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- ❖ **National Security in India**
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## An International Journal of Ideas

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### Economic Blues

**E**conomic blues that have come to visit India's growth story for the past several months have triggered the debate among experts as to whether the ongoing slowdown is structural or cyclical. Almost all major sectors of the Indian economy – whether automobile, real estate and housing, textiles, steel industry or any other sector – this process of deceleration has afflicted them very badly in terms of stockpiling of stocks, absence of consumers, lack of further investments, laying off of workforce and decrease in exports. Cumulative effect of these developments has been that nation's economy is slipping into recession. A decreasing trend in the real GDP growth is apparently discernible. Holding an array of causes responsible for contributing to India's economic slowdown, experts often attribute demonetization of 2016 as the major factor leading to disruption of economy with its severe effect on the livelihood of millions of people in the informal or unorganized sector. Another concomitant contributing factor was the hasty implementation of the Goods and Services Tax (GST) that was designed to simplify the tax structure, but proved otherwise in terms of causing multiple problems for small businesses owing to complicated accounting operations for which small business community was ill-prepared. Resultant outcome was visible in declining export trends.

Then came the sudden collapse of the apparently invincible India Lease and Finance Services (IL&FS) in 2018. What led to the sudden collapse of the IL&FS is not known yet; nevertheless, some experts opine that there existed problems in accountability of the top officials in indiscriminate allocation of huge loans. The brunt of the collapse of IL&FS fell on the shadow banking industry consisting of Non-Banking Financial Companies (NBFCs) because of drying up of their sources of money supply that mainly originated from mutual funds, which had a Rs 76,000-crore exposure to the NBFC sector. Refusal by mutual funds from lending to NBFCs and non-buying of their bonds and shares pushed their credit growth on year-to-year basis from 30 per cent in March 2018 to 9 per cent in March 2019. NBFCs have been a traditional source of borrowing money for small business and individual consumers for the purchase of vehicles or dwelling unit. Besides, the entire MSME sector has been affected in the wake of drying up of liquidity and it is worth mentioning here that the MSME sector employs 120 million people and contributes about 45 per cent to country's exports. Apart from this, NBFCs have also been dependent on commercial and public sector banks for borrowing money and in the wake of banking sector already reeling under huge burden of NPAs, Rs 9.49 lakh crore for commercial banks and Rs 8.06 lakh crore for public sector banks, the banking sector also became reluctant to lend to the NBFCs thereby clogging the entire system of credit supply.

During the past one decade, India has witnessed three growth recessions. The first was in the immediate aftermath of the financial crisis that had its roots in the US. At that juncture, economic growth fell sequentially in the three quarters from June 2008, or the second quarter of fiscal year 2009; nonetheless, the downturn was sharp, but short. The second recession took place after the effects of the 2009 stimulus wore off. Economic growth peaked in the three months ended March 2011, but slowed for five consecutive quarters after that. Currently, India is now in the third growth recession since 2008 wherein economic growth has already slowed sequentially for four consecutive quarters. The distressed sectors have already given wide publicity to their poor economic health: The present dispensation has walked into all the ills that it accused the previous UPA government of imposing on the people. The direct job loss is a consequence of this slowdown in different sectors and is prone to take the unemployment figures at unprecedented level and it is not good for a country gifted with demographic dividend. The government's public borrowing has also increased, putting a squeeze on the capital in the market. Government's recent political moves are prone to exert unbearable pressure on the already stressed public exchequer and it is left with no option but to borrow more. Caution needs to be exercised while making grand announcements so that mismatch between promise and delivery can be avoided and so the resultant embarrassment.

— BK



# Issues of National Security in India

Dr. Madhu Singh\*

*[Since independence India has faced multitude of security challenges. These challenges are both external and internal as well as challenges to its emergence as an influential player in the global scenario. India's strength lies in its diversity, multitude of faiths, sub-faiths, cultures, castes, languages, customs which exist side by side in India. Indian security is governed by the interplay of its domestic imperatives, regional balance of forces and global challenges. India has the potential of emerging as a centre of power.]*

India is a large multi-plural society which has successfully managed challenges emanating from regional languages and religious diversity. Indian democracy works in a secular federal framework, this is commendable. Indian democracy with all its distortions has been largely successful as can be seen from its active judiciary, free media, a functioning and vigilant opposition and a successful and efficient electoral process. India's economic development has not been extraordinary but has been consistent.

'It has the distinction of having, the third largest pool of trained and scientific manpower in the world. Agricultural production has also shown substantial growth resulting in not only self-sufficiency in food grains but also reserves of impressive buffer stocks. Today with its burgeoning middle class, huge untapped markets for trade and industry, and large-scale foreign investments India has emerged as an economic power of some significance on the global scene.'<sup>1</sup>

India's status and power depends on how it manages its national security pertaining to political stability, economic development and military strength. India's national security has to take cognizance of military and non-military dimensions in terms of both external threats and internal challenges to its territorial integrity and national unity. Threats to a nation emanate as much from external aggression as from internal strife

but at times internal factors can erode national security more critically than only external danger'<sup>2</sup> National security means that the government should protect the state and its citizens against all kinds of national crisis through political power, diplomacy, economic power, military might etc.

For national security a nation needs economic security, energy security, environmental security, etc. Security threats include external threats, internal threats, and threats from non-state actors, such as cartels, multinational corporations, non-governmental organizations, natural disasters etc. Walter Lippman, in 1943, defined it in terms of war saying that 'a nation has security when it does not have to sacrifice its legitimate interest to avoid and is able, if challenged, to maintain them by war.'<sup>3</sup> Harold Lasswell defined national security in the same perspective. 'The distinctive meaning of national security means freedom from foreign dictation.'<sup>4</sup>

According to the 1996 definition propagated by the National Defence College of India, 'National Security is an appropriate and aggressive blend of political resilience and maturity, human resources, economic structure and capacity, technological competence, industrial base and availability of national resources and finally the military might.'<sup>5</sup> Security now encompasses military as well as non-military, conventional threats and challenges to the state and society. Security is increasingly being revamped as

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‘Security of the people, not just territory, security through development, not arms, security of all people everywhere, in their homes, on their jobs, in their streets, in their communities and in their environment.’<sup>6</sup> In this paper we will deal with the external and internal security challenges faced by India.

### **External Threat from Pakistan**

India and Pakistan share a complex and hostile relationship. This hostility has its roots in historical and political history shared by the neighbours. Pakistan is the main source of external threat to India. Pakistan has challenged our territorial integrity and national unity. After partition, Pakistan-based tribal militias entered Kashmir. Kashmir was a Muslim majority state with a Hindu ruler, earlier he was not ready to sign the Instrument of Accession and was toying with the idea of independence.

However, after the tribal invasion the Maharaja signed the instrument of accession with India, and requested for Indian Protection. For Islamabad, Muslim majority Kashmir is a natural part of its territory. Kashmir is the land link between Pakistan and China. For India, Kashmir is a legal part of its territory and is also ‘a proof of India’s success as a multi-ethnic and culturally diverse country. New Delhi, like Islamabad desires to control all of Kashmir for geopolitical reasons.’<sup>7</sup> Kashmir is the epicenter of conflict between India and Pakistan. This conflict does not have any resolution in sight.

Pakistan has fought four wars with India in 1947, 1965, 1971 and 1999 at Kargil which was an undeclared war. From the 1960s, Pakistan realized it would be difficult to defeat India in conventional warfare so they had started their campaign of sending, trained fighters to create havoc in India. In the second half of the 1980s, ‘Pakistan commenced on insidious terror campaigns in J&K by diverting trained “Mujahidin” fighters, and sponsoring militancy among the Muslim population of the state. The terror campaign run by Pakistan’s intelligence

agency, the Inter-Services Intelligence (ISI), sponsored by the Pakistan’s state, and backed by nuclear coercion, has resulted in the killing of a large number of innocents in J&K and the rest of India.’<sup>8</sup>

Pakistan is doing everything it can to promote hatred against India domestically, regionally and globally. It wants to keep the Kashmir issue alive. It seems its external focus is to build relationships, regionally and globally to get political, economic and military support to use against India. As we have seen, it has used most of the aid, i.e. the weapons given by America to Pakistan to use in Afghanistan, which they have invariably used against India. Pakistan is sponsoring insurgency; terror strikes and stone pelting in Kashmir.

Pakistan had also supported and fanned the Khalistan Movement. Terrorists are sponsored and trained by the Pakistani state and army. They have attacked army camps and bases in Uri, Nagrota, Sunjuwan, Shopian, Kakpora, the attack on CRPF convoy in Pulwama, terrorist attack at Budshah Chowk in the heart of Srinagar and numerous other terrorist attacks have been manipulated by Pakistan. They openly try to put pressure, by saying they will not hesitate to use the nuclear option. They try to use their all-weather friend China to put pressure on India. They cover terrorist activities by linking the terrorist’s actions with homegrown insurgents for domestic, regional and global consumption.

The relation between these two neighbours has deteriorated rapidly. ‘The exact level of hostility directed towards Islamabad will depend on who governs India. The Congress party is broadly supportive of the peace process with Pakistan, whereas the BJP has portrayed a more muscular confrontationist foreign policy.’<sup>9</sup> Indo-Pakistani relations will thus continue to take place within the longstanding constraints of competing interests and bitter historical legacies.

India retains control of its sector of Kashmir for a combination of ideological, sentimental and

strategic reasons. Unilateral withdrawal from Kashmir would strike a fatal blow to the domestic credibility and electoral prospects of the administration that authorized it, and would inevitably lead to accusations of making India look weak in the geopolitical arena, likewise Pakistan has an equally real geostrategic interest in the area, and stands to lose both credibility and the only direct overland link to its budding ally China. Pakistan aspires to be a major player in the Islamic world, and giving up on Kashmir would undermine its perceived fitness to lead.

As such, start of a major shift in perceptions and policy on either side or a permanent reconciliation in the forceable future is extensively unlikely. This may be a dangerous flashpoint, as the Pakistani army still wields considerable sway in Islamabad and does not have a no-first use policy regarding nuclear weapons. As such, without a steady hand, any future crisis over Kashmir has the potential to escalate dangerously close to the brink of an atomic exchange.

However, the Surgical Strike on 29<sup>th</sup> of September 2016, and the more recent 2019 Balakot airstrike has changed the matrix. India has given the message that she will not take attacks on her territory from militants trained across the border lightly. India has put pressure on Pakistan at all levels to stop terrorists from being trained on its territory. Pakistan has done little to right the wrong. The relation between the neighbours is at an all-time low.

### **China as a threat to Indian security**

China and India have not resolved their territorial disputes. The relation was cordial after independence, India was the second non-communist state to recognise the Mao Zedong government. The Principles of Panchsheel, the slogan 'Hindi Chini bhai' sought to create cordial relations between the two Asian giants. However, the 1962 Chinese aggression changed the patten of relationship, and that still colours Indian strategic thinking and public perceptions.

China currently appears to be following a politico-military strategy with clear anti-India overtones, as is evident from its lack of interests in resolving the existing border disputes, its blocking of India's membership of the Nuclear Suppliers Group (NSG) and UN Security Council, its coming in the way of India's efforts to get Pathankot terror mastermind Masood Azhar sanctioned by the United Nations, and its unwarranted remarks on the situation in Kashmir."<sup>10</sup>

Presently the long standoff between the two countries in Doklam clearly indicates that China is a major threat to India's National Security. We have to be prepared for many Doklam-like situations, as similar situation arose in Ladakh during the same time. Broadly, we can say that China wants to prevent India from achieving leadership status in Asia by undermining India's political, economic and military interests. They are not willing to solve the territorial dispute so as to exploit the dispute militarily in the future.

Beijing wants to check India's influence and limit it to South Asia by building relationships and military facilities in its neighbourhood. They are using Pakistan as an anti-India proxy. The relationship between New Delhi and Beijing is and will remain rivalrous, as they both aspire for great power roles, they try to secure the allegiance of minor states in the region. China is following development and also an expansionist policy as is evident from its Maritime policy in the South China Sea and Doklam.

India is also concerned about China's expanding role in South Asia through its One Belt One Road (OBOR) project which is aimed at strengthening its economy by developing largescale infrastructural projects to link China with other countries. China has ignored India's concern on the China Pakistan Economic Corridor (CPEC) as it passes through Pakistan-Occupied Kashmir (POK), which India considers its territory and so challenges Indian sovereignty.

India has made it clear to China that the two countries should be sensitive to each other's

security needs. China's Belt and Road initiative is mainly aimed at promoting Chinese national interests. BRI has helped in shifting unnecessary investment in infrastructure development outside China. China has hyped its BRI project as being an economic project aimed at developing infrastructure in Asia, Africa and Europe.

However, the high cost of these projects has led many nations into debt traps like Pakistan and Sri Lanka. These countries have had to compromise on their national interest to overcome these hurdles. Every Chinese project has been linked to BRI and this is basically to promote the 'Chinese model' of development. India from the beginning has been suspicious of BRI as India feels it less about economic development and more about China's political and strategic goals. China has also tried to downplay Indian contribution to the ancient Silk Roads and is promoting the New Silk Roads. India has criticized China's tough stand in the South China Sea, and has built military ties with countries which have territorial disputes with China like Vietnam, Malaysia, Japan etc.

### **India's Security Concerns with Neighbours**

India wants peace and stability in its neighbourhood, for its long-term security. India is going through a phase of rapid economic development and is poised to play a significant role in the global stage. India has to develop a framework of cooperative security in its neighbourhood. There is a need to reduce tension with China and Pakistan without compromising on its national strategic interests, as stability and peace depends on friendly ties with these two countries.

The South Asian region is facing staggering problems of poverty, illiteracy, malnutrition and under-development. The volatile situation in Afghanistan is a major concern for India as it will be detrimental to its own long-term security interests in the region. Relationship with Bangladesh has improved tremendously with the Sheikh Hasina government they have resolved

the Teesta Water Sharing issue, the Teen Bigha enclave issue, and recently twenty agreements have been signed between the two neighbours. Bangladesh has acted against the Indian insurgent in Bangladesh. This augurs well for India's security in the North East.

India has always shared a cordial and special relation with Bhutan. India has influence over Bhutan's defence, foreign policy and commerce. India gives Bhutan foreign aid. Many hydro-electric projects have been jointly undertaken by the two countries in Bhutan. The Royal Bhutanese Army conducted operations against anti-India insurgents of the United Liberation Front of Assam (ULFA) that were operating from bases in Bhutan and using its territory to carry out attacks on Indian soil.

India's relations with Nepal has been witnessing ups and downs mainly because Nepal uses the China card. This is an occasional irritant in Indo-Nepalese relations. Kathmandu will have to resist the myth of "equidistance" between Beijing and New Delhi and realize that the imperatives of geography and an open border, pursue an "India First" policy on key security matter. Relations deteriorated in 2013 with the economic blockade, however the situation has improved with India giving it direct access to Bangladesh's port.

Currently relations with Myanmar are on a positive footing. They have a deepening bilateral security relationship. Myanmar is an important part of India's 'Act East' policy. India can use Myanmar to increase engagement with ASEAN countries. Security and defence relations between the two neighbours have been beefed up. The Indian army's special forces unit conducted 'surgical strike' in Myanmar in which sixty Naga insurgents were killed in response to their killing of eighteen Indian soldiers.

India has also tried to balance between Myanmar and Bangladesh over the Rohingya crisis. Prime Minister Modi had said that India shares concern of extremist violence in Rakhine State and has assured of help for the development in the Rakhine region. India is building pre-fabricated houses

for the returning refugees. India also provided relief material for refugees in Bangladesh.

India's relations with Sri Lanka have always been more or less cordial. India had been concerned about the growing Chinese influence in Sri Lanka. India was particularly concerned about the Sri Lanka governments handing over the Hambantota port to China. Apart from that there are no major security concerns.

However internal security challenges emanate from these regions particularly legal and illegal migration from Bangladesh and Nepal. This has led to political instability and periodic violence. These challenges have to be addressed properly so that its security is not compromised.

### **India's Internal Security Challenges**

Other threats faced by India such as communal conflicts, terrorism, Naxalism and Maoist violence, drug peddling, fake Indian currency, cyber terrorism, illegal migration across the borders, environmental security, mass destruction, low intensity conflicts, threats to security of seas and lakes can be labeled as threats to Internal Security. The former National Security Adviser, Shiv Shankar Menon, delivering the Raja Ramanna lecture on January 21, 2013 said 'we now need to consider our energy security, food security, technology security and social cohesion and institutions to name just a few, when we think of national security.'<sup>11</sup> A close examination of the threats to national security will reveal that each one of them is connected to one or more other threats.

For example, the threat of terrorism is connected to the threat of proliferation of arms including weapons of mass destruction. The threat to the security of our sea lanes is connected to the threat to energy security, low intensity conflicts have a direct bearing on social cohesion. Technology security will be the key to building new institutions. Natural disasters, especially those caused by climate change, can wreck food security. Pandemics and diseases, if uncontrolled can diminish our capacity to defend borders

against adversaries or to defeat the militants within the country. 'National security is, therefore caught in a complex spiders web and unless we recognise that each strand of this web is connected to other strands, we would not be able to do justice to our fundamental obligation to protect and defend the security of the nation.'<sup>12</sup>

A nation is threatened not only by external aggression but also from internal strife, in fact, the internal factors can erode national security more critically than any external danger. India's national security is dependent on political stability, societal cohesion and economic development. We will examine the different dimensions of internal security.

### **Left-Wing Extremism**

Former Prime Minister Manmohan Singh rightly described left-wing extremism as the 'Single biggest internal security challenge'. The Naxal-Maoist threat spans nearly 200 districts spread over 16 states running across Central India from Nepal-Bihar border to the Karnataka and Kerala border. This is commonly referred to as the Red corridor. The extremists' objective is to cease power in India by protracted war against the Indian state. This area represents the most impoverished, backward and poorly governed region of the country, thus providing a natural environment for Maoist mobilisation and operation.

'Over decades, Left Wing extremist groups, now principally the Communist Party of India-Maoist (CPI-Maoist) have been able to establish a measure of "disruptive dominance" across this region-in effect, using demonstrative acts of extreme violence to obstruct the delivery of public goods by government agencies, and to intimidate large sections of the population. However, no continuous "corridor" has been established.'<sup>13</sup> The armed forces have suffered many casualties from the Maoists. The Maoists are a threat to India's internal security because it is the most widespread rebellion encompassing many states.

However, ‘they do not “hold” or administer any significant territories, though there are some amorphous areas where the difficulties of terrain and the possibility of ambush make the state forces extremely reluctant to operate. Even in these areas under them no significant force has been deployed against them, they have quickly withdrawn avoiding any decisive confrontation.’<sup>14</sup> The Maoist movement has shown resilience, their intent is serious, they are ideologically driven and committed to their goals.

The Union and State governments have used the carrot and stick policy; however, their demands are unacceptable. The government is trying to resolve the issue by force as they treat it as a law and order situation. Another problem is that each state is responsible for its own security policy, so there is a lack of co-ordination with the Centre. ‘As a general rule, radical utopian movements are driven by hard-core cadre of “true believers” who exploit poverty, ignorance and poor governance to secure the cooperation of masses. The Naxalites are broadly consistent with this principle, and the movements leaders have demonstrated conclusively that they cannot be reasoned with.

Most importantly, in framing a consistent and effective response to the Naxalites will be to improve the socio-economic conditions for local populations in the affected areas, thus diminishing the attractiveness of the Naxalite movement by removing its *raison detre*, making mass recruitment more difficult and discrediting the claims of the ideological hardliners behind it.’<sup>15</sup> However, left-wing extremism has been defeated in the past and can be defeated again.

### **Terrorism**

Terrorism has spread its tentacles over the whole world. India is the most affected by it. Terrorist groups sponsored and supported by Pakistan have been amongst the most significant security threats for India. ‘Pakistan has adopted terrorism as an extension of state policy to destabilize India; not only in Jammu and Kashmir but in other Indian

states too. Pakistan has been zealously pursuing its anti-India agenda through myopic policies, of fomenting terror and unrest. Pakistan is the fountainhead of most terror activities all over the world.’<sup>16</sup>

Terrorist infrastructure in Pakistan and POK is a matter of concern. Pakistan is also now facing terror attacks; however, their activities continue unabated. India-specific terror groups like Harakat-ul- Mujahideen, Jaish-e-Mohammed and Lashkar-e-Taiba operate for Pakistan and target India. The Lashkar-e-Taiba was involved the 2001 attack on India’s Parliament and 2008 Mumbai attack. US has also listed Pakistan amongst the nations and regions providing safe havens to terrorists, and this has vindicated India’s long-standing position on the menace of cross-border terrorism in the region.

There have been three major terrorist attacks on India’s military installations in Pathankot, Uri and Nagrota in 2016 all carried out by LeT and JeM, LeT’s chief Hafiz Saaed (a UN designated terrorist) continues to address large rallies. ‘Pakistan so far refuses to see reason with radicalism even permeating its official establishment while its sane civil society dwindles rapidly. Being a nuclear armed “failing state” and coupled with rise in extremism makes Pakistan portend grave dangers for India.’<sup>17</sup>

India is facing threat from global Islamic Jihadi outfits like Al-Qaida, the Taliban and also from Daesh (Islamic State). Indian Muslim youth have remained unaffected by their propaganda; however, a few have got involved. It is essential to monitor the movement of youth to the Middle East. Additional measures have to be taken to strengthen our counter terror and response mechanisms. India will have to take steps to destroy terrorist infrastructure, improve its intelligence network. Stern action must be taken.

### **Civil Strife and Secessionist Movements**

Continuing civil strife of secessionist movements is a major challenge for India. Secessionist and

utopian rebel movements active in the North Eastern states of India also called the seven sisters -Arunachal Pradesh, Assam, Meghalaya, Mizoram, Nagaland and Tripura. These states are geographically and strategically encircled by Nepal, China, Bhutan, Myanmar and Bangladesh. The narrow stretch of the land, namely the 'Siliguri Corridor' connects these states to the Indian hinterland.

These states are different from each other not only in its ethnicity but also security dynamics. There are numerous separatist movements in the North East. Each conflict has its roots and history, the main issues are language and ethnicity, tribal rivalry, migration, control over local resources, access to water, and a widespread feeling of exploitation and alienation. This not only represents domestic discontent but also the danger of destabilization by China and Pakistan. Conflict resolution has not been successful in this region except in Mizoram and Assam. The north east has resources and is water surplus, however this region remains largely underdeveloped.

'If socio-economic conditions in rural and tribal areas continue to improve, the insurgencies are likely to peter out in the long run as most people care more about improving their lot in life than they do about the intricacies of dialectical materialism or the fulfillment of ideological imperatives. Conversely if those areas remain impoverished and marginalized, the insurgencies are likely to remain a persistent problem, as hardliners will always find a viable recruitment pool in such conditions. Finally, history provides ample evidence that if socio-economic conditions deteriorate below a certain level, even a small cadre of professional, ideologically-driven revolutionaries can force significant political change.'<sup>18</sup>

The nexus between the insurgent groups and the drug mafias is also a major factor responsible for the continuous strife in Manipur. Economic growth, effective and corruption free

governments, restoration of law and order will help the North Eastern States grow to their full potential and bring them fully into the national mainstream. The Centre has to reach out to the youth.

The North East is key to the nation's 'Act East' policy. It is a land bridge to the prosperous East Asian nations. The North East's economic development and India's foreign policy engagements will help India's development and eliminate a major security challenge.

### **Separatist Movement in J&K**

Jammu and Kashmir is a security challenge for India which has both external and internal dimensions. The state's relationship with its parent nation has been tumultuous mainly because of the mischief caused by Pakistan. The situation remains a cause for concern 'mishandling of a brewing political crisis, brought about by the state government's dismal performance, marked by rampant corruption and inefficiency led to this explosive situation in the sensitive valley'<sup>19</sup> This is why, "Emotional integration of the Kashmir valley especially the youth (distinct to population in the Jammu, Ladakh regions and Muslims other than Sunnis) with its parent nation constitutes a serious challenge.

The current unrest in the valley in which hundreds of youth, including regrettably school children, have been motivated to join stone-pelters is a serious set-back to normalcy in the valley. That the separatist leaders in the Hurriyat, on express orders from their masters in the Pakistani establishment, are spreading hate-India fervour amongst the Kashmir youth needs to be tackled with firmness'<sup>20</sup>

The process of rebuilding the economic and political system and winning the confidence of the people is an uphill task. The insurgency is persistent and is seriously jeopardizing India's national sovereignty and territorial integrity from within. India has to make a sustained effort to vitalize the economic and democratic functioning

and also strengthening the role and efficiency of the state. The people have to be convinced that their future and Sufi lineage is safe within the inclusiveness of the Indian Union and not in a terrorist and radicalised state like Pakistan.

### **Communalism as a Challenge to Internal Security**

The editor of Frontline, N. Ram, has said 'Recognising and realizing the innocent strength of historically deep-rooted cultural and political diversities and pluralism of the country can effectively fight the impact and implications of communalism.'<sup>20</sup> Communalism is a socio-political scourge based on hate politics used to win elections by the different communities. Communalism is political trade in religion. India's secular fabric is getting affected by communalism. Communalism is the outcome of intolerance of the different communities towards each other. There have been many major communal violence incidences in India since partition.

Partition itself took place amidst widespread communal violence, Hindus in Pakistan and Muslim in India were killed in large numbers, women were raped. In 1984, we had the Anti-Sikh riots. There was widespread bloodshed as Sikhs were murdered in large numbers by anti-Sikh rioters. Then we have the incidence of ethnic cleansing of Kashmiri Hindu Pandits in 1989 giving them the status of refugees in their own country. The Babri Masjid demolition in Ayodhya in 1992 led to bloodshed. This violence was followed by the Godhra incidence in 2002, when Kar Sevaks were returning from Ayodhya in the Sabarmati Express and were killed by fire. This was followed by extended communal violence in Gujarat.

In 2012 communal violence took place in Assam where large-scale Bangladeshi immigration has changed the demography of the North Eastern States, which often becomes reason for clashes. In 2012, there were ethnic clashes between Bodos and Muslims and in Muzaffarnagar violence of

2013 between Jat and Muslim community. There are other constraints on India's security like proliferation of small arms, 'lethal devices are finding their way to non-state actors and terrorist groups. This has significantly altered the level of internal conflict in India's troubled regions, making for deep concern for the inevitably long-drawn and prolonged conflict in sensitive border states with major implications for the deployment and engagement of security forces.'<sup>21</sup>

India's Security is affected by drug-trafficking. India is sandwiched between the Golden Crescent and Golden Triangle. Drug money has funded terrorism against India, the enormous fund generated by drug sales is being used to finance sophisticated weapons by the terrorist group. 'These weapons have been used to create internal unrest in urban centres as evident by the vicious bomb blasts in Bombay in 1993. India is also fast emerging as a transit route for the narcotic trade, given its strategic location between two major narcotics producing areas.'<sup>22</sup>

The criminal underworld is growing by the nexus between illegal traders, drug peddlers, and gun dealers. This is a major concern for internal security forces and law enforcement agencies. The easy availability of drugs in Punjab has had an adverse impact on the population, availability of drugs has created a relatively high incidence of drug dependency and addiction in the region.

Another major problem is posed by the refugees' inflow in India from Bangladesh and recently Rohingya refugees flow from Myanmar. This has a major impact on our security as they are more prone to get swayed by terrorism thus compromising India's security.

After examining the threats to national security, we can analyze that most of the threats are interconnected, we can defend and promote our national security by nurturing and building our human resources, this can be done through education, sprucing up our health system so that there is a decrease in the infant and maternal mortality rate. This will have a huge impact on

human resource development. Another step will be to promote science and technology.

We have to use technology in a big way to safeguard our porous borders' security, and security of our long coast line which is around seven thousand and five hundred kilometres. Much of our critical infrastructure lies in cyber space. Cybercrimes such as hacking, financial fraud, data theft, espionage etc., is the latest security threat for the whole world. Cybercrimes can disrupt finance, rail, air, power, critical information services through Cyber-attacks. We have to build our capacity to counter Cybercrimes.

We need to invest more funds and more human resources into research and development, especially that related to national security. To power human resource development and research in Science and Technology the single most important component is money. Without Money nothing will be possible. Money comes when the economy grows. Growth leads to greater public welfare and greater security; China is the biggest example of this. Another dimension of national security is social cohesion and harmony. High growth will contribute to growth over a long period of time, which will lead to development and inclusiveness.

'It is a strange paradox that India, an emerging power, aspiring to be a regional power, does not have a formal 'national security strategy'. Consequently, contingency driven ad-hocism, derived from individual inclinations, and leadership and the bureaucracy of the day, can describe India's response to most security crises.'<sup>23</sup> It is imperative to have a national defence policy which is integrated to our national security strategy. We should not cut our defence spending as war can only be avoided if we have a strong modern military.

The economic developmental and aspirational goals of the nation cannot be achieved without peace, stability and security in the country. Therefore, we can conclude by saying that India

should get its act together and pursue its national security strategy actively so as to do away with the various anomalies and strive to secure its national security.

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# Media ethics in professional journalism

Prof. Dr. Sabahudin Hadžialić\* (Dr. Honoris Causa)

*[Conceptual uncertainty makes for interesting dialogue, much of it overly tedious and seemingly unending, but its exposition and analysis provide healthy catalytic stimulation for professional journalists.]*

The world of communicator is overflowing with uncertainty. Basic terms go undefined and more complex concepts continue to spawn debate and even ideological chaos. For some, the message is the match that ignites the flames of progressive social discourse and, in many cases, of communal discord. According to others (like Marshall McLuhan, 19651), the media themselves impact our lives, causing us to think and act differently than we would without them.

To explain “bias” within this topic is that the media largely refuse to admit any bias at all. It is this, more than the bias, that infuriates the astute audience member. Media are full of biases. Media managers and staffers throughout the hierarchy have their values. This is natural, and it is strange that media people would deny their biases.

For example, behind western journalism is the philosophical notion that no one perspective or view of reality has ultimate dominance. At the end of the so-called postmodern (pro-futuristic?) age, one wonders if monism of basic meaning will return to the world of communication. But perhaps such a situation has never existed, with the world always being multi-perspective.

Jacques Derrida<sup>2</sup>, a French philosopher who has been a leader in inter-subjective postmodernism, has argued that interpretation is part of reality. Increasingly, however, journalists are beginning to recognize the impossibility (and the weakness)

of so-called objectivity. Now it is generally believed that when a person buys a newspaper, he/she buys a point of view. Or perhaps better, when a person listens to, or reads, a reporter’s story, what is received is a point of view.

## *Views on the news and Mythology*

Basic public communication concepts such as news, objectivity, truth, journalism, reporter, magazine, newspaper, social media, bias, propaganda, mass, public opinion, profession, media (all kind) and media ethics-these and many others wait meaningful definitions.

One of the most troublesome of the concepts is “the news”. The very concept of the news is problematic. Journalists generally claims they know the news when they see it. And, of course, historically, news has been considered, despite semantic difficulties, the core substance of journalism. But, from a realistic perspective, news today has lost its primary status. It has evolved into infotainment, into personality profiles, and into soft and slushy stories, somewhere between news features and entertainment, between polemic and propaganda.

Objective is one of the most misunderstood terms in journalism, many (like most postmodernists of today) call it naïve empiricism; others refer to it as an unachievable ideal; others maintain that it should not be used at all. A report may be truthful but not objective. It is always incomplete, although its facts may be accurate. For one thing, the subjectivity of the persons involved in the story (the reporter and the one being reported

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on) is part of the “objective” reality of the story—and not reporter, even with the help of a psychiatrist, can ever come close to doing justice to that.

What is the basic nature of journalistic news? In theory, at least in traditional idealistic press theory, news reports should be (1) information needed by an audience, (2) reporting that avoids harm to the society, and (3) factual, accurate, balanced, relevant and complete.

But, nine-tenths of the news today is not needed by its audience.... News is not objectivity. *News is selection from objectivity*. It is a story that is strained through the perception of the reporter, mingling biases and judgments of the reporter with the cold facts of the event.

We have also to talk about mythology. There is an also a Myth of Professionalism. Many journalists consider them professionals and journalism as a profession.

Let’s try to clarify this. Being a “professional journalist” for example, to many, simply implies being a hard-working, efficient, quality journalist-doing well the task assumed. I would agree with those who say that journalist is one who works for an institutionalized medium in capacity relating to the getting, writing, editing and commenting of the news. Ok, that is related to the word “journalist”, but what about the word “professional”. That is, I assume somebody who is conducting his work professionally.

However, from a sociological perspective, a profession is not simply a business or a “special” calling. Nor does it separate the good practitioner from the mediocre or bad. I know a lot of professional journalist that are both of mentioned, and they still call themselves professional journalists. A true profession is an institutionalized collection of public service workers who, although individualists, set aside many personal preferences in order to have a collective spirit and set of self-determined standards to guide their group or profession.

When we are talking about journalists who claims themselves professionals, ethically is not good and correct to be something who you are not, especially if you are just a member of Journalistic association.

For me personally, to be really professional journalist, in terms of respecting ethics within its core, first you have to be an ethical person and, above all, your professionalism is not within the point of “how much money you are making” but even better “how much objective and accurate news have you placed in the world”. Unfortunately, in the news business, the first one is more important, so ethics, of course, suffers again.

Other myths are “people’s right to know” – But where is that written in the Constitution and or in Law? But we all are curious, and people may have curiosity to know, or even from time to time a need to know. But curiosity and need are not the same as a “right”. I work for a newspaper and I “need” a car to get to and from work. Although I don’t have a right to have a car. Another myth is often proclaimed: the right of public access to the media. This is an interesting myth for it conflicts with the very concept of capitalism and private property so important, for example, to the British philosopher John Locke and the American Founding Fathers.

The press is private institution (business) within all Western world and the publisher and/or stockholders, like proprietors of any business, select the product to be sold. Then we come to the “myth of the newspapers”. Just check out the newspaper and you will find approx. 10% for what most editors and readers would call news. What do you think for what purposes is used other 90 %...?

### ***Class, Mass and Crass media***

John Merrill<sup>3</sup> states that there are these media: 1. Class; 2. Mass and 3. Crass. What is that? The small part of the triangle represents the “class” media – the quality of elitist media.

Below them, in the midsection of the triangle, is a much larger segment of media – the “mass” media. And at the broad bottom of the triangle are the popular, “crass”, or vulgar media. He adapted this trinary model from Plato’s three kinds of lives - the philosophic, the ambitious and the appetitive.

And the ethics travels on a bumpy road, as it goes below, and below...

The class media try to go behind the superficiality of people and events they deal with. Journalists working in such media try to get at the “why” of the news – at the causes – and not only the events.

The serious intellectual air of the class media is too ratified for most people. Therefore, the most pervasive and important of the media – at least in libertarian, capitalist country – are the mass media. There is no paucity of information in the mass media. In fact, there is such a variety of material that the consumer has a problem finding news in the vast outpouring.

The situation can be worse and, as we got lower into the media pyramid we get to the “attitudinal illiterates” that cling to the thoughtless, superficial, entertainment-and-picture-oriented, negative and sensational messages that are being generated by the crass media.

### ***Pageant and authenticity***

Media public is different, in principle, from the model of the square on which citizens meet to deliberate and make decision about public businesses. Differently from the square of assembly democracy, media public is functioning in the principle, as very well selected stage with special conditions for the approach.

Ethics is questionable when you are limited to the pageant and/or staging environment which is very often presented through the need of the owners of the media and it reflects the work of professional journalist. Authenticity is jeopardized when you must be a part of the staging task regardless your honesty, objectivity and

accuracy. Especially, if we are dealing with the politics within its core. Namely, the rules of pre-staging are necessary precondition for the approach to media stage, but it does not yet guarantee real approach on it in own way.

### ***Media mélange***

One of the main reasons for the conceptual uncertainty is that relationship of media to authority carries so greatly throughout the world.

What if say, quoting John Merrill that there is but one meaningful press theory (or system): the authoritarian system. It seems that this is a more realistic way to look at media systems, none of which is free of control or direction. It also avoids the labeling stigma of some systems being more authoritarian than others (regardless if it is so-called communist kind and/or capitalist kind of system). Ethics, of course, suffer in both.

In the United States, media authority is a combination of media owners and advertisers. Here we are talking about a capitalist system with a heavy overlap of Enlightenment libertarianism. In fact, this press autonomy system is the one of the four theories called the libertarian theory. It is market theory, a *laissez faire* concept, where media plutocrats rule over the press. The authority is not the government, but the media people themselves. Of course, they are influenced greatly by the advertisers and by public opinion, so that despite their separation from government control, the public media have an authority. And at least in theory, they provide the greatest message diversity of all press systems.

The State-Party is another authoritarian media system. Before we continue just to say that cultural differences determine ethics, so what is an improper system for the United States and/or United Kingdom is not improper system in Cuba and/or North Korea.

Even theoretically, democratic country like Japan hides under this second type, having a closer connection or partnership with government than

is clearly visible from the outside. Press clubs are common in Japan, and through them government has enormous influence over the newspapers. The press club system institutionalizes and enforces cooperative relations between journalists and the establishment, encourages self-censorship, gives journalists a sense of elitism, discourages independent investigative reporting, and encourages boring and unhelpful news.

Within this media *mélange* there are other media control systems, like a populist/democratic one – The authority here would rest with the people through their elected news directors, editors and publishers.

Another possible system of state leadership and the media is a theocratic/religious authoritarianism. Here we have as the guiding authority of the society a holy book and/or religious leaders. We have seen that system possible, for a short term, in Afghanistan with the Taliban Muslim leadership in the 1990s and recently on the area of land which was temporary occupied by the side of so-called Islamic State of Iraq and the Levant-ISIS, a couple of years ago.

In the same time, we have to agree that there are many Muslim countries, especially in the Middle East, that are ruled by a combination of religious leaders (mullahs, ayatollahs, muftis) and the particular state ruler at the time. Going back in European history, one might also say that a similar authoritarianism existed with the Holy Roman Empire. Today we can see it in the Vatican State where *L'Osservatore Romano* and other Roman Catholic information media are controlled by theocratic authority. In the Arabic world, as in the Holy Roman world, this type of authoritarianism can provide considerable stability and order to the society. However, a sin any other of the authoritarian systems, cliques and sects develop and theocrats disagree, but in general this system would ensure social stability and viable governance.

Of course, ethics flows in a different way within the whole different kind of systems we are mentioning here and the professional journalist anywhere in the world has to be very careful if he is, for example, reporting from the certain areas, and has to have in mind that, as we said that cultural differences determine ethics.

Another type of authoritarianism related to the media could possible exist: a subsidized media system. An entire media system could be financed by wealthy citizens, institutions and foundations. This would be different from owner-advertiser system discussed for, in this one, there would be no need for advertising. And the authorities would be the subsidizer(s).

There is also the intellectual-elitist authoritarian system – The wise, well-trained, virtuous, intelligent, socially-oriented leaders could be called “Journalistic Philosophers”. They would be the authorities. All levels of media workers would have their distinct duties and would perform them in a highly efficient and disciplined manner.

Today the postmodern emphasis on democratization of journalism has similarities to the weakening of the Athenian state. If meritocracy (where it obtains) in the press hierarchy is overshadowed by citizen-intrusion will not fade away.

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# India-Maldives Relations Since 1965

Dr. Harish Chandra Behera\*

*[This is a fact that the foreign policy of a country generally does not change in a major way with a change of government, primarily because it is guided by national interests. Hence, India's relations with small island state of Maldives have witnessed ups and downs in recent years. India's foreign relations with Maldives since 1965 are very important from the strategic point of view in South Asia. The state like Maldives is not only small but also a cluster of islands in South Asia. As such, the state is classified here as Small Island State.]*

The geographical distinction of the island-state also generates a different type of security consciousness, which is different from other states in the Asian subcontinent. Security concerns of small states of the Third World, especially island-states, arise mainly due to external factors. Their security threats do not originate from other sovereign countries, but from non-state elements such as, transnational mercenaries and terrorists. This is especially true of small island-state of Maldives in the Indian Ocean in the post-Cold War era.

Therefore, each island-state has to depend either on regional powers for its security, or has to depend on the strength of the services by military and political means. Hence, as close and friendly neighbours, India and Maldives share ethnic, linguistic, cultural, religious and commercial links steeped in antiquity and enjoy cordial and multi-dimensional relations. India was among the first to recognize Maldives after its independence in 1965 and to establish diplomatic relations with the country. India established its mission at Male, the capital city of Maldives in 1972.

Howsoever, it is true that, first, India is very much interested in the political stability in the neighbourhood states, and the Maldives is no exception. Though small, Maldives is an important Indian neighbour. India's Prime Minister, Narendra Modi called the Maldives

“a valued partner in the Indian Ocean neighbourhood” and said that India-Maldives “ties are built on a very strong foundation,” the contours of which “are defined by shared strategic, security, economic and developmental goals.”

However, the bilateral ties are not without irritants, which can be seen in two broad areas: political and strategic. Second, India would like to prevent the Maldives from falling under the influence of any forces (state or non-state) that are inimical to its security interests. This can also change security environment in the Indian Ocean region (IOR). Third, a large number of Indians work in the Maldives and India is interested in their safety and security. Finally, India would like the investments of its companies in the Maldives to be secure.

India was; however, the first country to open a resident mission in Male in 1976. India-Maldives relationship had started deepening since 1960s when a number of Maldivian students came to study in India under Colombo Plan. A State Bank of India branch was opened in Male in 1974. Both the countries also signed an agreement to abolish visa between them. In 1980, India and the Maldives signed a trade agreement. Besides, India has also been providing technical assistance in various fields as desired by the Maldivian government.

In July 1982, there was a small dispute between India and the Maldives over the Minicoy Island.

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However, subsequently Maldives clarified that it was not laying any political claim over Minicoy and was talking only of cultural similarity. In 1976, a Maritime Agreement was signed between the Maldives, Sri Lanka and India to demarcate their respective jurisdiction in the territorial waters on the Median Line principle.

Maldives also has significant relationship with Pakistan in South Asia. Pakistan also has its mission in Male. In 1940s a small number of Pakistanis were employed by the British on Gan base. Pakistan has also provided technical assistance to Male. Former president Gayoom had once sought the services of a Pakistani constitutional expert for drafting a new constitution. Maldives is strategically located in the Indian Ocean. It is just about 700 km away from the southern coast of India. Hence, any political crisis in Maldives is going to have an impact on India. Presently, President Abdualla Yameen of Progressive Party of Maldives is in power. He is half brother of former president Maumoon Abdul Gayoom, who was the longest serving dictator of Asia.

### **Defence and Military Relations**

The cooperation in the area of defence and security forms an important component of India-Maldives bilateral relations. Indo-Maldivian Action Plan for defence that was concluded is in the context of defence cooperation being an important component of the India-Maldives bilateral relationship and the shared strategic and security interests of the two countries in the Indian Ocean region. The Action Plan envisages an institutional mechanism at the level of the Defence Secretaries to further bilateral defence cooperation, according to the Ministry of External Affairs.

Hence, India has adopted a very flexible and accommodative approach to meeting Maldivian requirement of defence and policy training requirement. On Maldives' request for providing a fast attack craft for its Coast Guard, India has

gifted ING Tillanchang to Maldives at a ceremony attended by former Indian Defence Minister (A.K. Antony) in April, 2006.

However, former Defence Minister of India A. K. Antony visited Maldives on 20 August 2009 and he had signed a series of measures with the island nation that would step up defence cooperation between the two countries and bring Maldives into India's security network. After his meeting with former President Mohamed Nasheed, Antony said that the two countries were good friends and equal partners in the renewed defence relationship and that "defence and security of both our countries are intertwined".

India and Maldives had agreed on a series of measures to step up defence cooperation between the two countries. The decisions were taken at the back-to-back meetings that Antony had with the top leadership of Maldives, including President Nasheed and Defence Minister Ameen Faisal. Defence Ministry spokesperson Sitanshu Kar, who was part of the Indian delegation to that country, said that and it was reported by newspaper that the visit will kick start the process of bringing Maldives into the Indian coastal security setup.

This would be done by installing a series of coastal radars, regular Dornier sorties and helping to set up an air force for the nation. While India has pledged two military helicopters, 26 coastal radars and regular Dornier sorties over the island nation as part of the security plan, the Maldives coast guard has said that work has already begun on the installation of radars that will increase marine surveillance. India has also agreed to set up a 25-bed military hospital in Male.

However, bilateral relations between India and Maldives have been nurtured and strengthened by regular contacts at the highest levels. Since the establishment of diplomatic relations, almost all the Prime Ministers of India visited the Maldives. During 2010, bilateral relations

continued through several high-level exchanges. Among these visits, former President Nasheed visited India in January 2010 that has been remarkable in nature. Even before 2010, former President of Maldives Nasheed also had come to India and signed an economic agreement.

### **Bilateral Assistance and Credit Facility**

India has been the leading development partner of Maldives and has established many of the leading institutions of Maldives including like the Indira Gandhi Memorial Hospital (IGMH), Faculty of Engineering Technology (FET) and Faculty of Hospitality & Tourism Studies (IMFFHTS). India has offered assistance to Maldives wherever required. After the tsunami that struck Maldives on December 26, 2004, India was the first country to rush relief and aid to Maldives. India provided a budget support aid of Rs.10 crores in view of the serious financial difficulties being faced by Maldives on account of the tsunami and related factors.

Assistance of US Dollars equivalent of Rs.100 million in July 2007 towards assistance was given following tidal surges in May 2007. India has provided US \$ 100 million Stand-by Credit facility (SCF) to Maldives, including long-term loans and revolving credit for trade. Under new Line of Credit worth US\$40 million offered by the Government of India to Maldives, the Overseas Infrastructure Alliance (OIA) of India has been given a contract to construct 485 housing units in Maldives.

During the visit of former President of Maldives Mohammed Nasheed to India in December 2008, an agreement was signed to extend a Standby Credit Facility of US\$100 million from the Government of India to Maldives. Accordingly, the amount was disbursed to the State Bank of India, Male' (which operates the Standby Credit Facility) and as of now, most of the credit facility has already been used up. Maldives had also sought loan assistance from the EXIM Bank of India. Due to the severe foreign exchange crisis in Maldives, the Maldivian Monetary Authority

(MMA) issued treasury bonds denominated in US dollars for the first time in December 2009. The entire lot of US \$ 100 million was subscribed to by the State Bank of India to help Maldives recover from the shortage of the currency. The gesture was well appreciated by the Maldivian government.

### **Indian Investment**

A fortnight before launching the new Foreign Policy, President Yameen was in India, his delayed and re-scheduled first overseas visit after assuming office. Given the India-China equations, on which no visiting leader from the neighbourhood in particular can escape questions, both from official interlocutors and the local media in New Delhi, he had this to say at the time: "Ties with China are very close? Our ties with India are far more precious? It's based on sentiments. It's a heart-felt relationship."

Both during his India visit and later - particularly ahead and after the Singapore Investment Forum, President Yameen made inevitable references to the 'GMR issue', involving the India-based infrastructure major, whose construction-cum-concession contract for modernizing the Ibrahim Nasir International Airport (INIA) at Male, was scrapped by the predecessor Waheed regime, but with his PPM's outright support. If the Delhi visit sealed any hope of reviving the GMR contract, President Yameen did concede, both in private and public, that his Government still owed compensation to the company.

Howsoever, both the countries' past records are excellent in all spheres. The State Bank of India has been playing a vital role in the economic development of the Maldives since February, 1974 by providing loan assistance for promotion of island resorts, export of marine products and business enterprises. Taj Group of India runs Taj Exotica Resort & Spa and Vivanta Coral Reef Resort in Maldives. In June 2010, GMR Infrastructure (India) and KLIA (Malaysia) consortium won the BOT contract to renovate

and expand Male International Airport, the largest and most important airport in the country.

However, GMR Male International Airport contact had been terminated earlier, in November 2009, GMR Infrastructure Global Limited, a subsidiary of GMR Infrastructure signed an MoU with the Government of Maldives to do a technical feasibility and viability study of developing an international airport at Hanimadhoo in the Upper Northern Province to international level. Also, in the same month, Suzlon Energy of India signed an MoU to set up a 25 MW wind farm at an investment of US\$40 million in the Southern Province of Maldives and Shri Educare of Delhi signed an MoU to take over the management of Ghiyassudin School, the first such initiative under the privatization policy of the Government of Maldives.

In July 2010, Bommidala Infrastructure of India signed an agreement for 25- MW solar energy project in the Upper Southern province. Other proposals in the area of renewable energy, health and education are also under active consideration.

It is true that the bilateral relations between Maldives and India had hit an all-time low in the aftermath of some controversial decisions taken by the island nation of Maldives in November, 2012 an upset Indian government had upped the ante, freezing major aid promised to the neighboring country in the recent past.

“Former President Dr. Mohamed Waheed of Maldives had taken some arbitrary decisions, so let him face the consequences,” a senior South Block official had told. The “consequences” include a freeze on \$25-million budgetary commitment that New Delhi had made to Male. Construction of a national police academy in Maldives had also been put on the back burner besides other infrastructural commitments that India had made to Maldives earlier.

### **GMR issue**

This is true that the relations between India and Maldives came under strain after Male had

terminated the agreement it entered into with GMR in 2010 for the modernisation of the Ibrahim Nasir International Airport. The airport was taken over by the Maldives Airports Company Limited after a high-voltage legal tussle. Maldives government maintains the reason for cancellation of the project was because “the contract was illegally awarded” by the then President Nasheed. The country’s anti-graft watchdog has ruled out any corruption in the leasing of the international airport to GMR.

Maldives’ long standing bilateral relations with India were strained following the controversial power transfer of February 2012 and former President Dr. Mohamed Waheed’s assumption of power, particularly following the premature cancellation of Indian Infrastructure Company GMR’s \$511 million airport project in 2012. Maldives set a storm in the Indian Ocean so to say by defying Indian government’s call and terminated a crucial long-term agreement that granted airport rights to an Indian infrastructure giant GMR. According to India’s former External Affairs Minister Salman Khurshid, that decision was seen as a major setback to India-Maldives relations particularly as indicated that was working the telephone lines to Male to avoid a standoff on the issue.

However, there is increasing competition for stakes in the big pond of the Indian Ocean between India, China and the US with Pakistan and Saudi Arabia in a supporting role. Full manifestations of the competition were, however, to unravel. Maldives and GMR could, therefore, be the small fish in this power struggle which had an internal dynamic with political feud in Maldives intensifying over the past few months after transition of power under abnormal circumstances on 7 February 2012.

Indian Government believed that vested interests were at work in Maldives to foment anti-India sentiments and hurt bilateral relations. It is a fact that the increasing interest of China in Maldives is also not hidden from India. Adhaalath, a radical Islamic party in Maldives, tweeted that: “We would rather give the airport contract to our

friends in China, who makes the majority of our tourist population.” Former President of Maldives Dr. Mohamed Waheed had diplomatically maintained that the cancellation of the GMR airport contract was not a political decision. “We had always maintained that it was a commercial contract signed by the former President Mohamed Nasheed government under dubious conditions.

Dr. Waheed had also said that he remained confident that India-Maldives relation would not be affected by the cancellation of the GMR contract by MACL (Maldives Airports Company-Ltd). Hence, former President Abdulla Yameen’s Progressive Party of Maldives (PPM) formed part of Waheed’s national unity government, had taken office in November 2013, he had made the strengthening of Maldivian-Indian ties a priority.

So that the trigger to the crisis was set off by a press release of the President of Maldives office on 27 November which stated that the Concession Agreement, signed on 28th June, 2010 between GMR-MAHB Consortium, Maldives Airports Company Ltd, and Government of Maldives, to lease Male’ International Airport to GMR was terminated. The release indicated that the decision was based on, “technical, fiscal and economic issues”, examined by a cabinet committee, various ministries and also legal advice of UK and Singapore lawyers. The advice by UK lawyers is relevant given that the agreement has been signed under UK laws.

Significantly, the agreement had been rendered void implying that it was never valid as such putting pressure on GMR to vacate airport within a week without the mandatory notice period of three months and ignoring arbitration proceedings in Singapore for the 25-year lease. State-owned Maldives Airports Company Limited (MACL) is therefore set to take over the airport on or before the expiry of the seven days period.

Responding to these developments, India’s Ministry of External Affairs in a Press release indicated that the decision of the Maldives

government to terminate the agreement with the GMR Group sent a negative signal to foreign investors and international community given that the consortium was awarded the contract through a global tender conducted by the International Finance Corporation (IFC), Washington, a member of the World Bank. While seeking reassurance, the statement added, “We call upon the Government of Maldives and all concerned parties to ensure that Indian interests in Maldives and the security of Indian nationals are fully protected”.

Whatever may be? The sensitivity of the decision in political context of Maldives was evident with comments of various leaders. Former President Mohamed Nasheed in whose tenure the agreement was signed stated, “Waheed’s government had cynically used xenophobia, nationalism and religious extremism to attack GMR, the country’s largest foreign investor. Waheed was leading the Maldives down the path to economic ruin.” The nationalist sentiment was evident with photograph of a petition signed on behalf of a group which calls itself, “Maldivians’ Airport for Maldivians,” prominently displayed on the web site of the President.

On the whole it appeared that India’s Maldives policy might be under stress to say the least. Forebodings of a crisis on the GMR issue were more than evident as anti-India sentiments were building up for some time in Male. Most notably spokesperson of the President’s Office Abbas Adil Riza commented on the role of the Indian Ambassador adversely though the Government was quick to disassociate itself. The Indian Ministry of External Affairs had also expressed concern over anti-India demonstrations in the country in a Press Release on 16 November and stated that “A senior official of the Government of India visited Maldives and conveyed our concerns in regard to recent developments in Maldives”.

The Maldives government had continued with the process of termination of contract with the GMR indicates that it was willing to confront India. This could come about only if it felt it

was on a strong wicket particularly so as the government was due to receive a \$ 25 million bail out to pay salaries of its employees in January, 2013 from New Delhi.

Ironically defence ties between India and Maldives have expanded considerably. Even as the GMR crisis was building up the fourth Joint Military Training Exercises between the Indian Army and the Maldives National Defence Force (MNDF) – EKUVERIN 2012 – were being held in Belgaum, India from 12-25 November 2012. India's former Defence Minister A.K. Antony and the Home Minister Mr. S K Shinde were in Maldives in September 2012 and had worked out extensive security cooperation programme including infrastructure and training with the Maldives defence forces.

The GMR case can also be seen as the beginnings of competition at the edge of the Indian Ocean given significance of Maldives as a small country of less than 400,000 people and 80,000 migrant workers astride sea lines of communications from energy rich West Asia to South East and East Asia. There are obvious interests of China which is also investing heavily in mineral exploration of the Indian Ocean. China has expanded influence through tourism with 25 percent of inflow in 2012 so far from that country. Maldives President was also assured of assistance during his visit to China-Eurasia Expo and China-Eurasia Economy Development and Cooperation Forum in September this year.

Saudi Arabian support to Wahhabism in Maldives and Pakistan's increasing influence through locals who have been educated in that country has been cited as reasons for growth of fundamentalist trends and anti-India sentiments respectively. Hence, New Delhi was concerned about the safety of more than 30,000 Indians in Maldives and mulling to mount pressure on Male to ensure their safety and security. Media reports indicated that it seems that former President Dr. Waheed was not in control of things in and was acting under the influence of certain radical political parties of his own country.

## **Strategic and Security Concerns**

However, it is found that India is enduring its growing military relationship with island nation in the Indian Ocean. India deputed a navy officer to manage the National Coast Guard of Mauritius, where two-thirds of the public is of Indian origin. In 2007, New Delhi built a monitoring station in Madagascar that relays intelligence back to Mumbai and Kochi. India is also installing a network of coastal radars in all 26 Maldivian atolls that feed back to India. The Indian Navy and Coast Guard frequently assist Maldives in maintaining security by providing maritime surveillance, hydrographical surveys, training, and maritime military equipment and repair, in addition to engaging these countries in exercises.

In contrast, China has not provided such maritime assistance, except for two patrol craft and training to Seychelles. India concluded the DOSTI exercise with Maldives in April, to commemorate this two-decade bilateral engagement. The two countries will soon sign agreement for advance maritime domain awareness in the region. The two countries began an annual dialogue between their defense secretaries in 2012 beyond bilateral relationships, New Delhi is gradually assuming a greater leadership role in Indian Ocean institutions, such as the economic and diplomatic forum Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC) and the Indian Ocean Naval Symposium (IONS). Far from India's influence waning, all these measures reinforce the country's strong security relationships with Indian Ocean countries.

As seen in India's security activities with states in its neighbourhood, defense cooperation is a normal occurrence and not a cause for concern in its current form in the Indian Ocean. While some observers were unnerved by the Maldivian defense minister's visit to China after the airport deal collapsed, a similar trip occurred in 2009 during the presidency of Nasheed, who was seen as a pro-India leader. The 2012 visit resulted in minimal security cooperation: China agreed to

provide a \$3.2 million marine ambulance for the archipelagic nation.

Hence, China's relations with Maldives have been described as 'models of good relations between small and big countries. China enjoys a large surplus in its trade with the Maldives, it is also a significant source of economic assistance and tourism for the Maldives. Given that India is in many ways the preeminent power in South Asia, China's relations with Maldives in the South Asian regional context have been analysed in terms of two 'strategic' perspectives: China-India and China-India-Maldives. What emerges from this analysis is that the sustenance of the cooperative momentum in the China-India relationship is crucial to the improvement of China's relations with South Asia as a whole.

It is true that China's increased engagement with smaller states in the Indian Ocean, including Sri Lanka and Maldives is a challenge to India. Given the legacy of the 1962 war between China and India and ongoing competition for influence, New Delhi is right to have suspicions about Beijing's intentions in its neighbourhood and whether smaller Indian Ocean countries are plying the two sides off each other. But the fact is that India's position in the region remains strong due to longstanding and growing security cooperation with smaller neighbours as well as the Indian Navy's expanding capabilities.

Just in the recent past weeks, New Delhi's influence has been underscored by former Maldives President Mohamed Nasheed's decision to seek refuge in the Indian High Commission in Male after a Maldivian court ordered his arrest. Politically, India has consciously avoided interfering in the Maldives' internal affairs despite being invited to do so by the actors in the atoll state. New Delhi's major concern has been the impact of political instability in the neighbourhood on its security and development.

The arrest of opposition leader Mohamed Nasheed on terrorism charges and the consequent political crisis have posed a real diplomatic test

for Narendra Modi's neighbourhood policy. Expressing concern over "the arrest and manhandling of former President Nasheed," India urged "all concerned to calm the situation and resolve their differences within the constitutional and legal framework of Maldives."

However, Indian tourists visiting the Maldives have been increasing and present Government of India headed by Prime Minister Narendra Modi will fully cooperate with initiatives to promote Maldives tourism in India, particularly in regions like Kerala and Gujarat. Indian visitors to the Maldives increased by nearly 20 percent in 2013, while still accounting for only 3.4 percent of total arrivals. In the bilateral meeting, both the country's Foreign Ministers and High Commissioners were present there. In addition to President Yameen, former Presidents Maumoon Abdul Gayoom and Mohamed Nasheed, as well as Adhaalath Party President Sheikh Imran Abdulla, have congratulated Indian PM Narendra Modi upon his election victory.

Hence, recently, President of Maldives, Abdulla Yameen Abdul Gayoom, who has embarked on a two-day visit to New Delhi, was expected to sign a counter-terror pact with India. Maldives recently arrested 40 of its nationals, who were reportedly fighting alongside the Islamic State in Syria and Iraq. Mr. Yameen and the Indian government also signed a double-tax avoidance agreement.

India's change in policy towards the Maldives a little after Prime Minister Narendra Modi skipped Maldives in his Indian Ocean region tour has helped to thaw relations. India has been largely silent on the major assault on democratic institutions and the Opposition in the archipelago nation, while most countries which have a stake in the region, including the US, UK, and the European Union, have condemned the Yameen Government's transgressions.

The importance of Maldives for India can never be over-emphasised. Maldives is an important member of SAARC. It is strategically located along major sea lanes in the Indian Ocean. A

significant portion of world trade takes place through the Indian Ocean. All the energy supplies coming from Gulf nations pass through this area. After the democratically elected government of Mohamed Nasheed was replaced in an alleged coup, Maldives has been facing political uncertainty. Though India wants political stability and multi-party democracy to return to the country, it has no role in the ongoing developments in Maldives.

### Conclusion

India's foreign relations with Maldives since 1965 have been nurtured and strengthened by regular contacts at all levels. Since establishment of diplomatic relations, almost all Prime Ministers of India visited the Maldives. From the Maldivian side, former President Maumoon Abdul Gayoom and former President Mohamed Nasheed made a number of visits to India during their Presidencies. President Abdulla Yameen visited India with a high-level delegation on a State visit from January 1-4, 2014, which was his first official visit abroad. There is a regular exchange of high-level ministerial delegations.

India's bilateral relations with small island state of Maldives also have witnessed many ups and downs in recent years. Maldives would be struggling with the adverse consequences of climate change and seeking closer ties with India to manage them. India should assist Maldives as comprehensively as possible. The region can progress if the countries of the region create interdependencies and cooperate with each other to tackle common challenges. India must deal with the situation in calm and mature manner since an unstable Maldives can have serious regional security implications as well as impact upon India's security.

Even India will need a stronger articulation of its vision of South Asia. India cannot aspire to be a truly convincing great power until it achieves a better handle on its regional neighbours, particularly with small island state of Maldives. India faces a circular challenge. Both the countries have to maintain close communication

over any issue and problems could be solved through friendly consultation, dialogue and negotiation.

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# France: Towards Chaos or a New Social Compact?

Dr. Guy Millière\*

*[At the end of the parade, a few dozen people release yellow balloons into the sky and distribute leaflets saying “The yellow vests are not dead.” The police disperse them, quickly and firmly. Moments later, hundreds of “Antifa” anarchists arrive, throw security barriers on the roadway to erect barricades, start fires and smash the storefronts of several shops. The police have a rough time mastering the situation, but early in the evening, after a few hours, they restore the calm.]*

A few hours later, thousands of young Arabs from the suburbs gather near the Arc de Triomphe. They have apparently come to “celebrate” in their own way the victory of an Algerian soccer team. More storefronts are smashed, more shops looted. Algerian flags are everywhere. Slogans are belted out: “Long live Algeria”, “France is ours”, “Death to France”. Signs bearing street names are replaced by signs bearing the name of Abd el Kader, the religious and military leader who fought against the French army at the time of the colonization of Algeria. The police limit themselves to stemming the violence in the hope that it will not spread.

Around midnight, three leaders of the “yellow vest” movement come out of a police station and tell a TV reporter that they were arrested early that morning and imprisoned for the rest of the day. Their lawyer states that they did nothing wrong and were just “preventively” arrested. He emphasizes that a law passed in February 2019 allows the French police to arrest any person suspected of going to a demonstration; no authorization from a judge is necessary and no appeal possible.

On Friday, July 19, the Algerian soccer team wins again. More young Arabs gather near Arc de Triomphe to “celebrate” again. The damage is even greater than eight days before. More police show up; they do almost nothing.

On July 12, two days before Bastille Day, several hundred self-declared African illegal migrants enter the Pantheon, the monument that houses the graves of heroes who played major roles in the history of France. There, the migrants announce the birth of the “Black Vest movement”. They demand the “regularization” of all illegal immigrants on French territory and free housing for each of them. The police show up but decline to intervene. Most of the demonstrators leave peacefully. A few who insult the police are arrested.

France today is a country adrift. Unrest and lawlessness continue to gain ground. Disorder has become part of daily life. Polls show that a large majority reject President Macron. They seem to hate his arrogance and be inclined not to forgive him. They seem to resent his contempt for the poor; the way he crushed the “yellow vest” movement, and for his not having paid even the slightest attention to the protesters’ smallest demands, such as the right to hold a citizen’s referendum like those in Switzerland. Macron can no longer go anywhere in public without risking displays of anger.

The “yellow vests” seem finally to have stopped demonstrating and given up: too many were maimed or hurt. Their discontent, however, is still there. It seems waiting to explode again.

The French police appear ferocious when dealing with peaceful protesters, but barely able to prevent groups such as ‘Antifa’ from causing violence. Therefore, now at the end of each

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demonstration, “Antifa” show up. The French police seem particularly cautious when having to deal with young Arabs and illegal migrants. The police have been given orders. They know that young Arabs and illegal migrants could create large-scale riots. Three months ago, in Grenoble, the police were pursuing some young Arabs on a stolen motorcycle, who were accused of theft. While fleeing, they had an accident. Five days of mayhem began.

### **Democracy receding**

President Macron looks like an authoritarian leader when he faces the disgruntled poor. He never says he is sorry for those who have lost an eye or a hand or suffered irreversible brain damage from extreme police brutality. Instead, he asked the French parliament to pass a law that almost completely abolishes the right to protest, the presumption of innocence and that allows the arrest of anyone, anywhere, even without cause. The law was passed.

In June, the French parliament passed another law, severely punishing anyone who says or writes something that might contain “hate speech”. The law is so vague that an American legal scholar, Jonathan Turley, felt compelled to react. “France has now become one of the biggest international threats to freedom of speech”, he wrote.

Macron does not appear authoritarian, however, with violent anarchists. When facing young Arabs and illegal migrants, he looks positively weak. He knows what the former interior minister, Gérard Collomb, said in November 2018, while resigning from government:

“Communities in France are engaging in conflict with one another more and more and it is becoming very violent... today we live side by side, I fear that tomorrow it will be face to face”.

Macron also knows what former President François Hollande said after serving his term as president: “France is on the verge of partition”.

Macron knows that the partition of France already exists. Most Arabs and Africans live in

no-go-zones, apart from the rest of the population, where they accept the presence of non-Arabs and non-Africans less and less. They do not define themselves as French, except when they say that France will belong to them. Reports show that most seem filled with a deep rejection of France and Western civilization. An increasing number seem to place their religion above their citizenship; many seem radicalised and ready to fight.

Macron seems not to want to fight. Instead, he has chosen to appease them. He is single-mindedly pursuing his plans to institutionalise Islam in France. Three months ago, the Muslim Association for Islam of France (AMIF) was created. One branch will handle the cultural expansion of Islam and take charge of “the fight against anti-Muslim racism”. Another branch will be responsible for programs that train imams and build mosques. This autumn, a “Council of Imams of France” will be established. The main leaders of the AMIF are (or were until recently) members of the Muslim Brotherhood, a movement designated as a terrorist organisation in Egypt, Bahrain, Syria, Russia, Saudi Arabia and the United Arab Emirates — but not in France.

French President is aware of the demographic data. They show that the Muslim population in France will grow significantly in the coming years. (The economist Charles Gave wrote recently that by 2057, France will have a Muslim majority). Macron can see that it will soon be impossible for anyone to be elected President without relying on the Muslim vote, so he acts accordingly.

Macron apparently sees that the discontent that gave birth to the “yellow vest” movement still is there. He appears to think that repression will be enough to prevent any further uprising, and so does nothing to remedy the causes of the discontent.

The “yellow vest” movement was born of a revolt against exorbitantly high taxes on fuel, and harsh government measures against cars and motorists. These measures included reduced speed limits –

90 km/h on most highways — and more speed-detection cameras; a sharp rise in the penalties on tickets, as well as complex and expensive annual motor vehicle controls. French taxes on fuels recently rose again and are now the highest in Europe (70% of the price paid at the pump). Other measures against the use of automobiles and motorists still in force are especially painful for the poor. They were already chased from the suburbs by intolerant newcomers, and now have to live — and drive — even farther from where they work.

### **Socio-culturally disenfranchised**

President has made no decision to remedy the disastrous economic situation in France. When he was elected, taxes, duties and social charges represented almost 50% of GDP. Government spending represented 57% of GDP (the highest among developed countries). The ratio of national debt to GDP was almost 100%.

Taxes, duties, social charges and government spending remain at the same level now as when Macron came in. The debt-to-GDP ratio is 100% and growing. The French economy is not creating jobs. Poverty remains extremely high: 14% of the population earn less than 855 euros (\$950) a month.

“How else to explain that the post-WWII come-and-help-our-recovery slogan *Gastarbeiter willkommen* became an *Auslander Raus* roar in a matter of only two decades. Suddenly, our national purifiers extensively shout ‘stop *überfremdung* of EU, we need de-ciganization’ of our societies, as if it historically does not always end up in one and only possible way—self-barbarization. In response, the socially marginalized and ghettoized ‘foreigners’ are calling for the creation of *gastarbeiterpartie*. Indeed, the first political parties of foreigners are already created in Austria, with similar calls in Germany, France and the Netherlands. Their natural coalition partner would never be any of the main political parties.

We should know by now, how the diverting of the mounting socio-economic discontent and

generational disfranchising through ethno-engineering will end up, don’t we?” – warned prof. Anis H. Bajrektarevic years ago in his brave and farsighted essay ‘Denazification urgently needed in Europe’.

Consequently, our top executives pay no attention to the growing cultural disaster also seizing the country. The educational system is crumbling. An increasing percentage of students graduate from high school without knowing how to write a sentence free of errors that make incomprehensible anything they write. Christianity is disappearing. Most non-Muslim French no longer define themselves as Christians. The fire that ravaged the Cathedral of Notre Dame de Paris was officially an ‘accident’, but it was only one of the many Christian religious buildings in the country that were recently destroyed. Every week, churches are vandalised — to the general indifference of the public. In just the first half of 2019, 22 churches burned down.

The main concern of Macron and the French government seems not to be the risk of riots, the public’s discontent, the disappearance of Christianity, the disastrous economic situation, or Islamization and its consequences. Instead, it is climate change. Although the amount of France’s carbon dioxide emissions is infinitesimal (less than 1% of the global total), combatting “human-induced climate change” appears Macron’s absolute priority.

A Swedish girl, Greta Thunberg, age 16, — nevertheless the guru of the “fight for the climate” in Europe — was recently invited to the French National Assembly by members of parliament who support Macron. She delivered a speech, promising that the “irreversible destruction” of the planet will begin very soon. A Baby-revolutionary added that political leaders “are not mature enough” and need lessons from children. MPs who support Macron applauded warmly. She received a Prize of Freedom, just created, which will be given each year to people “fighting for the values of those who landed in Normandy in 1944 to liberate Europe”. It is

probably reasonable to assume that not one of those who landed in Normandy in 1944 thought he was fighting to save the climate. Such minor details, however, seem beyond Macron and the parliamentarians who support him.

Macron and the French government also seem unconcerned that Jews — driven by the rise of anti-Semitism, and understandably worried about court decisions infused with the spirit of submission to violent Islam — continue to flee from France.

Kobili Traore, the man who murdered Sarah Halimi in 2017 while chanting *suras* from the Qur'an and shouting that the Jews are *Sheitan* (Arabic for "Satan") was found not guilty. Traore had apparently smoked cannabis before the murder, so the judges decided that he was not responsible for his acts. Traore will soon be released from prison; what happens if he smokes cannabis again?

A few weeks after the murder of Halimi, three members of a Jewish family were assaulted, tortured and held hostage in their home by a group of five men who said that "Jews have money" and "Jews must pay". The men were arrested; all were Muslim. The judge who indicated them announced that their actions were "not anti-Semitic".

On July 25, 2019 when the Israeli soccer team Maccabi Haifa was competing in Strasbourg, the French government limited the number of Israeli supporters in the stadium to 600, not one more. A thousand had bought plane tickets to come to France to attend the match. The French government also banned the waving of Israeli flags at the game or anywhere in the city. Nonetheless, in the name of "free speech", the French Department of the Interior permitted anti-Israeli demonstrations in front of the stadium, and Palestinian flags and banners saying "Death to Israel" were there. The day before the match, at a restaurant near the stadium, some Israelis were violently attacked. "The demonstrations against Israel are approved in the name of freedom of expression, but the authorities forbid supporters

of Maccabi Haifa to raise the Israeli flag, it is unacceptable," said Aliza Ben Nun, Israel's ambassador to France.

The other day, a plane full of French Jews leaving France arrived in Israel. More French Jews will soon go. The departure of Jews to Israel entails sacrifices: some French real estate agents take advantage of the wish of many Jewish families to leave, so they buy and sell properties owned by Jews at a price far lower than their market value.

### **Fighting the ghost**

Macron will remain as president until May 2022. Several leaders of the parties of the center-left (such as the Socialist Party) and center-right (The Republicans) joined The Republic on the Move, the party he created two years ago. After that, the Socialist Party and The Republicans electorally collapsed. Macron's main opponent in 2022 is likely to be the same as in 2017: Marine Le Pen, the leader of the populist National Rally.

Although Macron is widely unpopular and widely hated, he will probably use the same slogans as in 2017: that he is the last bastion of hope against "chaos" and "fascism." He has a strong chance of being elected again. Anyone who reads the political program of the National Rally can see that Le Pen is not a fascist. Also, anyone who looks at the situation in France may wonder if France has not already begun to sink into chaos.

The sad situation that reigns in France is not all that different from that in many other European countries. A few weeks ago, an African cardinal, Robert Sarah, published a book, *Le soir approche et déjà le jour baisse* ("The evening comes, and already the light darkens"). "At the root of the collapse of the West", he writes, "there is a cultural and identity crisis. The West no longer knows what it is, because it does not know and does not want to know what shaped it, what constituted it, what it was and what it is. (...) This self-asphyxiation leads naturally to a decadence that opens the way to new barbaric civilizations."



# Women Enterprisers for Sustained Rural Growth

Dr. Dipen Saikia\*

*[Women entrepreneurs play an important role in boosting the Indian economy. The development of the business sector may be an indicator of a predictable legal structure and a prosperous economy. Women will generate over half of the 9.72 million new small business jobs expected to be created in near future and more are doing this from home and offices across the country. It's a surprising statistic, especially considering that women-owned business only created 16 percent of total U.S jobs that existed in 2010. ]*

This paper focuses mainly on studying about traits required for successful women entrepreneurs in rural India and the challenges faced by them and to suggest certain remedial measures to solve the problems confronting women entrepreneurship in rural areas. An Attempt is made to understand the role of government in implementing the policies for promoting rural women entrepreneurship.

In India, economic development has brought about changes in women's lives in many ways, because of advancement in medicine, availability and access to birth control devices, modern household appliances etc., thereby reducing the time and drudgery of household work. But with the tiring cost of living, the middle-class family finds it very difficult today to manage with the husbands' income alone. At this critical position, self-employment is often regarded as the secure source of individual income. In addition, self-employment also changes the position of women from being job-seekers to job-givers. Self-employed women are gaining better status and it enables them to take part in decision-making in their family affairs.

Entrepreneurship can help women's economic independence and their improved social status. Through this economic independence automatically women get empowerment also. Development of women entrepreneurship enables men to understand and appreciate women's

abilities. This in turn can lead potentiality in women through which, individual families and society at large can benefit. Women entrepreneurship being instrumental in enhancing their status on par with men also can lead to integration of women in economic development.

After seven decades of independence, the position of women has not improved much in our country in spite of the pledge made by the Constitutions of India for equality of status and opportunities. Literacy rate of women remains at the level of 53.7 percentages as against 75.3 percentages of their counterparts as per 2001 census. As per the provisional estimates of 2011, it is 65.46 percent as against 82.14 for males (Census India, 2001 and 2011)

A woman entrepreneur is "An enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of capital and giving at least 51 percent of the employment generated by the enterprise to women (Government of India)." Therefore, a woman entrepreneur is a woman or group of women who initiate, organize and run a business enterprise. Women entrepreneurship is the process where women organize a business or industry and provide employment opportunities to others.

## Rural Women Entrepreneurship

Rural entrepreneurship can simply be defined as establishing industrial units in the rural areas with rural entrepreneurs. In other words, rural entrepreneurs are those entrepreneurs who

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actually hail from and reside in rural areas i.e. either from a panchayat (or) a town panchayat and mobilize human resource requirements from those areas in which they live. Rural business is also rural-based and located in rural areas. Rural entrepreneurs are suited for dairying, poultry, processing food products like pickle, tamarind, vegetable, weaving and making of incense sticks.

A woman entrepreneur is one who owns and controls an enterprise having a share capital of not less than 51 per cent as partners/ shareholders/ directors of private limited company/members of cooperative societies. Women in India are not now confined to four-walls of home, children, household affairs and family rituals and customs. They are participating well in all spheres of activities such as academic, politics, administration and industry.

### Objectives

1. To study traits required for successful women entrepreneurs in rural India.
2. To study the challenges faced by rural women entrepreneurs.
3. To study the role of financial institutions in the development of women entrepreneurship.

4. To suggest certain remedial measures to solve the problems of women entrepreneurship in Indian economy.
5. To study the policies and programmes for promoting women entrepreneurship.

### Methodology

The study is descriptive and analytical in nature. The secondary data is used for the study, which is collected from the published reports of RBI, Economic Surveys, books, newspapers, journals, websites, etc.

### Women Entrepreneurship in India

In recent years, the entrepreneurship has gained wide popularity throughout the globe. The rate of becoming entrepreneurs in women is more compared to men. The growth rate in women-owned enterprises in some of the developing countries is higher as compared to the developed countries. According to ILO Statistics the growth rate is 24 percentages in Malaysia, 30 percentages in Thailand and 36 percentages in Philippines and 42 percentages in Indonesia. The growth rate was highest in the Tamil Nadu state of India. It was 18 percentages in 2001.

**Table-1**

**Women Entrepreneurship in selected states of India**

Sates	No of Units Registered	No of Women Entrepreneurs	Percentage %
Tamil Nadu	9618	2930	30.36
Uttar Pradesh	7980	3180	39.84
Kerala	5487	2135	38.91
Punjab	4791	1618	33.77
Maharashtra	4339	1394	32.12
Gujarat	3872	1538	39.72
Karnataka	3822	1026	26.84
Madhya Pradesh	2967	842	28.38
Bihar	7344	1123	15.04
Other States & UTS	14576	4185	28.71
Total	64,796	19,971	32.82

Source: CMIE Report -2011

The above table refers to position of women entrepreneurship in selected states of India that stands at 30 per cent on an average, but in Bihar it is only 15.04 per cent. Further, in India, men generally take the lead in the entrepreneurial world. With the changing times as well as cultural norms, and increase in literacy, women are increasingly ready to enter the field of entrepreneurship.

A recent survey titled *Women and entrepreneurship in India 2012* study by 'Women's Web' interviewed more than 100 women entrepreneurs in India and put together an interesting set of statistics. Most of the respondents were owners of small to medium-sized business, a majority of which reported sum of Rs. 10 lakhs as revenue. The survey pointed out that Bangalore seemed to be the nation's top incubator for women entrepreneurs as most of the respondents were based in the city. Interestingly, Kolkata was absent from the top metros in which women entrepreneurs in India were based. It was the only metro to be clubbed with the rest of cities in India.

Recently, '*Dell Women's Global Entrepreneurship*' study interviewed 450 women entrepreneurs in USA, UK and India. It reported that India was one of the most favorable places for women entrepreneurs to set up shop. The study pegged business owned by women entrepreneurs to grow to 90 percentages in the next 5 years. In comparison, similar business in the US and UK was expected to grow by 50 percentage and 24 percentages in US and UK in the same time period. The Dell study noted that 8 out of 10 of the women entrepreneur respondents from India were in hiring mode, which is generally considered as a sign of expansions and growth.

### **Traits of Successful Women Entrepreneurs in Rural India**

The economy of rural India remains stagnant. Most of the rural population comprises agricultural laborers who get employment only

during particular seasons. A major percentage of agriculturists hold less than one hectare of land. Productivity in agriculture is still low and most of the small farmers are in a vicious circle of poverty. So, agriculture itself is not in a position to provide full employment in rural areas. Unemployment in rural areas is steadily increasing, driving the migration from rural to urban areas.

In India, women constitute 48 percent of the total population, 60 per cent of the rural unemployed and 56 percent of the total employed population. A substantial number of women are unemployed but have the ability to undertake industrial activity.

### **Self-Confidence**

A female entrepreneur must have the mental capacity to face any situation and also have the ability to inspire others. She must have the confidence in herself and the determination to achieve her goals. She must be aware for her strengths and weaknesses. Positive thinking and an optimistic approach create a favorable atmosphere to get things done. She must have strong faith in her own abilities and she must stick to her own judgments in the face of opposition. A sustained self-confidence is an important trait for any entrepreneur.

### **Risk Taking and Problem Solving**

Women entrepreneurs should be capable of taking calculated risks but should not speculate or gamble. They should be able to study the market situation, explore profitability in different lines of business, evaluate products, machinery and finance options, before taking a final decision. But women who have typically been protected by male members of the family rarely have these abilities. Women entrepreneurs who operate ventures in rural areas normally take low or moderate risks with a fairly reasonable chance of achieving their objectives. Thus, continuous risk-taking and problem-solving comprise important aspects of entrepreneurship.

### **Leadership and Motivation**

Entrepreneurs are not motivated by profit alone. There are a number of other factors such as educational background, occupational experience and desire to work independently, family background, assistance from government and financial institutions, availability of raw materials etc., which inspire entrepreneurs. In order to achieve the goals, cooperative efforts from others are indispensable. Winning the confidence and recognition of others is also considered to be a pre-requisite for successful entrepreneurship.

### **Innovation and Initiative**

The ability to spot and seize opportunities results in a fair chance of success. An innovative bent of mind that is ingrained right from childhood, coupled with the enterprise to turn difficulties into opportunities, will help women take the right path. They have to be realistic in choosing from their options, and be prepared to keep their personal likes and dislikes aside in order to achieve their goals. An emotional attitude towards solving problems that they may encounter from time to time is generally considered to be a stumbling block to progress.

### **Decision-Making**

Running a business requires taking a number of decisions. Hence, an entrepreneur should have the capacity to analyze various aspects of the business prior to arriving at a decision. A successful entrepreneur approaches her business problems with an open mind and normally, is not rigid.

### **Human Relations**

The most important entrepreneurial traits that contribute to the success of an enterprise are emotional stability, personal relations, consideration and tactfulness. In other words, maintenance of inter-personal relations often makes the difference between success and failure. An entrepreneur is expected to have cordial relationships with her customers in order to gain their continued patronage and to win their confidence. She must also maintain good

relations with her employees if she wishes to motivate them to higher levels of efficiency. An entrepreneur who maintains harmonious relations with customers, employees, suppliers and creditors is more likely to succeed in her endeavors.

### **Challenges Faced by Rural Women Entrepreneurs**

The main challenges faced by rural women in business are educational and work background. They have to balance their time between work and family. Some of the challenges faced by rural entrepreneurs are as follow-

***Growth of Male Culture:*** The greatest deterrent to rural women entrepreneurs is that they are women. India is a kind of patriarchal male dominant society. Male members think it is a big risk financing the ventures run by women.

***Illiteracy:*** The literacy rate of women in India is found at low level compared to male population. The rural women are ignorant of new technology or are unskilled. They are often unable to do research and gain the necessary training (UNIDO, 1995, p.1). According to one economist, women are treated as second-class citizens who keep them in a “pervasive cycle of poverty”. The uneducated rural women do not have the knowledge of measurement and basic accounting.

***Low Ability to Bear Risk:*** A women in India lives protected life. She is taught to depend on male members from birth. She is not allowed to take any type of risk even if she is willing to take and has ability to bear. Economically they are not self-dependent.

***Lack of Infrastructure and Rampant Corruption:*** These are also the other problems for the rural women entrepreneurs. They have to depend on office staffs and intermediaries to get the things done, especially the marketing and sales side of business. Here is the more probability for business fallacies like the intermediaries take major part of the surplus or profit.

**Lack of Finance:** The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business. Therefore, they are forced to rely on their own savings, loan from their relatives and family friends.

**Mobility Constraints:** Rural women in Indian society have got restricted mobility. The carrier of women is limited in four walls of kitchen. The women get confined to three Ks-kitchen, kids & knitting. There is hardly any opportunity to cross this boundary (Manimakalai & Rajeshwari, 2000). The mobility problem has been solved to certain extent by the explosion of information technology and telecommunication facilities.

### **Role of Financial Institutions**

Entrepreneurship as an ingredient of economic development is now recognized. A number of finance institutions provide support to women entrepreneurs for the innovative and imaginative scheme of activities aimed at skill development for income and employment generation in different sectors. Besides, the society should also facilitate the growth of women by recognizing their talents and abilities. There has been a substantial growth in women's involvement in the economic activities all over the world over the past few decades. For this both the government and non-government agencies have to play a vital role.

A number of institutions collect funds from the public and place them in financial assets such as deposits, loans and bonds rather than tangible. Various financial banks are playing a significant role in the development of women entrepreneurship. Some of them inter alia include: Governmental Institutions – Regional Rural Bank, Co-operative Societies, Khadi and Village Industries, National Agriculture Bank for Rural and Development operate in rural areas – whereas National Small Business Development Corporation, Research Development Corporation, National Institute for Entrepreneurship etc., operate in urban areas.

However, Small Industries Development Corporation, National Small Industries Corporation, Small Industries Development of India, Industrial Financial Corporation of India functions in rural as well as urban areas. Tiwari et al (1981) found that the government was assisting the women for entrepreneurship development by providing financial assistance in the form of term loans, interest, subsidy, unsecured loans and concession in the form of subsidies in the capital, self-employment loan etc. Kumar (1998) reported from Bangalore that Canara Bank's Centre for Entrepreneurship Development gives training to women and helps them to set up small industrial units besides providing assistance for marketing their product.

The assistance by the government to women entrepreneurship has been provided through various institutions like SIDO, DIC, EDI, NAYE, NISIET, SIDBI, SEF, WCFC and commercial banks etc. An earlier research (Bindiya 2001) undertook a study on Women and Agriculture, which found that the Regional Rural Banks were playing an important role in empowerment of rural women through various credit schemes for entrepreneurship development. Various financial institutions have special financial schemes for women entrepreneurship development. These include KVIC, NABARD, Cooperative Societies and Regional Rural Banks. They provide loan opportunities to rural women entrepreneur for dairying, poultry, beekeeping, food processing and preservation, mushroom cultivation, spices process, potato chips, dalia and other cottage industries.

These agencies provide loans to women entrepreneurship up to Rs five lakh without any security. Other facilities include, 13.5 percent rate of interest up to a loan of Rs. 2 lakhs; relaxation of registration and respective fees related to land mortgages involved insecurity for a loan in rural areas up to the limit of Rs. 3 lakhs; convenient and easy installments in case of long-term loans and provision of immediate case under a limit as working capital; loans for housing and consumption loans to raise status of rural women;

and special credit schemes for enterprises related to computers and other electronic equipment at easier terms.

### **Suggestions for the growth of Women Entrepreneurs**

- An awareness programme should be conducted on a mass scale with the intention of creating awareness among women about the various areas to conduct business.
- Organise training programmes to develop professional competencies in managerial, leadership, marketing, financial, practical experience and personality development programmes, to improve their overall personality standards.
- Vocational training to be extended to women community that enables them to understand the production process and production management.
- Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.
- Self-help groups of women entrepreneurs to mobilize resources and pooling capital funds, in order to help the women in the field of industry, trade and commerce can also play a positive role to solve this problem.
- To establish all India forums to discuss the problems, grievances, issues, and filling complaints against or shortcoming towards the economic progress path of women entrepreneurs and giving suitable decisions in favor of women entrepreneurs and taking strict stand against the policies or strategies that obstruct the path of economic development of such group of women entrepreneurs.

### **Government scheme for sustained Growth**

The government programmes for women development began as early as 1954 in India but the actual participation began only in 1974. At present, the Government of India has over 27

schemes for women operated by different departments and ministries. Some of these are:

1. Integrated Rural Development Programmes (IRDP)
2. Training of Rural Youth for Self-Employment (TRYSEM)
3. Prime Minister's Rojgar Yojana (PMRY)
4. Women's Development Corporation Scheme (WDCS)
5. Working Women's Forum.
6. Indira Mahila Yojana
7. Indira Mahila Kendra
8. Mahila Samiti Yojana
9. Rashtriya Mahila Kosh
10. Khadi and Village Industries Commission
11. Indira Priyadarshini Yojana
12. SIDBI's Mahila Udyam Nidhi Mahila Vikas Nidhi
13. NGO's Credit Schemes
14. SBI's Sree Shakti Scheme
15. National Banks for Agriculture and Rural Development

The efforts of government and its different agencies are ably supplemented by non-governmental organizations (NGOs) in facilitating women empowerment. Despite concerted efforts of governments and NGOs, there are certain gaps. Of course, we have come a long way in empowering women yet the future journey is difficult and demanding.

### **Conclusion**

Women entrepreneurship must be molded properly with entrepreneurial traits and skills to meet the changes in trends and challenges pervading global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena. Women's are facing great challenges at the family, community and the state

levels, ranging from poverty, illiteracy, and patriarchy to sociopolitical exclusion. The rural women are having basic indigenous knowledge, skill, potential and resource to establish and manage enterprise. Now, what is needed is knowledge regarding accessibility to loans, various funding agencies' procedure regarding certification, awareness on government welfare programmes, motivation, technical skill and support from family, government and other organizations. Some Government initiatives, schemes and alternative models of microfinance are needed in the near future to reduce poverty and increase women's empowerment.

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## Market Failure

Sri. Amaresh. H\*

*[Market is a meeting place between buyers and sellers to undertake exchange activities. Three important functions of market are to provide the mechanism for resource allocation, to set price and to generate and distribute income and wealth via functional distribution. In theory, both productive and allocative efficiencies are possible under a perfectly competitive market. Market failure is a situation in which a free market is no longer efficient and effective in playing its role, leading to misallocation of resources in producing goods and services. Several factors such as time-inconsistent preferences, information asymmetries, non-competitive markets, principal-agent problems, externalities and public goods are among the common issues associated with market failure. In the real world, it is not possible for markets to be perfect due to inefficient producers, externalities, environmental concerns, and lack of public goods. An externality is an effect on a third party which is caused by the production or consumption of a good or service. Governments take remedial measures to overcome these situations by using some tools such as legislations, taxations policies, subsidies, licensing and etc. The main focus of this article is to know what is market failure, to find the reasons for market failure, also to know how the externalities affect market failure and find out solutions.]*

**N**eo-classical economics is concerned with markets for goods, allocating scarce resources to alternative uses, and prices being established which reflect the scarcity and levels of demand for goods. Think for a moment

about our daily life and what affects it. We live in a particular environment, breathing the air. However, we do not pay a price for the air, since there is no market in air. As a result, we cannot reflect our preference for breathing clean rather than dirty air through the market. This is an example of market failure.

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Market failure occurs when the conditions for perfect competition are not met. If the market fails, then government intervention designed to correct the market failure may bring benefits to society. However, government intervention may fail to secure these benefits, it can make matters worse and it can be the reason why there is market failure. This is known as government failure as we know that the market mechanism will lead to the socially optimal outcome only under very specific conditions. However, it is highly unlikely that these conditions will be fully satisfied.

The existence of perfect competition in reality, as it is defined in textbooks, is highly unlikely. For example, we require that prices will result from the realization of all possible markets working and existing. This is only likely to occur when a complete and effective system of property rights exists, including property rights to environmental goods such as clean air. When either condition is not satisfied, markets fail and this can be, deliberately or unconditionally.

### **Effect of Negative externality**

Let us work through the argument for a negative externality. In this case, the marginal private cost (MPC) is less than the marginal social cost (MSC). The marginal private cost represents the short-run market supply curve. Hence, with a negative externality, the short-run market supply curve is lower than society's short-run supply curve would be. The difference between MSC and MPC are the marginal damages (MDs). MDs are the amount of the negative externality, which as the quantity of output increases, increase as well. These are damages being inflicted on society as a result of the private producer not taking account of the costs that result from production, such as air or water pollution.

A shows the equilibrium position with a negative externality. Price is  $P$  and quantity supplied is  $Q$ . B shows the socially optimal outcome, where

price is  $P^*$  and quantity supplied is  $Q^*$ . Hence, with a negative externality, too much of the externality-producing good is supplied at too low a price (relative to the optimum). This is an example of market failure. It results from the absence of property rights and a market for the marginal damages produced by this activity.

Positive Externalities of Consumption as a Market Failure: Positive externalities of consumption arise whenever the benefits to society of a particular good exceed the benefits enjoyed by the individual consumers of the good. The free market will under-produce and consume such goods.

### **Definitions**

Market failure is the price mechanism that leads to an inefficient allocation of resources and a deadweight loss of economic welfare. Market failure happens when the price mechanism fails to allocate scarce resources efficiently or when the operation of market forces leads to a net social welfare loss.

Market failure is the economic situation defined by an inefficient distribution of goods and services in the free market. Furthermore, the individual incentives for rational behaviour do not lead to rational outcomes for the group. Put another way, each individual makes the correct decision for him/herself, but those prove to be the wrong decisions for the group.

### **Literature Reviews**

Robert J. Staff and Francis X. Tannian (1783) have explained the concept of externalities as a bridge between the private and social points of view, as the conditions external to an industry were internal to society. Thus, externalities focus attention on the relationship between individual firm or industry and the entire society. They have analyzed the Pigou's treatment of externality in "The Economics of Welfare". Pigou in his article "The Economics of Welfare" especially in the part II dealt with the divergences between social

and private net products, which aroused due to externality. External effects may be both positive and negative. It referred to those costs which were thrown upon the people, who were directly concerned or involved in such activity.

Nick Hanley et.al., (2007), while having explained the concept of externalities as a bridge between the private and social points of view, also focused on ecosystem and transferable externality. Externality exists when one person's action affects other people, who neither receive compensation for harm done nor pay for the benefit gained. In his example Riley's discharge of wastewater into the Cloquet River that affects Ole's well-being is an externality.

### **Objectives**

1. To know what is market failure
2. To find the reasons for market failure
3. To know how the externalities affect market failure
4. To find out the solutions.

### **Methodology**

Data has been collected from secondary sources such as books, journals, Government reports, magazines and various websites.

### **Reasons for market failure**

1. Negative Externalities: The effect of environmental pollution causing the social cost of production to exceed the private cost.
2. Positive Externalities: The provision of education and health and sanitation causing the social benefit of consumption to exceed the private benefit.
3. Imperfect information or information failure: Means that merit goods are under-produced while demerit goods are over-produced or over-consumed.

4. The private in free markets cannot profitably supply to consumers pure public goods and quasi-public goods that are needed to meet people's needs and wants.
5. Market dominance by monopolies can lead to under-production and higher prices than would exist under conditions of competition, causing consumer welfare to be damaged.
6. Factor immobility causes unemployment and a loss of productive efficiency
7. Equity issues – Markets can generate an unacceptable distribution of income and consequent social exclusion which the government may choose to change.

In addition to positive and negative externalities, some other reasons for market failure include a lack of public goods, under provision of goods, overly harsh penalties, and monopolies. Markets are the most efficient way to allocate resources with the assumption that all costs and benefits are accounted into price. When this is not the case, significant costs are inflicted upon society, as there will be underproduction or overproduction

### **How do Externalities Affect Equilibrium and Create Market Failure?**

Externalities can be both positive and negative. They exist when the actions of one person or entity affect the existence and well-being of another. In economics, there are four different types of externalities-positive consumption and positive production, and negative consumption and negative production externalities. As implied by their names, positive externalities generally have a positive effect, while negative ones have the opposite impact. But how do these economic factors affect market prices and market failure? Read on to find out more about externalities and their impact on the market.

## **What are Externalities?**

An externality is a cost or benefit that stems from the production or consumption of a good or service. Externalities, which can be both positive and negative, can affect an individual or single entity, or it can affect society as a whole. The benefactor of the externality—usually a third party—has no control over and never chooses to incur the cost or benefit.

Negative externalities usually come at the cost of individuals, while positive externalities generally have a benefit. For example, crematorium releases toxic gases like mercury and carbon dioxide into the air. This has a negative impact on people who may live in the vicinity of that area, causing them harm. Pollution is another commonly known negative externality. Corporations and industries may try to curb their costs by putting in production measures that may have a detrimental effect on the environment. While this may decrease the cost of production and increase revenues, it also has a cost to the environment as well as society.

Meanwhile, establishing more green spaces in a community brings more benefit to those living there. Another positive externality is the investment in education. When education is easy to access and is affordable, society benefits as a whole. People are able to command higher wages, while employers have a labor pool that's knowledgeable and trained. Governments may choose to remove or reduce negative externalities through taxation and regulation, so heavy pollutants, for example, may be taxed and subject to more scrutiny. Those who create positive externalities, on the other hand, may be rewarded with subsidies.

## **Externalities and Market Failure**

Externalities lead to market failure because a product or service's price equilibrium does not accurately reflect the true costs and benefits of that product or service. Equilibrium, which represents the ideal balance between buyers' benefits and producers' costs, is supposed to result in the optimal level of production. However, the equilibrium level is flawed when there are significant externalities, creating incentives that drive individual actors to make decisions which end up making the group worse off. This is known as a market failure.

### ***Negative Externalities***

When negative externalities are present, it means the producer does not bear all costs, which results in excess production. With positive externalities, the buyer does not get all the benefits of the goods, resulting in decreased production. Let's look at a negative externality example of a factory that produces widgets. Remember, it pollutes the environment during the production process. The cost of the pollution is not borne by the factory, but instead shared by society. If the negative externality is taken into account, then the cost of the widget would be higher. This would result in decreased production and a more efficient equilibrium. In this case, the market failure would be too much production and a price that didn't match the true cost of production, as well as high levels of pollution.

### ***Positive Externalities***

Now let's take a look at the relationship between positive externalities like education and market failure. Obviously, the person being educated benefits and pays for this cost. However, there are positive externalities beyond the person being educated, such as a more intelligent and knowledgeable citizenry, increased

tax revenues from better-paying jobs, less crime, and more stability. All of these factors positively correlate with education levels. These benefits to society are not accounted for when the consumer considers the benefits of education. Therefore, education would be under-consumed relative to its equilibrium level if these benefits are taken into account.

Clearly, public policymakers should look to subsidize markets with positive externalities and punish those with negative externalities.

Existence of Market failure: It takes place when the competitive outcome of markets is not satisfactory from the point of view of society. What is satisfactory nearly always involves value judgments.

Complete market failure: It occurs when the market simply does not supply products at all and we see missing markets.

Partial market failure: Its occurrence takes place when the market does actually function but it produces either the wrong quantity or a product or at the wrong price.

### **Solutions**

Policy makers have tried tools such as licensing, penalties and taxes which would result in increase in the cost of production of industries those are polluting; by adopting these tools Government can restrict such industries. For positive externalities like education, health and sanitation Government has to increase facilities such as providing of subsidies, access to credit and facilities such as public education, public health centres, hospitals and etc. Further, it is necessary that Government should take stringent actions on industries which are polluting the environment in the production process, simultaneously for positive externalities which

are very helpful to society; hence more support should be given.

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# Perspectives on Social Entrepreneurship in India

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*[Social entrepreneurship is an emerging issue in the developing countries like India, which helps to provide socioeconomic support to the people of the country. With this aspect, the growth of social entrepreneurship is one of the contemporary issues, which relates to overall development of the nation. Thus, the main aim of social entrepreneurship is to further social and environmental goals for a good cause. Social entrepreneurs are most commonly associated with the voluntary and not-for-profit sectors. It is not a preclude making a profit. Social entrepreneurs exhibit the necessary innovations and the ability to see beyond the orthodoxy of a particular field. This paper attempts to discuss the overview of social entrepreneurship with respect to meaning, origin, examples, growth, foreign contributions leading to the development of this phenomenon. ]*

**S**ocial entrepreneurs endeavor to create social value through innovation, and entrepreneurial business models. Social entrepreneurship is the work of social entrepreneurs. Social entrepreneurs are exceptional individuals. Social entrepreneur recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to achieve social change and social venture. Social entrepreneurship takes responsibility for an innovative and untested idea for positive social change and to usher that idea from dream to reality (Saraswathi. C and Veera Rubeni. I., 2010).

It enables social entrepreneur to make lasting impact on the most difficult problems in a special combination of groundbreaking creativity and steadfast execution. Echoing greens portfolio of social entrepreneurs attacks the root causes of critical social problem with unparalleled rigor. As the field of social entrepreneurship has grown, new funding streams have developed to support social entrepreneurs on their pathways to change.

## **Origin of Social Entrepreneurship**

The terms social entrepreneurs and social entrepreneurship were first used for leading of

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social change from the 1950s to the 1990s. Michael Young was promoter of social enterprise and in the 1980s; he was described by Professor Daniel Bell at Harvard as the world's most successful entrepreneur of social enterprises because of his role in creating more than sixty new organizations worldwide (Patil, B.S., 2009), including a series of schools for social entrepreneurs in the United Kingdom. Social entrepreneurship was used first in the literature on social change in the 1960s and the 1970s; it came into widespread use in the 1980s and the 1990s promoted by Bill Drayton the founder of Ashoka.

The National Center for Social Entrepreneurs was founded in 1985 by Judson Bemis and Robert M. Price, and Jerr Boschee served as its president and CEO from 1991 to 1999. Social entrepreneurs and social entrepreneurship can be found throughout history and they are relatively new terms, a few lists of historically noteworthy people whose work exemplifies classic the "social Entrepreneurship" might include Florence Nightingale, founder of the first nursing school and developer of modern nursing practices. Robert Owen is founder of the cooperative movement, and Vinoba Bhave is founder and leader of the Land Gift Movement which caused the redistribution of more than 70,00,000 acres (28,000 km<sup>2</sup>) of land to aid India's untouchables

and landless. Mahatma Gandhi described him as his mentor. During the nineteenth and twentieth centuries, some of the most successful social entrepreneurs successfully straddled the civic, governmental, and business worlds promoting ideas that were taken up by mainstream public services in welfare, schools, and healthcare.

While social entrepreneurship is not a new concept (S. S. Khanka, 2013), it has gained renewed currency in a world characterized by a growing divide between the haves and the have-nots. With this heightened visibility, social entrepreneurs at the forefront of the movement are distinguishing themselves from other social venture players in terms of the ultimate impact on society. Throughout history, such individuals have introduced solutions to seemingly intractable social problems, fundamentally improving the lives of countless down-trodden individuals by establishing a new equilibrium—that results in enduring social benefit and a better future for everyone.

In this aspect, there is a need to understand the growth of social entrepreneurship in India which is an important part of the social development of the country. Social entrepreneurship in India can be categorized into pre-independence period and post-independence period. In post-independence period, social entrepreneurs were considered as social reformers like Vinoba Bhave, Dr. B. R. Ambedkar, Madan Mohan Malviya, E. V. Ramasamy etc. But, in the pre-independence period, social entrepreneurs were considered as institutions like trust, society, charity etc. This kind of transformation is a contribution by the Christian missions, which mainly focus on spreading the Christianity in the country. After that, their institutions established initially educational institutions, hospitals, churches etc. Even now, their charity is playing a major role in Indian social entrepreneurship. With this in view, growth of social entrepreneurship has been witnessed state-wise, as shown in table- 1.

**Table 1 Growth of Social Entrepreneurship in India**

State/Union Territory	No. of Associations	Associations Percentage	Grant received (Rs.in crore)	Grant Percentage
Delhi	1482	6.52	2285.75	19.79
Tamil Nadu	3341	14.71	1704.76	14.76
Andhra Pradesh	2527	11.13	1258.52	10.89
Maharashtra	2056	9.05	1107.39	9.59
Karnataka	1657	7.29	1101.09	9.53
Kerala	1648	7.25	1027.52	8.89
West Bengal	2065	9.09	726.66	6.29
Gujarat	1075	4.73	384.32	3.33
Uttar Pradesh	1230	5.41	265.01	2.29
Orissa	1322	5.82	239.00	2.16
Bihar	838	3.69	179.31	1.55
Madhya Pradesh	473	2.08	154.74	1.34
Rajasthan	441	1.94	145.14	1.25
Jharkhand	456	2.01	143.81	1.24
Himachal Pradesh	112	0.49	125.18	1.08
Assam	259	1.14	120.37	1.04

Uttarakhand	284	1.25	119.56	1.03
Punjab	139	0.61	102.57	0.88
Chhattisgarh	233	1.02	62.69	0.54
Meghalaya	134	0.59	52.78	0.45
Manipur	283	1.24	46.24	0.40
Pondicherry	84	0.37	35.76	0.30
Jammu & Kashmir	102	0.44	34.15	0.29
Nagaland	86	0.38	28.26	0.24
Haryana	116	0.51	24.95	0.21
Goa	84	0.37	19.04	0.16
Chandigarh	51	0.22	12.80	0.11
Sikkim	15	0.06	9.57	0.08
Arunachal Pradesh	27	0.11	9.11	0.07
Tripura	28	0.12	7.95	0.06
Mizoram	31	0.13	5.86	0.05
Andaman & Nicobar Islands	12	0.05	4.98	0.04
Dadra & Nagar Haveli	10	0.04	1.32	0.01
Daman and Diu	1	0.004	1.10	0.01
Total	22702	100	11546.28	100

Source: Ministry of Home Affairs, Annual Report, 2011-12

The above table shows the growth of Social Entrepreneurship in India as per the report of Ministry of Home Affairs for 2011-2012. On the whole, 22702 associations were registered which received Rs 11546.28 Crores as grant. As regards the number of associations registered, Tamil Nadu occupies first place with 3341 (14.71%) followed by Andhra Pradesh constituting second place with 2527 (11.13%), West Bengal constitutes third place with 2065 (9.09%), Maharashtra takes fourth place with 2056 (9.05%), Karnataka is placed at fifth place with 1657 (7.29%), Kerala at sixth place with 1648 (7.25%), and Delhi ranks at seventh place with 1482 (6.52%).

With regard to amount of grant received by the associations, Delhi is placed first which received Rs.2285.75 crores (19.79%), followed by Tamil Nadu which received Rs.1704.76 crores

(14.76%), Andhra Pradesh which received Rs.1258.52 crores (10.89%), Maharashtra received Rs.1107.39 crores (9.59), Karnataka which received Rs.1101.09 Crores (9.53), Kerala which received Rs.1027.52 crores (8.89%), and West Bengal which received Rs.726.66 crores (6.29%).

It is observed that the New Delhi and Southern region of the country such as Tamil Nadu, Andhra Pradesh, Maharashtra, Karnataka and Kerala were actively involved in the Social Entrepreneurship activities. North east states of the country such as Sikkim, Arunachal Pradesh, Tripura, Mizoram and Andaman and Nicobar Islands and Daman and Diu have very limited number of Social Entrepreneurship during the period 2011-12.

**Table 2 Foreign contribution to the Indian NGOs**

(Rs. In Crores)

Year	Amount	Trend %	Average Trend %
2002-03	5046.50	103.52	
2003-04	5105.50	104.79	
2004-05	6256.68	128.42	
2005-06	7877.57	161.69	180.57
2006-07	11007.43	225.94	
2007-08	9663.46	198.35	
2008-09	10802.67	221.73	
2009-10	10337.59	212.18	
2010-11	10334.12	212.11	
2011-12	11546.29	236.99	

Source: Ministry of Home Affairs, Annual Report 2011-12

The above table reveals the foreign contribution to Indian NGOs as per the report of Ministry of Home Affairs, Annual Report for 2011-12. In the year 2002-03, Rs 5046.50 crores were received as foreign contribution and it had increased to Rs 5105.50 crores in 2003-04, Rs 6256.68 crores in 2004-05, Rs 7877.57 crores in 2005-06, Rs 11007.43 crores in 2006-07, Rs 9663.46 crores in 2007-08, Rs 10802.67 crores in 2008-09, Rs 10337.59 crores in 2009-10, Rs 10334.12 crores in 2010-11, and Rs 11546.29 crores in 2011-12. As per the result of the trend percentage, 2002-03 is considered as base year which has taken 103.52; it has increased to 236.99 in the year 2011-12. The highest trends were recorded in the year 2011-12 and the lowest trends were recorded in 103.52. Average trend percentage is found at 180.57 which indicated the positive trend during the study period 2002-03 to 2011-12.

**Table 3 Major Foreign contribution to NGOs**

(Rs. In Crore)

Country	USA	%	Germany	%	UK	%	Italy	%	Nether	%	Total
2002-03	1679.84	45.92	715.04	19.54	685.38	18.73	315.82	8.63	261.88	7.15	3657.96
2003-04	1584.26	43.14	757.13	20.62	676.14	18.41	350.01	9.53	304.04	8.28	3671.58
2004-05	1926.95	43.71	930.92	21.11	764.13	17.33	432.88	9.81	353.51	8.02	4408.39
2005-06	2425.88	43.20	1062.44	18.92	1180.99	21.03	500.29	8.90	445.81	7.93	5615.41
2006-07	2949.35	46.47	1033.04	16.27	1427.50	22.49	487.97	7.68	448.43	7.06	6346.29
2007-08	2928.03	48.24	971.02	15.99	1268.59	20.90	514.89	8.48	414.12	6.82	6096.65
2008-09	3433.30	51.03	1103.36	16.40	1130.68	16.80	547.19	8.13	512.82	7.62	6727.35
2009-10	3105.73	49.42	1046.30	16.65	1038.68	16.52	583.47	9.28	509.46	8.10	6283.64
2010-11	3260.22	51.81	1007.39	16.01	1065.35	16.93	490.01	7.78	468.81	7.45	6291.78
2011-12	3838.23	54.05	1096.01	15.43	1219.02	17.16	528.88	7.44	418.37	5.89	7100.51

Source: Ministry of Home Affairs, Annual Report 2011-12

The above table indicates the major foreign contribution to NGOs. It indicates that USA is the major contributor to the India NGOs with a

minimum of 43.17 percent to a maximum of 54.05 percent during the study periods followed by Germany (15 – 20%), UK (16-22%), Italy (7-9%) and Netherlands (5-8%).

**Table 4 Beneficiary NGOs and Foreign Contribution**

(Rs. In Crore)

Year	Total NGOs	Beneficiary NGOs	% to Total Beneficiary	Amount of foreign contribution
2002-03	26404	16590	62.83	5046.51
2003-04	28351	17145	60.47	5105.46
2004-05	30321	18540	61.14	6256.68
2005-06	32144	18570	57.77	7877.57
2006-07	33937	18996	55.97	11007.43
2007-08	34803	18796	54.01	9663.46
2008-09	36414	20088	55.16	10802.67
2009-10	38436	21508	55.95	10337.59
2010-11	40575	22735	56.03	10334.12
2011-12	43527	22702	52.15	11546.29
Total	392399	225866	57.56	97383.53

Source: Ministry of Home Affairs, Annual Report 2011-12

The above table shows the Beneficiary NGOs of foreign contributions between 2002-03 and 2011-12. In the year 2002-03, 26,404 NGO's were registered, of which only 16,590 (62.83%) of the NGOs received foreign aid of Rs.5046.51 crores. In the year 2003-04, 28,351 NGOs were registered, of which only 17,145 (60.47%) of the NGOs received foreign aid of Rs.5105.46 crores. In the year 2004-05, 30,321 NGOs were registered, of which only 18,540 (61.14%) of them received foreign aid of Rs.6256.68 crores. In the year 2005-06, 32,144 NGOs were registered, of which only 18,570 (57.77%) of the NGOs received foreign aid of Rs.7877.57 crores. In the year 2006-07, 33,937 NGOs were registered, of which only 18,996 (55.97%) of the NGOs received foreign aid of Rs.11007.43 crores. In the year 2007-08, 34,803 NGOs were registered, of which only 18,796 (54.01%) of the NGOs received foreign aid of Rs.9663.46 crores.

In the year 2008-09, 36,414 NGOs were registered, of which only 20,088 (55.16%) of them received foreign aid of Rs.10802.67 crores. In the year 2009-10, 38,436 NGOs were registered, of which only 21,508 (55.95%) of the NGOs received foreign aid of Rs.10337.59 crores. In the year 2010-11, 40,575 NGOs were

registered, of which only 22,735 (56.03%) of them received foreign aid of Rs.10334.12 crores and in the last year (2011-12) of the period of the report under review, 43,527 NGOs were registered, of which only 22,702 (52.15%) of them received foreign aid of Rs.11546.29 crores. Overall, a maximum (62.83%) of NGOs received foreign aid in 2002-03 and a minimum (52.15%) of NGOs received foreign aid in 2011-12.

### Conclusion

Social entrepreneurship in India is a milestone to promote the socioeconomic development from the fieldwork point of view; Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision. Structure and growth of social entrepreneurship in India is a significant landmark in the field of overall growth of the country. With this aspect in view, the present study has briefly dealt with the social entrepreneurs in India, growth of social entrepreneurs, along with foreign contribution to NGOs, their size, and major countries making foreign contribution to these NGOs etc. Therefore, it is noted that the growth of social entrepreneurship in India is one of the emerging phenomena, which attracts sizable foreign

contributions to meet their requirements of socio-economic projects in their area.

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## Indo- Bhutan Relations

Dr. Deepan Das\*

*[The states in South Asia have a varied geography and history so their prospects and performance are not directly comparable. The large state of India (including Pakistan and Bangladesh) formed the core of British imperial power in South-Asia. The smaller states of Sri Lanka and Nepal also existed as separate entities during the colonial period – Sri- Lanka as a crown colony and Nepal was under indirect rule. The micro-states of Bhutan and Maldives acquired modern statehood as a byproduct of the accidents of colonial conquest and strategy of indirect rule. As a result of independence, India, Sri Lanka and Nepal inherited the core structure, but Pakistan and Bangladesh had to virtually assemble the state structures from the fragments. The success and longevity of the new structures varied in each case. Given their inherited state capacity India and Sri Lanka worked their democratic parliamentary system with greater success. Pakistan and Bangladesh rapidly lapsed into extended periods of military rule. The remaining three states in South Asia concentrated on closely managing the transformation of their traditional monarchical systems into more participative ones, a process which has gone farthest.]*

**Y**et, despite their differences and the ways in which they articulate their national projects, each state in South Asia has in common a serious attempt to succeed as a state in perpetuating itself as an established entity. Towards these ends, the South Asian states have sought to create new means and capacities for shaping democratic legitimacy, national identity, economic development and territorial integrity.

The smaller states in South Asia are weaker states both in terms of power and economics but their geo-strategic location make them of great importance to the world in general and India, China & Pakistan in particular. South Asia, in fact is prominent and very important because of its geo-strategic location. Instead of getting

benefits, its geo-strategic location has become intricate for the smaller states.

The Kingdom of Bhutan as a landlocked nation in South Asia located at the eastern end of the Himalayan mountains and is bordered to the south, east and west by India and to the north by the Tibetan autonomous region of the People's Republic of China. It lies between China and India. A small and a weak nation in terms of population, size, economy, resources and development, a natural question arises as what makes India to have an interest in Bhutan. India's interest or relations with Bhutan can be explained through Morgenthau's definition of national interest, who defines it as "the residual meaning of national interest is survival—the protection of physical, political and cultural identity against the encroachments by other nation-states."

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It is against this background i.e. “preservation of physical identity” that India extended its relations with Bhutan under the title “Indo-Bhutanese Friendship Treaty of 1949 signed in Darjeeling on August 8, 1949 between Indian government representative Harishwar Dayal and Bhutan government representatives Gangzim Sonam Tobgy Dorji, Yangbi Lopan Sonam and Ha Drung Jigme Dorji. This treaty became basis for the two independent neighboring nations to live in harmony, sharing a mutually beneficial relationship. This treaty called for peace between the two nations and non-interference in each other’s internal affairs. The treaty also established free trade and extradition protocols. It also assures the rights of citizens of each country and the extradition of criminals seeking refuge in either country. The Treaty of 1949 replaces the 1910 Treaty of Punakha which was signed by First King Ugyen Wangchuck with the British to ensure that the British India would not interfere with Bhutan’s internal affairs as long as it maintained peaceful relations with its neighboring countries.

This Treaty of 1949 has 10 articles of peace, security, trade, extradition of criminals, non-interference etc. But most importantly it said that Bhutan would have complete control over its internal affairs but would be guided by India in foreign policy. This treaty provides a unique kind of relationship which gives a special and most-favored-nation (MFN) status to Bhutan. Transit routes are a key issue between India and Bhutan. Bhutan got access to eleven more transit routes in addition to existing sixteen to conduct trade with India.

The Bhutanese economy is closely aligned with India’s through strong trade and monetary links and dependence on India’s financial assistance. Economic relations can strongly influence diplomatic relations. As hydel-power cooperation is an important area in Indo-Bhutan relations. Bhutan utilizes 30% of its hydro-power generation and rest of the power generated is sold to India. With this source Bhutan has maintained a growth rate exceeding 6% and will

see an annual growth rate of 9% from 2011 to 2019 according to National Statistical Bureau of Bhutan. A new trade agreement between India and Bhutan in 1972 provided an exemption from export duties for goods from Bhutan to third countries.

One important reason for close relationship between India and Bhutan is because of common threat perception from China. When a state increases its military power purely for defensive purpose, it becomes a threat to security of other state. The greatest threat for India’s security is not from West but from within Asia i.e. China. China is following a planned strategy to encircle India. Fears were not about a threat from Himalayan Kingdom, but that if anybody with inimical interests towards India gained a foothold in the kingdom, India’s security interest could be adversely affected.

The Kingdom of Bhutan sandwiched between two Asian giants, China and India, is increasingly embroiled in other nation’s real politic and has been recently subjected to military incursions that are reverberating around the region. Despite the ‘Dazzle of democracy’, the often-cited “Gross National Happiness” of bucolic Bhutan, is truly at stake. A famous Kenyan proverb says “when elephants fight, it is grass which has to suffer”. Smaller South Asian states have become battlefield between strategic competitors because of their strategic location. Bhutan is between the two rivals, in event of any conflict between India and China, Bhutan and Nepal have to suffer. Delhi and Beijing are watching the kingdom intensely, and recent moves suggest that Bhutan may become either a strategic ‘pawn’ or a malleable ‘Buffer’ zone between the two expanding powers.

Both China and India have a strategic foothold in the landlocked Himalayan kingdom. Bhutan does not have diplomatic relation with China, USA, UK, Russia or France. This is possibly done, so that Bhutan is not seen as an enemy to China. Informal contact with USA is made through the American embassy in New Delhi; this is because Bhutan has formal relation only with India, Nepal,

Myanmar and Bangladesh. As Bhutan is close to India's restive North-Eastern states, any sort of negative development in the Himalayan Kingdom is considered critical to India's strategic interests.

India's relationship with Bhutan is based on the Perpetual Peace and Friendship Agreement signed in 1949. The pact was tested when Bhutan under Indian pressure launched "Operation All Clear" to flush out Indian militants operating inside Bhutan on December 15, 2003. The Bhutanese army aided by Indian forces completed the operation in January 2004. During the 1962 Sino-Indian war, Bhutanese authorities permitted Indian troop movements through Bhutanese territory. However, India's debacle in the war raised concern about India's ability to defend Bhutan. Consequently, while building its ties with India; Bhutan officially established a policy of neutrality.

Following the 1962 Sino-India border war, India took control of and began to train the Bhutan army. Over 4000 Indian military advisors have been sent there. India helped, establish and equip the Bhutan Air force, which is deployed along the border with China and has encouraged Russia to provide military helicopters and logistical support. There is a fear of China in Bhutan. There are unresolved border disputes between the two. According to official statements of Bhutan, there are four disputed areas between the two, starting from "Doklam" in the west; the border goes along the ridges from Gamochen to Batangla, Sinchela, and down to the Amo Chhu. The issue was only addressed in Beijing in 1984.

Bhutan has traditional trade relations with Tibet, but Bhutan closed its northern borders with China after an influx of Tibetan refugees in 1960. With that the age-old cross-border trade came to halt and there have been no official trade or business with China ever since. In 1998, Bhutan and China signed an agreement to maintain peace and tranquility on the Bhutan-China border, marking the first and only Sino-Bhutanese peace agreement to this day.

India's influence over Bhutan would be a decisive factor in resolving border dispute between Beijing and Thimpu, a Chinese expert has said. India has tremendous influence over Bhutan, if Bhutan can settle border issues with China, the result will certainly create norms that will likely be followed in the border talks between China and India. This shows the close proximity of ties between the two oldest friends.

In recent years, Bhutan's relationship with its powerful neighbors has had a twist. Chinese forces have alleged to have intruded several times in Bhutanese territory at the tri-junction with India. Over the years, the Chinese have increasingly made inroads in the strategically important areas. The incursions into Bhutan are precariously close to India's Chicken's Neck-the vulnerable Siliguri corridor which links the North-east passage. At the moment India's military strength is depilated in its eastern region as one of the divisions normally based in the hills of West Bengal is currently deployed in Kashmir. The other division located at Binaguri would be ineffective if the Chinese sliced through Bhutan to save the Siliguri Neck.

Although the erstwhile UPA government in India publicly dismissed these intrusions as "nothing serious", nevertheless, experts viewed these aggressive Chinese moves as deliberate strategy to put pressure on India along the actual Line of Control. The Indian army had been alarmed at the increasing Chinese forays into Bhutan, which are also close to the strategic Chumbi valley another vital junction between India- Bhutan and China. Trouble is mounting on China's border with Bhutan. The intrusions of Chinese forces, some analysts say, has more to do with India than Bhutan.

The Sino-Indian Army recently moved six thousand troops to the Sino-Indian –Bhutanese junction from the troubled state of Jammu and Kashmir. In November 2007, Chinese forces demolished several un-manned Indian forward posts near military bunkers in the border region of Bhutan's Dolman Valley. There is a strong feeling in Thimpu that Bhutan is becoming a

buffer state. It is believed that Chinese strategy is to drag India more into a Bhutanese gambit and benefit by pinning more Indian troops into border areas. Bhutan stands a great chance of becoming a “Tinny Pawn” or a “Buffer State” in a big game between the two Asian giants. Actually, both the states, India and China are prone to pursue relative gains instead of absolute gains and are playing a zero-sum-game at the cost of Bhutan.

India claims that it follows the so-called Wilsonian diplomacy but actually it has to some extent, in its foreign policy, the interest of relative gains on the basis of zero-sum game. As the Chinese threat grew, India became increasingly involved in the buildup of Bhutan’s indigenous defensive capability. The headquarters of the Indian Military Training Team (IMTRAT) in Bhutan is located in Ha District which was made by Jigme Singye Wangchuck after holding throne. The Wall Street Journal wrote that king Jigme Singye Wangchuck at the age of 16, deserves to go down in history as his country’s George Washington or Thomas Jefferson.

In 1998, Wangchuck voluntarily reduced his powers and declared that Bhutan would become a constitutional monarchy. He ordered legal experts to study constitutions of all the world’s great democracies and the final version, which was mailed to every home in the country, begins with “we the people”. Bhutan made a departure from absolute monarchy to constitutional monarchy on July 18, 2008 on the line of the constitutional framework which was drafted in 2003. Bhutan’s transition to democracy is probably unfolding in the most unique way where a sovereign has willed his people to make the transition to a democratic constitutional monarchy. You cannot think of many other instances in history where people, because of their love and respect for the monarchy, have to be persuaded almost against their will to embrace democracy. It is a great tribute to the vision of their majesties.

The secret of special nature of Indo-Bhutan relationship is the exceptional amount of

goodwill that underlies it. This is a relationship which is historic and time-tested. Therefore, this relationship will only be further strengthened with the advent of democracy in Bhutan. India is the world’s largest democracy and no doubt that it will grow even stronger in bonds of friendship with the world’s smallest democracy. An important political development in Bhutan was the successful completion of two rounds of local government elections in 2011. An important pattern which emerged was the conspicuous visibility of vacant positions, an issue attributed to the casting of negative vote.

Priorities for Bhutan include assuming peace, security and prosperity, achievement of the goals of Gross National Happiness and to build and prosper a vibrant democracy for the country. Indo-Bhutan relationship is special because of the commitment at the highest level cutting across the entire political spectrum in India to strengthen, reinforce and make it even stronger. From the historic day of 25 September, 1958 when J.L. Nehru visited Bhutan onwards this special relationship has grown from strength to strength. Today Bhutanese are happy to say that their bilateral interactions with India cover almost every vital aspect of cooperation. People see great strength in Bhutan.

Bhutan is a remarkable state in terms of human resources Bhutan is a beautiful land which is sufficient for it to be a tourist spot and can increase economic development. In addition, Bhutan has a great gift of one of the world’s most sagacious monarchy. Bhutan has a democratically elected government which has a great number of experienced ministers at the helm of important areas. There is a great deal of patriotism and commitment to the nation.

Keeping in view the growing threat of foreign races near and around Bhutan and Bangladesh’s interest in Bhutan for electricity, Pakistan’s interest to keep India under check by connecting Bhutan through Gilgit and Aksai Chin and growing Chinese influence near Bhutan’s borders makes it an important state in recent times. Bhutan has huge hydro-power potential. As India’s

electricity demands are expected to double over the next decade, Bhutan becomes very important for India. India will speed up its assistance to Bhutan. Bhutan has benefitted by becoming a hydropower exporter to India, and by 2020, India wants Bhutan to be able to export 10000 MW of power to India.

Other economic aid programmes are likely to be speeded up. Bhutan by developing its hydro-power capacity can increase its export to other South Asian countries and can support a strong regional energy alliance but Bhutan needs land for import and export purpose. Bhutan's geo-strategic location is also important for Bangladesh because Bangladesh's energy security strategy lies on import of hydro-based electricity from Bhutan, so Bangladesh needs route access to Bhutan through India.

Recent changes in Indo-Bhutan treaty of 1949 conferred a significant amount of autonomy on Bhutan in conducting its defense and foreign policy. Against this background, India and Bhutan signed a treaty on 8 February, 2007 at New Delhi to further strengthen the relationship of peace and friendship between the two. On November 24, 2011, an MoU between the National Assembly and Lok Sabha was signed by Meira Kumar and Jigme Tshultim. The purpose was to provide a framework for enhanced partnership, co-operation and continuous interaction between National Assembly of Bhutan and Lok-Sabha of India.

Bhutan is becoming an important state to its neighbors. Thimpu was a candidate for a non-permanent seat in the UN Security Council in 2013. But given that it has diplomatic relations with just about 30 countries, Bhutan needed to up its game before the vote. India is adjusting to a new reality as Bhutan mulls opening diplomatic relations with China which was discussed in a meeting held between Bhutan PM Jigme Thinley and Chinese premier Wen Jiabao on the sidelines of the Rio+20 summit recently in August 2012. As the only country in India's immediate neighborhood which does not have official ties with China, Bhutan is in a special spot where India is concerned but Bhutan wants to fly the

nest. And India will have to make room for Bhutan's ambitions.

While India is happy to help Bhutan's ambitions, New Delhi remains wary about talks of a Bhutan-China relationship, particularly if it involves a boundary settlement. A Bhutan-China settlement would involve a decision on the strategic Chumbi valley tri-junction which is of great importance to India. That is why Bhutan is of immense importance to India. The relations between India and Bhutan are growing and are expected to grow even stronger in the future. Together with China's interests in Bhutan, the relationship between the same is going to be tested time and again. It is against this backdrop that the research undertaken assumes significance as to how the two-India and Bhutan redefine their relationship in the changing geo-strategic regional environment. The study becomes also important by taking into consideration the concerns of China *vis-à-vis* the Indo-Bhutan relationship.

### **Recent Phase**

Change of regime in New Delhi has not affected the cordiality and warmth pervading friendly relations between India and Bhutan. In the aftermath of the installation of NDA government led by the BJP and headed by Prime Minister Narendra Modi in May 2014, relations between New Delhi and Thimpu have acquired further momentum. Soon after taking over as Prime Minister, Narendra Modi paid a State Visit to Bhutan from 15-16 June, 2014. It was his first visit abroad after assumption of office. The visit reinforced the tradition of regular high-level exchanges between the two countries. Again, recently in the month of August 2019, PM Modi paid two-day visit to Bhutan and talks on bilateral and regional and global issues with the leaders of Bhutan. There has been reciprocal exchange of visits between the two countries from time to time. India is Bhutan's largest trading partner. In 2016, total bilateral trade between the two countries stood at Rs. 8,723 crores with total imports being Rs. 5528.5 crore (82% of Bhutan's total imports) and exports recorded as Rs. 3205.2 crore including electricity (90% of Bhutan's total).

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## Cost of doubling farmers' income by 2022

P. Jayakumar\* & Dr. C. Sivakkolundu\*\*

[A “New India” is the latest national agenda mulled by PM Modi that envisages “A new India that would fulfill the dreams of the young and women, and see the income of farmers double.” Doubling of farmers’ income by 2022 is his two-year-old promise. But for the first time, he has added this promise to his agenda of a “New India”. ]

**A**t a time when farmers are found less in farms and more on streets, protesting for better produce and price, it is an invincible promise everybody would desperately pitch for.

Even while many are skeptical about the progress made in this direction, the government-appointed Committee on Doubling Farmers’ Income led by Ashok Dalwai, has submitted its report. The committee has pointed out the challenges in doubling farmers’ income along with the details that need to be taken into account for achieving this target. Starting from a historical background of progress in agriculture to what needs to be done, the reports carry expansive as well as specific suggestions. Going by the committee’s general observation, the target is achievable, which official sources often have estimated.

### Cost of doubling farmers’ income

First, the report says during 2004-2014 (a politically explosive assessment given that this period coincides with the two terms of the United Progressive Alliance) agriculture reported a historic growth rate. The agricultural growth was

an impressive 4 per cent during this period in comparison to 2.6 per cent during 1995-2004. Four per cent growth is considered as the golden standard as far as agriculture is concerned. But in recent years the sector seems to be slowing down which is widely known.

Second, this growth rate was possible due to better minimum support price, raised public investment and also better market price, as per the report. Third, the report says that the real income from farming, which is around 60 per cent of a farmer’s total income, has to be doubled, as per the target fixed for 2022. If achieved, this will change the ratio of a farmer’s income from farm and non-farm sources—from 60:40 at present to 70:30 in 2022.

To sum up, India has finally accepted the dominance of farm income in overall well-being of farmers. The other way to look at this is to accept that the dream of adopting non-farm income as an alternative to dwindling agriculture sector is now junked.

But let’s look at the cost of achieving the target. Agriculture is a private venture supported by policies and programmes of the government. Thus, both private and public investments are needed to double farmers’ income. While estimating the required investment, the committee

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has assumed that the sector's growth rate from 2015-16 will remain constant till 2022 and increase the farmers' income by 9.23 per cent every year. For this to happen, the farmers need to invest Rs. 46,299 crore (at 2005-05 price) in the next five years. Farmers invested Rs. 29,559 crore in 2015-16. For the government, the expenditure or investment has to be Rs. 1,02,269 crore, up from Rs. 64,022 crore in 2015-16.

Here are the highlights of PM Modi's address to the farmers.

- "We are working towards ensuring that the incomes of our hardworking farmers double by 2022. For that we are facilitating proper assistance wherever required. We have faith in the farmers of India," he said
- "We are aiming to provide proper irrigation facilities to every farm in the country," PM Modi mentioned
- "Under the Blue Revolution, we have made 26 per cent progress as far as far rearing of fish is concerned. Whereas in the dairy industry, we have made a progress of 24 per cent," PM said.
- "The previous government had fixed a budget of Rs. 1,21,000 crore for the agriculture sector, but we have nearly doubled this budget to Rs. 2,12,000 crore," he mentioned
- "Today, farmers across the nation have their crops insured. The burden of loss no longer has to be borne by them," the prime minister asserted in his address
- "We have started the soil health card, a service through which farmers know what crop is best suited for their farms based on

the health of the soil. This benefits their output and directly benefits their earnings," PM Modi highlighted.

- "I urge all farmers to stay positive and motivated and do your best, and our government will do its best to ensure the best for you all," PM Modi said today.
- "Earlier, there used to long queues for procuring manure and fertilisers. But now, farmers are getting it all easily. Now, 100 percent Neem coated urea is available for them," PM Modi said.
- "The e-Nam platform is helping the farmers to get the right price for their produce. We want to end the role of mediators," PM Modi said.
- "We want to help the farmers at every step from sowing their seeds to selling their produce. We want to ensure farmers' grievances are reduced," PM Modi asserted.

The volume of fund requirement raises a few questions: do farmers have the capacity to invest such a huge amount of money on agriculture without any profits? A large chunk of the public investment is for irrigation projects, which as widely known, are not delivering. The proposed investment strategy will only add on to the farmers' debt, which is already high. In an ideal situation, the agenda of doubling farmers' income should have started from clearing their debt. But the Union government wants to hand over that responsibility to the states.

The late Finance Minister Arun Jaitley did observe; "As part of the government, we are responsible for policy implementation on the ground. We believe that we can increase the incomes of farmers by 2022. The government has

already taken initiatives. If you want to increase the income of farmers, there are 2-3 areas you need to look into. One is to decrease the input cost; then take up productivity enhancement measures; and then, the MSPs. They said there has been an increase in the awareness and there would be 8-10 per cent increase in production and reduction in cost wherever farmers have adopted soil health cards. Yes, there is not much to do in that direction but it is the initial step. The second initiative is organic farming.”

Observing that India has a huge population dependent on agriculture for livelihood, he said, “therefore, increase in the purchasing power of this group is extremely important for us because growth of larger economy depends on economic potential and power of this group itself.”

Pointing out that the agriculture community world over is vulnerable, Jaitley said countries try various methodologies for supporting the sector.

“Some highly developed countries directly, by different forms of subsidies, ensure money goes into the pockets of their farmers and the countries that don’t have that level of affordability still have to struggle with the challenge that

sustenance level is maintained (for farmers),” he said at an event organised by Nabard here.

Referring to the government’s initiative in this direction, the finance minister said India is trying to double farmers’ income by 2022.

### **Conclusion**

“We have fairly ambitious plans in India and within our limits of our affordability, we have taken up the challenge of in the first instance trying to improve upon rural infrastructure and at the same time making sure that how do we ensure that their income is enhanced,” he said.

He said the government has taken various measures to improve rural infrastructure by building roads, electrifying all villages, developing irrigation and providing regular dwellings.

Credit availability, interest subvention and crop insurance are other steps in that direction, Jaitley added. Noting that farmers face the challenge of ever-increasing cost of inputs, he said it is extremely important for every society to ensure that food is made available at an affordable cost, and at the same time the farmers get their due.



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