasing use of abbreviations, acronyms and emotions. Internet messaging youth and teenagers communicate large volumes of abbreviations (e.g. ya-see you) acronyms (lol-laughing out loud) emotions (e.g. Smiley face).

Are children and young adults who use abbreviations and texts also employing the same language that requires more formal style? Language change is often a valuable mirror on social transformation. The use of prepositions while ending sentences, using who instead of whom is not taken serious deviation in grammatical sense. The distinction between affect and effect or between its and it's is being obliterated review of literature. This has led to a trend of using whatever attitude an indifference to the need for consistency in linguistic usage also known as linguistic whateverism [Baron, 2008, chapter8] human language premise of rule of governed behaviour is being challenged. To be a native speaker of language is to know the rules [e.g. how to form new words, how to combine words into sentences, how to pronounce things]. Noam Chomsky's theory of transformational grammar refers to knowledge of such rules as "linguistic competence" [Chomsky 1965) an important research question to ponder is that of growing sense of uncertainly what the rules are along with attitude the decision are least important.

Another important research question relates to the challenges of written culture with the increasing shift to digital linguistic informality. Specific conventions of vocabulary, grammar and notation of an author's ownership over his or her text are also at stake. Alphabetic writing did not develop Greece until the eight and the seventh century BC, and it has been suggested that the alphabet enabled Greeks to lay out their thoughts Unambi Guansly [Havelock 1963]. The motivation to save money and time has become a prominent feature of modern life clock. Two prominent drivers of this theory of doing everything faster are Frederic W. Taylor and Henry Ford.

Increase in text production and encouraging motivation connect to broader audiences and a variety of texts available to us as readers.

But proliferation of writing often done in haste and vast quantity of written works at our fingertips has also led to "flooding the scriptorium".

Does the abundance of good thing relate to our proficiency building?

If e-mail more or less entirely replaced the old fashioned letter, the culture as a whole will end up with a deficit, it will have lost in quality whatever it has gained in quantity (Eriksen, 2001 p59).

Educational establishments and educationists are at a loss with the altitudinal shift in the current generation of students who want to learn everything online from visual imagery, collaboratively rather than individually limited to chapters rather than entire book. Any assignment for which online references are not available on google search it is difficult to organize debate on such topics.

Students are missing the context by which meanings to the online texts have been provided. Writers of all ilks from

students teachers often simply revise the same document file as they work on a manuscript leaving no trace of earlier drafts. The early drafts of manuscripts by novelists poets or short story to trace their literary journey is often irretrievable.

FOLLOWING RESEARCH QUESTIONS ARE IMPORTANT

How people use technology as a mean of self-regulation in the everyday life.

How use of a particular medium of communication like internet has empowering or misery impact on individuals and society.

Are users new mode of communication has led to enhancement in the quality of life.

Analyzing the impact areas of internet communication language -

Another important research question relates to the challenges of written culture with the increasing shift to digital linguistic informality

Language being an important component of self expression has empowering or limiting impact on the individual.

Is internet becoming an empowering mechanism, moving the lives of ordinary people better or is it leading to a divide across generations, gender and background.

Internet also helps members of developing countries accelerate the pace of development and an opportunity to improve growth prospects. Some of key issues upon which the internet supported social movements are based include “democracy, popular sovereignty, control over natural resources, human rights and the environment (Johnson & Laxer 2003 p62). The internet has been seen as a tool that “facilitates civil society activities by offering new possibilities for citizen participation” (yang, 2003, p406).

Narratives on internet and economic development are divided into two categories of optimists and pessimists. Online health information has brought revolutionary changes in positive health care. It is not only information about health care but it also becomes a tool for patients and recovery processes.

In understanding what Gidden’s (1991) called the “project of self” children and young people are experiencing internet as a valued new place for social exploration and self expressions (Hollway and Valentine 2003). Young people innovate, interact, integrate and engage with each other through mediated communication.

It is an undeniable fact of recent age that in one way or another everyone is affected by the ubiquity of new online technologies and it has resulted into the blurring of distinctive social practices of information, entertainment, work and leisure, public and private, even childhood and adulthood. There are issues related to safety and security of childhood especially peers networking that has drawn academics and policy attention.

It is Utopian to talk of present age without use of internet.

It would be pertinent to examine legitimate and resourceful use of internet for communicating, learning, participating, playing, connecting and so on.

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POLITICS OF SUNSET TO POLITICS OF SOCIAL JUSTICE: A CASE STUDY OF BIHAR STATE IN INDIA

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Two hundred years after the French Revolution, the world saw the unification of Germany, the end of the cold war and the end of the authoritarian regimes in East Central Europe, the Baltic countries, and the former Soviet Union.

With the earlier transition from dictatorship to democracy in the Philippines, Argentina and Brazil, the worldwide movement towards liberty, equality and fraternity was celebrated. Alexis de Toceuveille has prophesied the “irresistible revolution advancing century by century”. India had been no exception, the irresistible revolution has changed the hierarchical structure of the society. Dr. B.R. Ambedkar said: “We must make our political democracy a social democracy as well.” He then added: “Social democracy means a way of life which recognises liberty, equality and fraternity as the principles of life.” The founding fathers of the Constitution had drafted the Constitution with an aim to achieve the goal of social revolution i.e. to bring India out of the medievalism which is based on caste, religion and custom and reconstruct her social structure on modern foundations of rule of law, individual merit, secular education and transition from primitive rural economy to scientific and planned agriculture and industry. The quest for development, i.e. freedom from hunger, illiteracy, poverty, tyranny and poor social opportunities, neglect of public facilities as well as systematic social deprivation is transforming democracy.

If we analyse democratic transforamtion, we find that democracy has been reduced to party politics. Politicization of democracy is evident in different parts of India with different intensity. The Eastern part of India and in particular, Bihar, has more politicised democracy than rest of India because of the historical and contemporary circumstances. Bihar is one of the poorest states in India, with a highly underdeveloped economic structure and the lowest per capita income. What makes this situation unique is that Bihar is the only state in India where poverty levels have been uniformly at the highest level. This is primarily because democracy has not been able to emancipate the masses and

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thereby leading to an inegalitarian social structure. In absence of the other means to participate in the decision making process, political participation remains the only way to influence the institutions of the state. This is primarily because political process that is political institution, government stability, administrative capacity, political culture and governmental performance are not better placed in terms of above indicators which corresponds to sunset politics, as medieval features are obstructing in strengthening these institutions.

Demography of the state also exercises a considerable influence in achieving the principles of social justice i.e., liberty, social opportunity and maximum advantages to least advantaged people. In India there are differences between British ruled states and princely states. Most of the amenities of modern life, such as higher education, infrastructure and hospitals were concentrated in the states where British rule directly controlled the states. These amenities of modern life was absent in zamindari ruled states. Moreover, in the context of Bihar, there are inter-regional disparities within the state because of geographical, cultural divisions and pattern of dominance, which was based on the traditional pattern of superordinate and subordinate relations. With the help of one man one vote, secular education and reservation, Bihar is witnessing changing relationship between social, economic and political power. The "ICE Block" which was there in the form of domination melted down. This transition resulted into breakdown of law and order and slow economic growth in Bihar. The silent revolution has brought back the alienated sections of the society in the decision making processes. It will bear fruits in future and will dismantle sun set politics which is based on the features of medievalism. Silent Revolution challenged the conventional understanding of mobilisation - politics on several fronts and expanded the scope of social transformation. On the other hand, the process of industrialisation has led to fundamental transformation of the state and its relationship with society. It has increased state interdependence with society. State continues to be the locus of social movements. The threats posed to the process of social transformation by India's business elites, religious nationalists and cultural elites can be overcome by the deepening of democracy. It offers India's 'social majorities' their best hope for taking some control over the economic and political structures which govern their lives. The political maneuvering witnessed over the past six decades, and the current rivalry between various supporters of the ideology of political transformation reflects that bottom half of the society is getting an opportunity to strengthen the democratic structure through its increased participation. But the process for attainment of social justice via political transformation has been slow. This is mainly because of lack of education, accessibility of democratic apparatus, weak institutions, rigid hierarchical structure of the society and disjuncture between industrial and agriculture reform. On seeing the historical circumstances of Bihar, it is not conducive to negate the politicization of democracy since it has translated the larger political programme of social emancipation and empowerment. Even the intermediate castes, besides the member of Triveni Sangh (Koeri, Kurmi and Yadav) have increased their participation in the democratic process. The emphasis on the Karl Popper's strategy of 'piecemeal social engineering' has bought the alienated section of society into the process of governance through their increased participation.

The 14th assembly election in Bihar created history since Bihar is the only state in India's electoral history where polls have been conducted twice in the same year (2005). The economy and good governance became issues in a manner that is unusual for a polity more accustomed to personalities, caste and minority concerns. The referendum for development and good governance encouraged the state government to move from the politics based on medievalism to politics of social justice and to politics of market. These demands are posing challenges to the state government as there is a fundamental tension between lower caste empowerment and development. The tension gets aggravated when bureaucracy, police and judiciary are dominated by the twice-born caste which has led to structural inequalities. On the other hand, socio-political empowerment of Other Backward Castes and Backward Castes are challenging these structural inequalities.

**POLITICS OF SUNSET TO POLITICS OF SOCIAL JUSTICE:
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The contemporary situation in Bihar gives an idea, that democracy is gradually evolving from party politics to social justice. Thus, the need of hour is to combine the agenda of social justice along with development and growth. To fasten the evolution of social justice there is a need to remove illiteracy and re-model the colonial administrative structure as the large masses remains “culturally’ out of the decision-making processes. The false notion of Weberian instrumental bureaucracy and practice of state-directed development administration have stood in the process of social justice. Thus democracy and social justice must be seen as intimately related, functioning under the same constraints and equally subjected to political negotiations because social inequality retards social justice and distorts the logic of democracy

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DISINVESTMENT POLICY IN INDIA

DR. RAJAT KUMAR SANT*

ABSTRACT

Today privatisation of public sector enterprises has become a burning issue due to the global failure of the system of management of PSEs and other local problem associated with the sector. The basic objective of such privatisation are improvement in efficiency and performance , encouragement to the global competition , reduction in borrowing requirement, generation of employment opportunities , elimination of governmental interference and bureaucratic control encouraging worker's participation in share ownership and management, reduction in political interference and easing the pressure on pay determination by weakening unions, in the public sector.

INTRODUCTION

The whole process of disinvestment process has become an instrument of transferring public property to private hands for a song much to the detriment of the national interest and the industrial economy of the country in particular. And with the whole process, corruption is woven intrinsically. The very concept of privatisation of public sector units and more so the blue chips ones, in itself is a bankrupt corrupt policy perception, treachery with the nation and fraud on the people of country. Therefore, we oppose this policy and demand its reversal.

Today privatisation of public sector enterprises has become a burning issue due to the global failure of the system of management of PSEs and other local problem associated with the sector. The basic objective of such privatisation are improvement in efficiency and performance , encouragement to the global competition , reduction in borrowing requirement , generation of employment opportunities , elimination of governmental interference and bureaucratic control encouraging worker's participation in share ownership and management, reduction in political

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interference and easing the pressure on pay determination by weakening unions, in the public sector. In any scheme of privatisation of public sector enterprises, the following should be taken into account.

There has been phenomenal and tremendous growth of PE's in India. They were established to attain the 'commanding heights' of the economy of the country and achieve rapid growth of industrialisation and economic development. Some of these PEs later became 'white elephants' and started incurring losses. Several of them became chronically sick industries. The Govt. declared the disinvestment process, which began in 1991 with the sale of minority stakes in some PEs, shifted focus to strategic sales during 1999-2000 to 2003-04. The present UPA Govt. announced that, all disinvestment will be considered on a transparent and consultative case-by-case basis. The Govt. has approved the constitution of a "National Investment Fund" comprising of proceeds from disinvestment. The present paper is an attempt to discuss some important issues such as restructuring, valuation of equity, mechanism of disinvestment, application of disinvestment proceeds, Parliamentary approval and political issues.

MEANING OF DISINVESTMENT

The word "Disinvestment" is used rather than "privatisation". Privatisation implies a change in ownership resulting in a change in management. Disinvestment in that sense is a wider term extending from dilution of the stake of the Government to a level where there is no change in control to dilution that results in the transfer of management. If, in fact, in a particular enterprise there is dilution of Government ownership beyond 51 per cent, this can result effectively in a transfer of ownership. The extent of dilution needs to be determined as part of the policy of disinvestment.

Public Sector Undertakings have been one of the greatest paradoxes of the Indian industry. There has been a great debate whether they have succeeded in their objectives. Also, in the context of globalisation, the need of such industries has been questioned. Have these industries outlived their utility? Do these industries still deserve the fiscal backing provided by the government? Or should we be selling our family silver? An endeavour will be made to find answers to these questions.

In this paper, answers will be sought to the following questions

- Have Indian PSU's achieved their objectives and should they be disinvested?
- Has the disinvestment procedure been successful?

Historically, public sector undertakings (PSUs) have played an important part in the development of the Indian industry. At the time of Independence it was felt that the political independence without economic self-reliance would be detrimental to the country's sovereignty and autonomy in policy making. Hence, the basic objectives of starting the public sector were:

- To build infrastructure for economic development and promote rapid economic growth and industrialisation of the country.
- To create employment opportunities and promote balanced regional development.
- To create a self-reliant economy through the development of local industries for import substitution and by encouraging and promoting exports.
- To generate invisible resources for development by earning suitable returns
- To prevent / reduce concentration of private economic power.

In the sixties and seventies the public sector policy has been largely guided by the Industrial Policy Resolution of 1956 which gave the public sector a strategic role in the economy. Massive investments have been made in the past four decades to build a public sector, which has a commanding role in the economy. Many key sectors of the economy

are today dominated by the mature public enterprises that have successfully expanded production, opened up new areas of technology and built up a reserve of technical competence in a number of areas.

As a result, the countries ranking in terms of industrialisation with other developing countries is quite high. India's comparative advantages such as a large pool of well trained work force, technical skills in manufacturing and chemical industries primarily stem from the public sector.

OBJECTIVES OF THE STUDY

- To analyse the benefit of strategic sale to investors.
- To analyse that disinvestment will facilitate in restructuring and revival of PSUs particularly oil majors.
- To conduct comparative study of strategic sale with other disinvestment strategies.
- To analyse upto what extent will disinvestment will help the social sector.
- To study various issues concerning the strategic sales.

HYPOTHESIS

- Disinvestment would have a beneficial effect on the capital market.
- Opening up the public sector to appropriate private investment would increase economic activity and have an overall beneficial effect on the economy, employment and tax revenues in the medium to long term.
- Strategic sale will replace public monopoly with private monopoly.
- Disinvestment through strategic route is logically superior to the other disinvestment route.

PRESENT STAGE OF KNOWLEDGE

As far as the topic is concerned tremendous work has been done; various research papers and articles have been published on the related areas. The topic of the research work is currently in the process.

PRELIMINARY WORK DONE ON THE LINE

To make a clear-cut perception on the disinvestment policy for PSUs, the in-depth study was carried out from wide range of literature available. For this purpose existing literature were collected and analysed. Various publication journals and articles were also referred. Preliminary feasibility of the study was also checked on the line of work done in other university and paper published in the journals, newspaper and magazines etc. Dasgupta Ashok, NEW DELHI, May 23, 2004, Businessline, has mentioned the high profile proposed strategic sale of the government's equity in National Aluminium Company Ltd (NALCO), the top low-cost producer of aluminum globally, has been deferred, which in bureaucratic parlance is meant to mean 'postponed indefinitely'.

His report further mentioned, *'The government has taken a decision that the strategic sale will be put off, but at least the IPO will be done by September and we are working towards meeting that deadlines'* said Mr Munesh Khanna, Managing Director, N.M. Rothschild & Sons (India) Pvt. Ltd, in an exclusive chat with Businessline. Due diligence for NALCO, it may be recalled, came to standstill after workers opposing the aluminum major's privatisation stopped a team of potential bidders from inspecting the main plant in October last year. In fact, it is believed that the Prime Minister's Office (PMO) had to step in to instruct the disinvestment ministry not to send any more bidders for undertaking due diligence of Nalco's following resistance from various quarters.

Despite this, the then secretary, Disinvestment, Mr Pradip Bajjal, had at that time stated that there would be no public issue of Nalco before its strategic sale. In fact, late last year, NALCO received an 'in-principle' clearance from the market regulator in India and in US-the Securities Exchange Board of India (SEBI) and the

securities exchange commission - to make a simultaneous issue of IPOs in India and the US. This was deemed as clearance of a major hurdle in the proposed three-tier disinvestment in Nalco. As of now, what is likely to be pushed through a domestic IPOs of 10 percent of NALCO equity and an international IPO of 20 percent to reduce the Government's holding by 30 percent from the 87.19 percent stake held at present.'

GOVERNMENT POLICY ON DISINVESTMENT

The whole policy of disinvestments has undergone a sea change. Initially, it was one of offering a part of the equity to various private sector players both domestic and foreign. Now it is one of outright sale of majority shares to so called strategic partners, with a clear commitment to ultimate off-load the rest of the shares after a time lag. And with such a strategy, the anxiety of the present Govt. to bridge the fiscal deficit is creating a situation of distress sale of PSUs to private hands. Therefore, it is no longer disinvestments policy, but clear-cut policy conclusive privatisation. The whole privatisation process has become an instrument of transferring public property to private hands for a song much to the detriment of the national interest and the industrial economy of the country in particular. And with the whole process, corruption is woven intrinsically. The very concept of privatisation of public sector units and more so the blue chip ones, in it is a bankrupt corrupt policy perception, treachery with the nation and fraud on the people of the country. Therefore; we oppose this policy and demand its reversal.

THE POLICY TO WIPE OUT PUBLIC SECTOR

Under the on going drive of privatisation, the government has mainly targeted most of the blue chip profit making PSUs which were decorated with the classification of 'Ratnas'. Further, the most strategic sectors have been engulfed under the drive for privatisation. Notable among them are oil & petroleum, power, telecom, rail, road and air transport, ports & docks, airports and of course the financial sector. The game plan is to completely erase the public sector network from the industrial map of the country. The creation of separate disinvestments Ministry under the exclusive charge of one Cabinet Minister clearly demonstrates the present Government's point of priority to completely destroy the public sector. This fact was reflected in the budget speech of the union Finance Minister pronouncing that, "Government have recently established a new department for Disinvestments to establish a systemic policy approach to disinvestments and privatisation and to give fresh impetus to this programme, which will emphasize increasingly on strategic sales of identified PSUs". As noted above, when the government is desperately taking steps to wipe out public sector from the country, the mention in the agenda note that the government strategy is, "strengthening strategic units, privatizing non-strategic ones" is nothing but travesty of truth. The government has refused to recognize the strategic importance of the PSEs in energy, telecommunication and defence production sectors including the airports in protecting the economic sovereignty and even security of the country's independence. They have identified these CPSUs as non-strategic and selling them off chaotically. And after that talking about strategic and non-strategic sectors is nothing but extreme hypocrisy and self deception. Similarly it is nothing but a stupid argument that "price realized through the sale of minority stakes, was low as compared to price realized through strategic disinvestments ...". It is but natural that conclusive privatisation is bound to fetch higher yields than off-loading of minority shares. The price differential is bound to be there between simple share holding and acquiring the ownership including whole sole control of the enterprise and its management which in turn open up host of private commercial interest to the buyer. On the other hand, the dangerous fall out of conclusive privatisation is also colossal. Realizing higher price by so called 'strategic sale of PSUs is short sighted and suicidal for the country. Therefore, there is no rational behind the suicidal steps of strategic sale of CPSUs, particularly the blue chips ones.

SECTORAL ANALYSIS

In India at the “central” (that is, the Union Government) level, there are 240 non-departmental public enterprises currently in operation and 6 more public enterprises are under construction. 135 public enterprises are operating in manufacturing, covering many sectors, including steel; mineral and metal; coal and lignite; power; petroleum; fertilizers; chemicals, pharmaceuticals, and drugs; heavy engineering; medium and light engineering; transport equipment; consumer goods; agro-based industries; and textiles. 105 public enterprises are operating in services, including trading and marketing; transportation; construction; industrial development and technical consultancy; tourism; finance; and telecommunications. This subsection examines the prospect for disinvesting public enterprises, sector by sector.

STEEL

There are 9 public enterprises in India’s steel sector. The steel sector public enterprises in aggregate are losing money: in 1993-94, it had -0.6 percent returns and, in 1993-92, it had -1.3 percent returns on the capital employed. The major steel public enterprises are: Steel Authority of India Ltd., Indian Iron and Steel Company Ltd., and Rashtriya Ispat Nigam Ltd. While Steel Authority of India Ltd., is a profitable company, the other two major steel companies are incurring huge losses. The integrated steel plants are mainly in the public sector, whereas the secondary mini-plants are in the private sector. The steel industry was partly liberalised in the early 1990s. There is no price control on iron and steel. However, the steel industry remains protected, and production costs are high. As tariffs are reduced, the industry will need to invest for modernisation. It has to improve its productivity and quality to compete with imported products. Disinvestment of steel enterprises would introduce better management.

MINERALS AND METALS, AND COAL AND LIGNITE

There are 13 public enterprises operating in the mineral and metals sector; and 9 companies in the coal lignite sector. The mineral and metal and the coal and lignite sectors in aggregate are earning small net profits, respectively return of 3.3 percent returns in 1993-94 and 5 percent returns in 1992-93 on the capital deployed. Coal and lignite sector had returns of 4.3 percent in 1993-94 and 3.5 percent in 1992-93. Disinvestment of the enterprises related to minerals, metals, coal and lignite should pay appropriate attention to the economics of natural resources.

POWER

Power is mainly a state-level issue. In the power sector, there are 4 central public enterprises. In aggregate, these obtained 13 percent returns in 1993-94 and 9.1 percent returns in 1992-93. Selling these enterprises will bring good revenues for the government.

PETROCHEMICALS

There are 14 public enterprises in this sector. The public enterprise, Indian Petrochemicals Corporation Ltd., enjoys near monopoly conditions in this sector. It is generating profits. It has been a profitable sector for the government due to its market control. Divestiture of the oil sector has preceded deregulation. However, as a result of reforms, private sector firms are entering this sector. The authorities still control some prices. India’s domestic demand for petrochemicals is bound to grow as its economy expands. The private sector should be allowed to play a significant role to meet India’s growing demand. The authorities should consider disinvestment of the petrochemicals industry, along with setting an appropriate competition mechanism. It should not disinvest without deregulating. Fully disinvesting the Indian Petrochemicals Corporation Ltd., would provide the government with a handsome amount of cash.

FERTILIZERS

There are 8 public enterprises operating in the fertilizer sector. The sector as a whole is losing money: In 1993-94, it had -19.5 percent returns and, in 1992-93, it had -23.3 percent returns on the capital employed. Two major public enterprises, the Fertilizer Corporation of India, and Hindustan Fertilizer Corporation Ltd., are incurring huge losses. The fertilizer sector has a supportive role in agriculture. The authorities retain price controls in fertilizer, particularly urea. The subsidy on fertilizers causes the Government considerable fiscal problems. The fertilizer subsidies are an extremely sensitive political issue. Disinvesting public enterprises and allowing firms to set their own prices may turn out to be difficult due to political constraints. However, even if the authorities wish to subsidise fertilizer prices, there is no reason for fertilizer enterprises to remain under public ownership.

CHEMICAL AND PHARMACEUTICAL DRUGS

There are 20 public enterprises operating in the chemical and pharmaceutical sector. The chemical public enterprises generate small profits and the pharmaceutical drugs incur losses. The Indian chemical and pharmaceutical industry has witnessed strong growth both in the volume of production and in the range of products. The pharmaceutical and drugs industry is highly controlled and regulated. The performance of public enterprise in this sector has been poor: Disinvesting these would enhance productivity.

ENGINEERING

Approximately 50 public enterprises operate in the engineering sector, covering heavy engineering (15 enterprises), medium and light engineering (24 enterprises), and transport equipment (12 enterprises). The public sector contributes to about a third of the value added in the engineering industry. India has wide range of engineering firms. It has a critical role in the national economy. However, central planning has influenced the engineering sector. The heavy engineering sector public enterprises in aggregate are losing money: Returns on capital employed were -18.1 percent in 1993-94 and -4.4 percent in 1992-93. For the medium and light engineering enterprises returns on capital were -1.2 percent in 1993-94 and 3 percent in 1992-93. In transport equipment, returns on capital were -5.7 percent in 1993-94 and -5.3 percent in 1992-93. Analysts have noted that the engineering public enterprises are often more concerned with narrow engineering competencies and hardware than financial, business, and marketing capabilities. Low capacity utilisation, wages and benefits out of proportion with productivity, irrational vertical integration, and high debt services characterize public enterprises in the engineering sector. The Indian Government has liberalized this sector, and public enterprises now face domestic and international competition. Disinvesting engineering firms would enhance their financial and business capabilities.

CONSUMER GOODS

There are 19 public enterprises in the consumer goods sector. Most of the public enterprises in this sector making huge losses. There is no reason for the government to remain in the consumer goods sector. Most of the enterprises in this sector can be easily disinvested, especially the profitable ones.

AGRO-BASED PRODUCTS

There are 4 enterprises in the agro-based sector, all of which are incurring losses. In aggregate, these enterprises had returns on capital of -3.7 percent in 1993-94 and -11.5 percent in 1992-93. These enterprises are essentially subsidising some sections of the agricultural sector. It would be better to provide direct subsidies to farmers and regions rather than operating loss-making public enterprises.

TEXTILES

There are 14 public enterprises in the textile sector. The major public enterprise is the National Textile Corporation. The textile sector is very important part of India's industry. Whereas private sector textile firms are profitable, the public sector units are incurring tremendous losses. The textile industry is quite competitive: There is no strategic reason for the Government to remain in this sector. Compared to similar firms in the private sector, public enterprises have far more workers. Worker productivity in textile public enterprises is low. A major problem with disinvestment in the textile industry would be the retrenchment of workers. Disinvestment plan in this sector would need to pay particular attention to worker retrenchment issues.

TRADING AND MARKETING

There are 18 companies in the trading and marketing services. Public enterprises in this sector generate very low rates of return. In 1993-94, returns on capital were only 1 percent and, in 1992-93, returns were 1.5 percent only. The largest of the trading and market public enterprises is the Food Corporation of India. Its profitability during 1992-93 was 0.02 percent.

TRANSPORTATION SERVICES

There are 11 public enterprises in the transportation sector. In aggregate, these earned returns of -0.3 percent in 1993-94 and 1.6 percent in 1992-93. Some of the transport enterprises, such as Indian Airlines Ltd., and Delhi Transport Corporation, are losing substantial amounts of money. India has partially liberalized its airline industry. Disinvesting transport services will further develop India's private sector.

ROLE OF THE PUBLIC SECTOR IN INDIA

After the attainment of Independence and the advent of planning, there has been a progressive expansion in the scope of the public sector. The passage of Industrial Policy Resolution of 1956 and the adoption of the socialist pattern of society as our national goal further led to a deliberate enlargement of the role of Public sector.

To understand the role of the public sector, we must have a comprehensive view of the entire public sector. We should include besides autonomous corporations, the departmental enterprises. While doing so, not only the enterprises owned and run by the Central Government be covered, but the enterprises run by the State Governments and local bodies should also be included.

It would not be appropriate to use any single measure to estimate the role of the public sector in the Indian economy, rather it would be desirable to use a few indicators, e.g., employment, investment, value of output, national income generated, savings, capital formation and capital stock.

SHARE OF PUBLIC SECTOR IN EMPLOYMENT

- There are two important categories of public sector employment : Government administration and defence and other government services like health, education, research and various activities to promote economic development; and
- Public sector proper i.e., economic enterprises owned by the Centre, State and Local Government Table 4 shows the size and growth of employment in the organised sector since 1971. The total number of workers employed in the public sector in 1971 was 71 lakhs, but by March 2001, their number grew to about 191 lakhs. Since employment in the public sector is confined to the organised sector, public sector employs 70 per cent of the workers employed in organised sector of the Indian economy.

Public and Private Sector Employment in India

| | Public Sector (1) | Private Sector (2) | Total (3) | (In lakhs) 1 as % of 3 (4) |
|------|-------------------|--------------------|-----------|-------------------------------|
| 1971 | 71 | 121 | 192 | 55 |
| 1981 | 155 | 74 | 229 | 68 |
| 1991 | 190 | 77 | 267 | 71 |
| 2001 | 191 | 87 | 278 | 70 |

PROBLEMS ASSOCIATED WITH DISINVESTMENT

A number of problems and issues have bedeviled the disinvestment process. The number of bidders for equity has been small not only in the case of financially weak PSUs, but also in that of better-performing PSUs. Besides, the government has often compelled financial institutions, UTI and other mutual funds to purchase the equity which was being unloaded through disinvestment. These organisations have not been very enthusiastic in listing and trading of shares purchased by them as it would reduce their control over PSUs. Instances of insider trading of shares by them have also come to light. All this has led to low valuation or under pricing of equity.

Further, in many cases, disinvestment has not really changed the ownership of PSUs, as the government has retained a majority stake in them. There has been some apprehension that disinvestment of PSUs might result in the crowding out of private corporate (through lowered subscription to their shares) from the primary capital market.

An important fact that needs to be remembered in the context of divestment is that the equity in PSUs essentially belongs to the people. Thus, several independent commentators have maintained that in the absence of wider national consensus, a mere government decision to disinvest is not enough to carry out the sale of peoples assets. Inadequate information about PSUs has impeded free, competitive and efficient bidding of shares, and a free trading of those shares. Also, since the PSUs do not benefit monetarily from disinvestment, they have been reluctant to prepare and distribute prospectuses. This has in turn prevented the disinvestment process from being completely open and transparent.

It is not clear if the rationale for divestment process is well-founded. The assumption of higher efficiency, better / ethical management practices and better monitoring by the private shareholders in the case of the private sector , all of which supposedly underlie the disinvestment rationale , is not always borne out by business trends and facts.

Total disinvestment of PSUs would naturally concentrate economic and political power in the hands of the private corporate sector. The US economist Kenneth Galbraith had visualised a role of countervailing power for the PSUs. While the creation of PSUs originally had economic, social welfare and political objectives, their current restructuring through disinvestment is being undertaken primarily out of need of government finances and economic efficiency.

Lastly, to the extent that the sale of government equity in PSUs is to the Indian private sector, there is no decline in national wealth. But the sale of such equity to foreign companies has far more serious implications relating to national wealth, control and power, particularly if the equity is sold below the correct price!

CONCLUSION

While public sector enterprises' contribution to national development is widely acknowledged, their poor financial return has been a matter of deep and enduring concern, especially since the mid-1980s when, for the first time, the central government's current revenues were found inadequate to meet its current expenditure. Though firm and industry level studies of PSEs have often highlighted gross inefficiencies and poor profitability, many of them have also suggested their unquantifiable (or difficult to quantify) non-economic benefits. However, macroeconomic discourse in India has largely focused on the "crowding-in" effects of public investment, and the need for institutional structures to insulate the PSEs from political and bureaucratic interference to improve their financial returns. Deeper analyses have sought to offer political economic explanations for continuation of such a state of affairs.

As a means to restore budgetary balance, after the crisis in 1991, government sold a small fraction of its equity shares in selected public sector enterprises to public investment institutions. Though quantitatively modest, it signaled a major departure in public policy; it was the thin end of the wedge that led to transfer of managerial control in a few PSEs about a decade later. The policy shift was also significant, as it deflected the contours of the discourse on public sector reform from institutional design and corporate governance to a change in ownership in favour of private sector as a means to overcome the inefficiencies. The shift in debate was consistent with the changes in the discussions on economic policies worldwide.

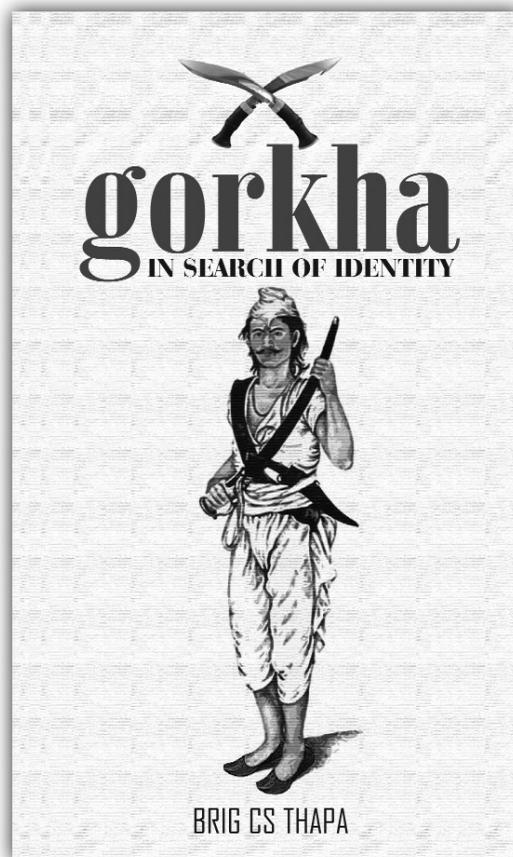
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BOOK REVIEW

GORKHA: IN SEARCH OF IDENTITY

Author: Brig CS Thapa
pp. 137 Price. Rs 350/-
Publisher: Sriav - 2013, New Delhi
(sriavcreations@hotmail.com)



Himanshu Roy

DISPELLING MYTHS

HIMANSHU ROY*

Brigadier CS Thapa's book is an excellent account of Gorkhas in modern India for an ordinary reader who maybe curious to know about their history and culture. The faujiofficer, a Gorkha, and belonging to a family of soldiers for six generations was propelled to write this book to dispel some common myths about them that Indians have in their minds. In the process, he himself learnt about the history of the Gorkhas, their diverse geographical settlements across the military cantonments in India, their culture and their changing occupational pattern in the contemporary time.

The book, small in size with 137 pages, divided into 9 chapters and two appendix begins with tracing the origin of Gorkha (currently 1.5 crore in India) from Guru Gorakhnath and his disciple Bappa Rawal in the 11th Century A.D. who migrated to Nepal along with their followers and settled down there. In course of history, they became integral part of its local population. In early 19th Century, with the Treaty of Sagauli in 1815, they began to migrate back to India for recruitment in the colonial army and subsequently in Indian Army and as guards in the non- organized sector which continues till date. At any time, it may be mentioned here that there are 55000 Gorkha soldiers serving in the Indian Army and around 1 lakh in paramilitary forces. Their number in other services are unaccounted for. In subsequent years, they became a part of India spread over 16 major geographical areas with their own inner caste/ethnic structure and distinct social identity.

Their political demand for a separate state of Gorkhaland, however, is yet to be recognised although they have their own Gorkhaland Territorial Administration, a 50 member elected administrative body with Rs.200 crore budget to govern over a population of 3 sub divisions within the state of West Bengal without the legislative powers but has the powers to frame rules, regulations to administer over 60 subjects like recruitment of B, C, D categories of post in

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DISPELLING MYTHS

government services, etc. The author strongly pitches for this political recognition as the “Indian Gorkha only considers India as his/her country and nobody wishes to return to Nepal....it will enhance the strength of the community.” (p.12).

Gorkhas are, by and large, Hindus with different customs and speak Gorkhali. Even their dresses are almost similar, the Khukhri and the topi being integral part of their identity. A section, however, is Buddhist. But, in paltan, they practice Hindu rituals. Physiologically, they can be divided into 2 categories: Indo-Aryan and Mongloid. The Shah, Rana, Brahmin and Chhetris, Newars, Madhesi are Indo-Aryan and follow Hinduism. The Magars, Gurungs, Tamangs and Sherpas are Mongloid and practice Buddhism. There are, however, minor changes and adaptations across the castes, religions and regions in India and Nepal. Some of these castes and religions have been recognized by the govt's reservation benefits of the OBCs and the scheduled tribes. Even their language Nepali with Devnagari script has been granted constitutional status that provides them opportunities to compete for civil services as the domicile of Sikkim, West Bengal and Assam. This benefit, however, is not available to Gorkhas of other states (e.g of Himachal Pradesh, Uttarakhand, Meghalaya, Mizoram etc)

Contemporary India has two sources of Gorkhas, India and Nepal. The duality has created its own internal crisis. The Indian Gorkhas varied geographical settlements has further fragmented them as each settlement has adapted to/developed its own minor culture over the decades as per the locality obstructing their united public participation for Gorkhaland. The size and economy required for a viable state in the Darjeeling Hills is another obstacle. The future, however, may ring in a better possibility.

The book is informative rather than analytical in style. Nevertheless it makes a very interesting reading despite the repetitive points and at times their non-academic arguments. The photograph of a traditional Gorkha warrior on the cover of the book is excellent. The overall get up of the book is very eye-catching.

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