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INHALT

INDIA 2000 - PERSPECTIVES OF A NEAR FUTURE*

Dietmar Rothermund

India 2000 - a country with about one billion people, one of the greatest industrial nations of the world two thirds of whose population will still live in the villages. But this India will probably have more large cities than all of Europe, about a dozen of these cities will have several millions of inhabitants. Poverty will not have been vanquished by the year 2000, about one half of India's population will still live below the poverty line. Indicators which measure the general standard of living elsewhere will remain irrelevant for India. Whereas in the industrial countries of the West there is even today one car for every three persons, India will have perhaps one car for every 500 persons by the year 2000.

India will remain a country of striking contrasts in which several trends of development co-exist on different levels. Thus many nuclear power stations will supply energy to the cities and to the industrial sector, biogas units and other local generators of energy will be working in many villages. Development policy and foreign aid, which will still be required in the immediate future, should be attuned to this multi-level process, because India's problems cannot be solved by following the latest fashionable strategy which may promise quick results but is soon overtaken by the course of events.

In this paper an attempt will be made to trace the trend of development in agriculture and industry, to look at urbanization and the problems of a deteriorating environment and to assess the potential performance of the political system.

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Agriculture

India's most important task will be to feed her growing population. This can only be done by an intensification of agriculture as the area under cultivation cannot be extended any longer. During the first decades after the attainment of independence India's remarkable agricultural growth was mainly achieved by means of the extension of the area under cultivation. The "Green Revolution" inaugurated the era of growth by means of increasing yields per acre, but this trend has been a success only in certain regions and mainly with regard to wheat. Much remains to be done in this line. The yields attained in other countries give rise to the hope that India can easily feed a billion people in the year 2000. Perhaps the ca. 150 Mill. hectares under cultivation at present will even have been reduced by that time as marginal land which is not suitable for intensive agriculture may be turned into forest. On the other hand some 60 Mill. hectares may be under permanent irrigation in the year 2000 and they will thus be rescued from the arbitrary regime of the monsoon. The tapping of groundwater resources will be of great importance in this context. So far India has relied more on big dams and canals in the field of irrigation and only in some regions, particularly in the Panjab, tube wells have been installed and fitted with electrical pumps. In most other regions the groundwater resources have not even been systematically explored.

Dams have, of course, an immediate advantage: They generate energy in addition to providing water for irrigation. Canals do not consume energy while tubewells do. But on the other hand canal irrigation has often remained inefficient, had led to waterlogging and salicity and has not been properly utilised by the peasants concerned who regarded it as a stopgap in case of the failure of the monsoon but not as an input for intensive cultivation. A recent report has shown that while there exists an irrigation potential of about 13 Mill. hectares at present, less than half of it has been actually utilised. The tubewell on the other hand which requires the investment of local capital and also consumes energy which must be paid for continuously forces the agriculturalist to think in terms of a cost-benefit analysis. However, a systematic exploration of groundwater resources is a precondition for further progress in this field. The individual peasant will rarely be able to take the risk

of paying for the drilling of a well which will not give him water. Government or private industry have to help in this field and may recover initial expenditure by means of water charges whenever the drilling has proven to be successful. Well irrigation should be linked up with canal irrigation in order to create a comprehensive scheme of harnessing the water resources. Local networks should be given preferences over ambitious plans for large dams or for linking all rivers of India, because the implementation of such ventures as well as the ecological risks involved may create impredictable problems.

If adequate irrigation and the availability of fertilizers can be taken for granted, India should easily be able to produce about 230 Mill. t of foodgrains by the turn of the century. This would be sufficient to supply one billion people with their staple food. But it will be much more difficult to supply them also with enough proteins and fat required for a balanced diet. The majority of Indians will remain vegetarians who need pulses and vegetable oil for this purpose. Milk products which are the only alternative in this respect will probably be even more expensive in the year 2000 than they are at present. For this reason they will be only accessible to a minority just as they are today. Pulses and oilseeds which have a relatively low yield per acre and are prone to be attacked by pests are very scarce and expensive these days. Their acreage has receded as foodgrains have progressed. The increase in prices has not yet led to a substantial reversal of this trend. Foodgrains do contain proteins as well but this content is only 12 per cent in the case of wheat and 6 per cent in the case of rice, whereas pulses contain about 22 per cent. The next step forward in foodgrain production must be made with regard to rice and thus the lack of proteins will be felt much more than in the course of the wheat revolution.

Oil seeds share the fate of pulses and vegetable oil prices have risen steeply in recent times so that the poor can hardly afford to buy this oil. India is one of the greatest producers but also one of the greatest consumers of oilseeds, so much so that vegetable oil had to be imported in large quantities. Government policy has not always been helpful, thus the export of hand selected groundnuts was for some time prohibited in order to cope with the internal demand for oil whereas India could have earned foreign exchange with this labour intensive products and imported cheaper oils instead. Thus the import of vegetable oil as such is not a danger signal, but the dramatic shortfall in domestic production certainly is such a signal.

Many of these problems could be solved, if the prices of all agricultural products could be raised which would usher in a new "Green Revolution". Since the second oil price hike in 1979 the terms of trade have turned against agriculture and the consumption of fertilizers has decreased. The government used to supply essential inputs for some time below the market price. This policy of indirect subsidies has been revised and the prices of these inputs were raised but agricultural prices were not permitted to rise at the same rate. By building up buffer stocks the government can hold the price line in the interest of the consumer. This is good politics in times of impending elections and of potential social unrest. Before 1966 the Indian government followed a similar policy by using American wheat in this way. This policy broke down during the drought of 1966/67. Prices rose and the "Green Revolution" set in. There may be another constellation like this in the near future. The monsoon usually fails once in seven years thus causing a severe drought. The next one is expected for 1986/87. The next elections will be held in 1985 if not earlier. Until that time the government will not deviate from the present policy. In the drought year prices will shoot up and it is to be hoped that this does not cause social unrest but does lead to a new "Green Revolution". If improved varieties of rice, pulses and oilseeds would be available at that time, they could be spread very rapidly in such a "revolutionary" upsurge of agricultural production.

A problem which may seriously impede this upsurge is the indebtedness of the lower strate of the rural population. This problem has beset India's agriculture ever since the British colonial rulers introduced their laws which back up with the creditor and are directed against the debtor who is presumed to be a free contracting partner and should know how to take care of himself. In the Indian context unlimited credit has usually led to permanent dependence and servitude. The creditor is actually not interested in reclaiming his capital or receiving regular payments of interest, he wants to buy control over the labour and productive capacity of his debtor. Interest rates may be nominally very high so as to insure permanent dependence, the effective payment of interest may vary with the season and the result of the harvest. This kind of flexibility distinguishes the local moneylender from the banker who has to rely on substantial security and regular debt service and cannot convert this service into the kind of servitude which suits the local creditor. The replacement of this type of local credit by regular institutional credit is, therefore, rather difficult, but it must be achieved in the near future, otherwise the growth of the population will lead to a cor-

responding growth of rural debtors who are deprived of the fruits of their labour and may retain only as much as keeps them barely alive. Without change in the credit structure this strata of quasi-serfs may encompass 200 Mill. people by the year 2000.

This servitude is not only to be deplored with regard to social justice but also in view of the severe check on productivity which is associated with it. A peasant who knows that whatever he may do, he will be left only with a minimum which just enables him to survive will not exert himself to produce a larger surplus for those who keep him in this state of dependence. This attitude is quite rational but what about the rationality of those who are satisfied with the petty exploitation of inefficient labour and are not interested in encouraging higher yields and greater productivity? Under the conditions imposed by the monsoon their behaviour is also rational: they put the burden of risk in many weak shoulders, limit their own risk to a minimum and remain in control of the modest surplus which is produced in this way. Only a genuine capitalist agriculture which is emancipated from the monsoon will lead to an abolition of this kind of servitude, because inefficient labour would reduce the benefits and enhance the cost of that type of agriculture which depends on a proper use of all inputs like irrigation, fertilizer etc. In the Panjab this type of agriculture is prevalent even today, whereas in the backward rice areas of Eastern India the old pattern of servitude still continues. No wonder that the farmers of the Panjab have outdone Eastern India even with regard to rice cultivation. The next "Green Revolution" which must take place in the rice areas thus not only depends on the availability of hybrid varieties, but even more on the changing pattern of irrigation, of credit management and of the social structure.

The success of the next "Green Revolution" will also determine the extent to which agriculture can support industrial growth in India. The experience of recent years has, of course, shown that a "Green Revolution" does not necessarily lead to an industrial boom. The recession of the Indian industry in the years after 1966 was not overcome by the "Green Revolution" which began in the late 1960s. The reasons for this must be traced by analysing the evolution of Indian industry.

Industry

India's industry had many ups and downs in the course of the 20th century. In the beginning of this century it consisted of a cotton textile industry in Western India mainly

producing for the home market and an export oriented jute industry in the East. The First World War which restricted the volume of international trade encouraged import substitution and stimulated the growth of the cotton textile industry. This was reflected by a great upsurge of investment in this industry after the end of the war when textile machinery could be imported again. However, the 1920s disappointed the Indian industrialists and only the policy of protectionism followed by the British during the Great Depression encouraged import substitution once more and enabled the cotton textile industry to fully utilise the capacity installed in earlier years. On the other hand the reduction of the purchasing power of the rural population which was hit by the steep decline of agricultural prices in the 1930s imposed a limit on the demand for industrial products. The Second World War changed the situation once more, prices rose, the government procured industrial goods in India for the use of the army, the industrialists made windfall profits but could not invest anything as investment goods were not yet manufactured in India and could not be imported during the war.

When India attained independence the industry was ill equipped with outdated machinery, many essential branches of industry were entirely missing as their growth had been discouraged or directly prevented under colonial rule. India's planners now aimed at a thoroughgoing structural change of the industry. Two targets were pursued simultaneously - large scale import substitution and the establishment of basic industries and of the manufacture of investment goods. Import substitution was encouraged by protectionism and the establishment of the new heavy industries was achieved by a crash programme of capital investment mostly in the public sector. Both trends had serious disadvantages which became apparent only after some time. Import substitution saved foreign exchange and encouraged the growth of the already established industries, but it more or less reproduced the existing pattern of industrial production and did not lead to innovation in terms of the production of goods which could be sold at home as well as abroad and which could face the challenge of international competition. Heavy investment in basic industries tied up a great deal of capital and did not create an expanding labour market. But as such a labour market was of crucial importance, the new industries were overstaffed and the wage bill substantially reduced the benefits derived from capital investment. In this way unproductive labour was tied to capital sunk in an industry that could not generate quick profits anyhow. Moreover, the demand for investment goods did not grow as fast as the planners

had hoped, because under a regime of inward looking protectionism there was not enough dynamic development. These structural weaknesses caused the recession which set in after 1966 and which was further aggravated by the energy crisis in subsequent years.

As a reaction to this situation some Indian economists have advocated a greater emphasis on the production of consumer goods and a policy of export-led growth. The labour market would expand more rapidly in this way and the exchange between the urban-industrial and the rural sector would also increase. Peasants do not buy heavy investment goods but they do buy bicycles, transistor radios, household goods etc. The advocates of export-led growth point out that due to the policy of protectionism and import substitution India lost sight of the conditions and potentialities of the world market and did not ask what one should better have imported and what could have been exported profitably. South Korea, Taiwan, Hong Kong and Singapore are examples of rapid export-led growth which can be cited by the advocates of the policy.

The pendulum of economic opinion seems to be swinging from one extreme to the other. The solution for India's industrial problems should be found by avoiding these extremes and following a course in the middle of the road. The hitherto under-utilised capacities of India's heavy industry which has been built up with a great deal of investment will prove to be an asset in the future. The home market will remain more important than the export market because of India's enormous size. An overemphasis on the production of consumer goods may be harmful and it should first be discussed what kind of consumer goods are essential for the Indian masses. India does already have a booming consumer goods industry catering to the needs of about 40 to 60 Mill. people who can afford to buy things which are luxuries for the masses. This is a sizeable market and the production for this market does perhaps create more employment than the heavy industry in the public sector, but it nevertheless does not contribute much to a rise of the purchasing power of the masses and an improvement in the standard of living of the poor. The great task of the immediate future is the production of cheap small-scale investment goods for agriculture such as pumps and local generators of energy etc. Such goods may not always be bought by private parties as the available capital is limited. Therefore the government must provide funds to encourage this type of investment. After a period of capital deepening in terms of heavy investment in basic industries, this would be a decisive change. Indian industry should actually be interested in such a change as it has a stake in the development of India's huge home market.

The giant dimension of the Indian economy necessarily imply a certain slowness of all fundamental changes in structure and policy. In the past three decades the Indian economy has registered an average annual growth rate of about 3 per cent. Realistic planners predict that the years up to 2000 will witness a growth which is not much different from this record of the past. A growth rate of about 3.6 to 4 per cent per annum, just about 1.5 per cent above the rate of population growth seems to be reasonably well assured. In the days of our "Economic Miracle" we might have looked at such a growth rate with an air of pity or disdain, at present we can only look at it with admiration or even with envy. Of course, our economy stagnates at a high level, whereas India has a long way to go to reach that level. But the long term continuity and steadiness of India's economic growth is a phenomenon which raises hopes for the future. Slow but steady growth is accompanied by gradual changes in the social structure and this process is not jeopardized by sudden convulsions. National averages such as this growth rate mask, however, a wide variety of regional differences. New Delhi, India's capital, and the adjacent region in Northwestern India is even today in a position which other parts of the country may achieve by the turn of the century, while remote areas in the interior of the country appear to be more than a century behind this stage of development. The states on the West coast, Gujarat and Maharashtra, which have even now a degree of urbanization of the magnitude which is predicted for India as a whole in the year 2000 are way ahead of the underdeveloped states of the East. In the Western states private industry sets the pace and offers much more employment than the public sector which is the biggest paymaster in Eastern India. This prevalance of private industry in the West has, however, contributed to a great deal of rather chaotic urban growth. An adequate control of this kind of urbanization will also be one of India's most urgent tasks in the immediate future.

Urbanization

India's urbanization has actually progressed much more slowly than demographers had predicted in the early years after the attainment of independence. The rate of urbanization remained lower than the population growth rate. No dramatic change in this trend can be expected in the near future. In the year 2000 at the most one third of India's population will live in urban areas. But this will be more than 300 Mill. people. Furthermore, India's urbanization has some

special features: The rate of migration from smaller towns to bigger cities is much greater than the rate of rural-urban migration. Only in the under-urbanised East there is a great deal of direct rural-urban migration, in other areas the small towns lose their population to the big ones, in which the labour market is more highly differentiated. Migrants may hope to get a chance even as a casual labourer in a city rather than staying on in a small town where there is hardly any industry and where the unemployed have to move on or return to the misery of their village. Thus the low urbanization rate of India hides a much greater metropolization rate.

India's cities which have more than a million inhabitants suffer from a constant overload of their brittle infrastructure as migrants pour in and squat wherever they find a place. The per capita cost of infrastructure is much higher in these big cities than in the small towns. There are thus very striking dis-economies of scale and decentralization is a most urgent task. Indian planners want to take the infrastructure to the people rather than let the people submerge the insufficient infrastructure of the big cities. But this is easier said than done. The steel cities of the public sector plants could be erected close to the deposits of ore and coal in Eastern India according to the plans of the government. But the private entrepreneur who wants to establish a small plant which produces parts required by some other industry and needs inputs which are in turn produced by some other industry will look for suitable location in an already developed industrial area and even attractive subsidies and tax exemptions may not tempt him to play the role of a pioneer in a small district town far removed from his business contacts. For this reason the whole area to the North of Bombay is overcrowded with large and small industrial establishments whereas there are districts at only about 300 km distance where the small district town with less than 100.000 inhabitants is the only urban settlement in a vast rural area.

In Bombay and the adjacent area there are at present about 15 Mill. people, about a fifth of all motor vehicles registered in India ply the overburdened roads of this busy metropolis. In the year 2000 Bombay and its satellite towns may have a total population of 30 Mill. even if the Indian planners succeed in making smaller centres more attractive so as to stop the trend of metropolisation. The present plea of the Government of Maharashtra to get a grant of 10 billion Rupees from the central government in order to cope with Bombay's problems is an indication of the magnitude of the tasks of the immediate future. Some of India's big cities with more than a million inhabitants will also attain the

dimensions of a metropolis by the turn of the century, Pune and Bangalore may have more than 5 Mill. inhabitants at that time and Ahmedabad may come also close to this size.

Bombay with its satellites together with these three cities may then encompass about 15 per cent of India's urban population. Tamil Nadu which in addition to Madras has even now some cities with about a million inhabitants may prove to be the state in India with the most balanced urban structure. Eastern India, however, will probably not catch up with the other parts of the country as far as an adequate rate of urbanisation is concerned. Calcutta, the metropolis of the East, cannot grow more for several reasons and some of the centres in the interior of the country may grow at a faster rate in keeping with the expected agricultural growth of this region.

Urbanization and metropolization will pose challenges to the existing structure of municipal government in India. Municipal finance and institutional infrastructure are notorious for their neglect and inefficiency in India. Potential rate payers often conspire to keep municipal government at a low level and use their political influence, so that their pockets may not be touched. The only possibility to change this state of affairs is to tie government aid for the improvement of urban infrastructure to matching grants of the municipality while also making sure that the maintenance of this infrastructure is guaranteed by the establishment of municipal institutions.

The Deterioration of the Environment

Urbanization as well as the intensification in agriculture lead to an ever increasing attack on the Indian environment whose deterioration will reach alarming dimensions in the near future. So far India has largely remained an agrarian country and the industrial centres are few and far between. India's poverty also seemed to justify an emphasis on other priorities than on the ecology of the environment which could be regarded as a preoccupation of advanced industrial nations that had nothing else to worry about. It is only recently that some people in India have devoted attention to environmental problems and they have come up with alarming findings. For instance, it was discovered that India's forests may soon exist only in official statistics while they have already disappeared from the face of the earth. According to the planner's target 30 per cent of the land should be covered with forests, official statistics show about 20 per cent, but satellite photographs have led to the conclusion that only 10 per cent can still be traced. Orissa

which used to be one of the most densely wooded areas of India has about 40 per cent under forests according to official statistics, whereas the satellite photographs show that only half of this still exists. Other states of India may have an even worse record.

Wood is a scarce commodity and fire wood is nowadays often more expensive than the food which is cooked with it. Forest guards are lowly paid officials who can be easily tempted by a small bribe. If the present trend continues, India may well have no forest any longer by the turn of the century. Reafforestation is a slow process; according to present estimates the rate of the cutting of trees is double the rate of growth due to the planting of new ones.

The disappearance of India's forests not only hits the poor people who have to gather their firewood, it would be an ecological catastophe of huge dimensions which could well ruin India's agriculture, too. The monsoon does not come as a mild drizzle but as a torrentical downpour which sweeps away the topsoil by the ton. Forests used to prevent erosion and store moisture. With the disappearance of the forests erosion increases rapidly and the entire climate changes. Recently a large new island was discovered in the Bay of Bengal which is just the tip of a huge land mass which the Ganges has swept into the ocean. The large dams of which India is so proud are silting up at a much faster rate than was initially expected, because when these dams were built and the respective areas were opened up many trees were cut upstream and erosion swept the soil into the valleys.

In addition to the industrial uses of wood it is mostly the demand for firewood which threatens the Indian forests. More than half of all energy consumed in India is used for cooking in more than 100 Mill. kitchens which will be 200 Mill. kitchens by the turn of the century. In most of these kitchens the cooking is done with dried cowdung, straw, dried plants and fire wood. The stove is often of a very primitive kind and it utilises the energy of the material burned for cooking only at a rate of about 5 per cent. Because only the women do the cooking and often walk long distances every day in order to get the fire wood, the men have so far not devoted much thought to improvement in this matter. Better stoves and the installation of biogas plants in the villages will help to save a great deal of energy, whether it will help to save the forest is somewhat doubtful in view of the present trend.

Afforestation which is sponsored by government and by papermills which have to look after their raw material is mostly geared to the introduction of monocultures. Eucalyptus has been given first preferences because it grows very fast, but it has also been decried as an "ecological terrorist", as it adds acidity to the soil, consumes much water and thus lowers the level of ground water and destroys all other life around it. In monocultures eucalyptus is also prone to be affected by plant diseases. Subabul which is the latest craze, because it grows even faster than eucalyptus, may have its own problems.

The idea of "social forestry" which is supposed to involve the local population in the raising and preservation of forests has not yet shown the necessary results. A promising scheme has, however, been adopted in Gujarat where poor landless families have been entrusted with taking care of a number of trees. They are paid for this and also get a share of the profit derived from this kind of forestry. If this scheme could be copied on a large scale, it may replenish the forest resources and also give employment to large numbers of landless families.

Not only the Indian forest suffers from the ravages of an increasing population, the Indian rivers are also affected and by the end of the century they may all have been turned into open sewers. Even the holy Ganges, whose power of self-purification is proverbial, will soon not be able to cope any longer with the large amount to sewage and industrial waste pumped into it. Pilgrims who continue to take their bath in the Ganges and trust in its purifying power, will then emerge poisoned and diseased from the sacred river. Adequate plants for the treatment of urban sewage and industrial waste are still missing in most towns along the rivers and pollution goes on without being checked.

Indifference towards environmental problems is an alarming feature in India. Just recently a nuclear power plant was located near the bank of the Ganges in an area which is prone to be shaken by earthquakes. The warnings of experts were disregarded for short term political reasons. Similarly the authorities concerned showed no respect for their own safety regulations when they had to rush supplies of heavy water to Madras where a nuclear power plant was supposed to be commissioned on a certain date. The waggons carrying this heavy water were simply attached to the normal express train going from Bombay to Madras. India does require more nuclear power plants in order to produce enough energy in the near future. It is only to be hoped that such plants and their accessories will be handled with greater care. Otherwise India may well get into environmental catastrophes which would then reduce population growth in a gruesome manner.

The Political System

Questions like those concerning the responsibility for measures which may have damaging consequences are in the last resort political questions. It is the political system of India which has to stand the test of trying times in the near future.

In the year 2000 India may still uphold the claim of being the largest democracy in the world. A dictatorship even a military one would be unable to cope with the problems of such a vast and highly differentiated country for any length of time. India's democracy will presumably remain a parliamentary one. A presidential system of the French type may appear attractive to some politicians in India, but this system has arisen in a state with a strong centralist tradition, whereas centralism in India does not have such a strong tradition. It owes its origin to the twin forces of the consolidation of British colonial rule and of the Indian freedom struggle. Presidential centralism which is not backed up by the parliamentary process may actually lead to a weaker rather than to a stronger government in India. Indira Gandhi has introduced a kind of plebiscitarian parliamentarism in India by delinking the national elections from the state elections with which they were combined in earlier years. She will probably soon make use of the prerogative of the Prime Minister to get the parliament dissolved and call for new elections at a time when the political conditions are favourable for the government. The potentialities of parliamentarism of the British type are fully utilised in India. But parliamentarism acts, of course, also as a brake on radical reforms which may be urgently required. On the other hand such a system provides a degree of stability which has proved to be an asset to India. In all those eagerly contested elections the basic composition of the national parliament has not changed very much. Inspite of premature predictions that the young have onsted the old in recent times, the middle age groups still dominate the house and the senior members have retained their share of seats. The educational standard of the members continues to be well above the national average. There is also a certain continuity as the members on the average retain their seat for two periods.

The only significant structural change with regard to the social composition of the national parliament is the decrease of lawyers and the increase of agriculturists among its members. At present about 40 per cent of the members are agriculturists. Lawyers have been prominent even in the French Revolution and they also played a decisive role in the Indian freedom movement. In independent India they

dominated the proceedings of the national parliament in its early years. The advance of the agriculturists, however, is a phenomenon of recent decades. This advance will probably continue until the number of seats occupied by agriculturists corresponds to their share of the population. Of course, the poor peasants and the land-less labourers are hardly represented. The agriculturist parliamentarians mostly belong to the dominant rural strata which can afford to send their children to schools and colleges. For these rural strata parliamentary politics serves the same purpose as the consolidation of their position in the village. Legislation which goes against the interests of these strata cannot be passed.

Parliamentary inertia in the field of social and economic reform has recently been compensated by an upsurge of judicial activism. The Supreme Court which was thought of as a stronghold of conservatism when land reform laws were stopped by it and had to be reintroduced as constitutional amendments has now emerged as a defender of fundamental rights and social justice. Letters written by citizens complaining about a violation of such rights even in cases which have come to their notice only through newspaper reports will be taken as writ petitions by justices of the Supreme Court. The courts can then initiate enquiries and can impose conditions which prevent the repetition of the respective violations. Committees on legal aid have been set up in many parts of the country which inform the citizens about their rights and the means to defend them. Such measures will contribute to the legitimacy of the established political systems.

The legitimacy of the Indian political system has not been challenged so far by any powerful political combination. A revolutionary upheaval is unlikely in the near future, even if the present party system crumbles and new alignments are formed. If there would be a danger of a revolutionary coup, the military might step in for some time in order to restore law and order. The officers of the Indian armed forces belong to the same strata of society which support the present political system. These officers are not interested in a coup, but in a crisis they might take action and in doing so they might even remain to a large extent within the limits of the Indian constitution which attributes to the President almost all the emergency powers of the British Viceroy. As long as parliamentarism works without difficulties the President can keep these powers in abeyance, but in a crisis he could make use of his viceregal heritage and run the country with the help of the army and of the civil service. If the army does step in, it would do well to keep the President in power and act in

his name. Critical situations of this kind could arise if several factors combine so as to paralyse the government. A severe drought at a time when a brittle coalition forms the government and the added danger of a threat to national security and of separatist tendencies within the country might precipitate such a crisis. Droughts are expected in the years 1986, 1993 and 2000, whether these years also witness other calamities cannot be predicted.

Separatist tendencies in India which have often attracted the attention of foreign observers are actually less likely to cause major disturbances than many other problems which are not in the limelight. The advantage of being part of the Indian Union outweighs the disadvantages which are often imaginary ones. Separatist agitations like the present one in the Panjab are often only a ploy in an internal game of state politics in which one group wants to onsted the other. The formation of state governments dominated by regional parties will, of course, put India's federal structure to a serious test. But this concerns mostly matters of finance and in this field compromises can always be achieved. The states complain at present about the central government's tendency to get hold of such taxes with increasing yields while leaving stagnating taxes to them. Furthermore, the central government has a monopoly of foreign aid and credit and passes on such funds to the states under conditions which are less favourable than those under which such grants and credits have been obtained from abroad. The state governments have so far mostly adopted the attitude of a petitioner who asks for twice the amount which he needs in order to be sure to get what he wants. Planning authorities in the states have often been staffed with people whom one did not want to entrust with more important decisions. Thus short term haggling has always been more important than long term planning in this respect. There should be some basic changes in this process in the near future. A conference of experts on centre-state relations held at Bangalore in August 1983 at the invitation of the Government of Karnataka has highlighted this problem. The Government of India would do well to look into these matters so as to strengthen the federal structure which may have to withstand many pressures and strains in the near future. This is also important with regard to all the urgent issues of national development which have been discussed in this paper. Executive action in most of these fields is a matter of the state authorities. Thus it is of no use when the Prime Minister expresses concern for the Indian forests while the trees are mercilessly cut down in various states. Similarly the Prime Minister's solicitude for the development of India's capital, New Delhi, is in striking contrast with

the urban chaos prevailing in the rest of the country which requires urgent attention.

One of the most important problems to be solved with the help of an active federalism is the growing disparity between the Western and the Eastern part of India. This disparity will be even more accentuated by the turn of the century if no concerted measures are taken to revert this trend. The states of Western India must cooperate with the central government in a campaign of internal development aid in order to help the Eastern states. The private sector which has its strongholds in the Western states must also contribute to this national effort. The enormous market which the populous East would offer to the products of Western India should attract the attention of the private sector. Some farsighted planning should replace the shortsighted quest for immediate profits. Unfortunately India's economic order has enhanced this shortsighted quest of the private sector. All long term planning and all strategic investment decisions were a preserve of the public sector. The private sector found comfortable niches in this structure where it could reap profits by making investments which would yield results while the public sector was usually in the red. This combination of cumbersome farsightedness in the public sector and quickwitted shortsightedness in the private sector does not augur well for the future. The public sector needs more versatility and efficiency and the private sector more long term perspectives in order to cope with the problems ahead. Such perspectives can only be developed if the government delineates a plan of action which permits enough scope for the private sector. On the other hand the private sector must articulate its proposals for such a plan of action. People who have been used to think only in terms of getting the next licence from a bureaucratic government may find it difficult to raise their view to more distant horizons but they must do so in order to master the future. The political system does permit a bolder vision, even if it has not encouraged it very much in the past. High level intelligence is at the disposal of the private sector which can reward bright people much more generously than the government which is bound by its rules and regulations. So far the motivation for intensive brainstorming may have been missing, but the challenge of the future should provide this motive.

The immediate future of India will provide many challenges to the best brains available in this great country. But these challenges must be met in a cooperative spirit. The best brain will be ineffective, if it remains in isolation. The one-person show is a frequent phenomenon in India.

There is a special kind of respect for the distinguished individual and at the same time an adherence to social norms; what is often missing is a kind of corporate intelligence, a willingness to work together and to learn together. The evolution of corporate intelligence makes the bright people effective and the mediocre ones are able to catch up with them to the extent of their ability. Much of this depends on patterns of communication based on a common endeavour, a give and take in daily life which inspires mutual trust. It is to be hoped that India's young generations will grow up in this spirit so as to mold the future in a positive way.