RICHES

> Meet the pissed-off [American] programmer . . . He's the guy – and, yeah, he's usually a guy – launching websites like yourjobisgoingtoindia.com and nojobsforindia.com. He's the guy telling tales – many of them true, a few of them urban legends - about American programmers being forced to train their Indian replacements.
>
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I

IN 1954 A BOMBAY economist named A. D. Shroff began a Forum of Free Enterprise, whose ideas on economic development were somewhat at odds with those then influentially articulated by the Planning Commission of the government of India. Shroff complained against the 'indifference, if not discouragement' with which the state treated entrepreneurs. He believed that 'if the Government of India shed some of their impractical ideologies and extend their active support to the private sector, very rapid industrialisation can be brought about with in the next 10 years'.[1]

At the same time as Shroff, but independently of him, a journalist named Philip Spratt was writing a series of essays in favour of free enterprise. Spratt was a Cambridge communist who was sent by his party in the 1920s to foment revolution in the subcontinent. Detected in the act, he spent many years in an Indian jail. The books he read in prison, and his marriage to an Indian woman afterwards, inspired a steady move rightwards. By the 1950s he was editing a pro-American weekly from Bangalore called *MysIndia*. There he inveighed against the economic policies of the government of India. These, he said, treated the entrepreneur 'as a criminal who has dared to use his brains independently of the state to create wealth and give employment'. The state's chief planner, P. C. Mahalanobis, had surrounded himself with Western leftists and Soviet academicians, who reinforced his belief in 'rigid control by the government over all activities'. The result, said Spratt, would be 'the smothering of free enterprise, a famine of consumer goods, and the tying down of millions of workers to . . . soul-deadening techniques'. His own preference was for a plan that would create 'the psychological and economic conditions needed for a forward march by private enterprise'.[2]

The voices of men like Spratt and Shroff were drowned in the chorus of popular support for a model of heavy industrialization funded and directed by the government. The 1950s were certainly not propitious times for free-marketeers in India. But from time to time their ideas were revived. After the rupee was devalued in 1966 there were some moves towards freeing the trade regime, and hopes that the licensing system would also be liberalized.[3] However, after Indira Gandhi split the Congress Party in 1969, her government took its 'left turn', nationalizing a fresh range of industries and returning to economic autarky. Then, in the late 1970s, the socialists in the Janata regime spectacularly affirmed India's economic independence by expelling foreign firms such as IBM and Coca-Cola.

In 1980 Mrs Gandhi returned to power. The next year, the head of the Tata Group of Companies gave along interview to a leading newspaper. J. R. D. Tata said here that 'the performance of the Indian economy from the mid-fifties to the mid-sixties reflected the soundness of the mixed economy as originally conceived'. Industrial production grew at a handsome 8 per cent a year. Then, in the late 1960s, the opportunity arose to open up the economy to competition. Had this been done, thought Tata, 'employment would have grown more quickly in all sectors; production would have increased considerably and shortages removed; and government revenues too would have materially increased, which in turn could have been utilized for developmental programmes'. What actually happened, however, was that the government embarked on 'the nationalization of major industries on an expropriatory basis'.

Moving on from history to the present, the industrialist urged the government now 'to free the economy and see the difference'. The recent economic success of countries such as South Korea, Spain, Singapore, and Taiwan was because these 'newly industrializing countries rely mainly on private enterprise [which] their government's economic policies are geared to[wards] encouraging and supporting'.[4]

II

In the 1980s the government of India did lose some of its antipathy towards business. Greater encouragement was given to private enterprise, with key sectors being delicensed. These were ‘pro-business’ policies that enabled Indian industry to become more productive and profitable. However, they stopped short of being ‘pro-market’ policies that removed impediments to entry and exit by Indian or foreign firms, thus encouraging competition and expanding consumer choice.[5] It took a major crisis for the Indian state to work towards a fuller liberalization of the economy.

This crisis was linked to the growing external debt of the government. India had long taken aid from multilateral institutions such as the World Bank. During Rajiv Gandhi’s tenure borrowings from the market also increased rapidly. In the summerofl991 the debt had reached $70 billion, of which 30 per cent was owed to private creditors. At one stage, foreign exchange reserves were down to two weeks of imports.

The prime minister in 1991 was P. V. Narasimha Rao, a quiet, understated man who had lived and served in the shadow of Indira Gandhi and her elder son. Thrust into the top job after Rajiv Gandhi’s death, he revealed a boldness altogether at odds with what was previously known of his character. He appointed as his finance minister Dr Manmohan Singh, an apolitical economist whose previous jobs included finance secretary and governor of the Reserve Bank. Moreover, he gave him the freedom to carry out economic reforms as he saw fit.

Before he became a public servant, Manmohan Singh had written an Oxford DPhil thesis suggesting that India move towards a more open trade regime. His thesis was written in the 1960s; now, three decades later, he seized the chance to put its recommendations into practice. The rupee was devalued, quotas removed for imports, tariffs reduced, exports encouraged and foreign direct investment welcomed in. The domestic market was also freed; the ‘licence-permit-quota-raj’ was substantially done away with, and the public sector discouraged from expanding. Finally, the reforms sought to curb the profligacy of the government. Measures were introduced to reduce the fiscal deficit, which was running at an alarming 8 per cent of gross domestic product.[6]

A new industrial policy, framed in July 1991, made it clear that ‘industrial licensing will henceforth be abolished for all industries, except those specified, irrespective of levels of investment’. The exceptions were industries critical to the country’s defence, and industries hazardous to the environment and to human health, such as cigarette and alcohol manufacture. This was a dramatic reversal of the existing policy, which had reserved many industries to the state, and many others to the small-scale sector.[7]

There was also a liberalization of the services sector, with private players being encouraged to invest in insurance, banking, telecommunications and air travel – sectors previously under more or less complete state control. Some economists thought that the reforms did not go far enough, noting, for instance, that the labour laws remained rigid (making it almost impossible for managers to fire workers) and that, while barriers to entry had been removed, barriers to exit remained (thus, entrepreneurs still needed government permission to close unprofitable units). The bureaucratic regime had been undermined but not completely dismantled. It still took weeks or months to start a business in India, whereas in China or Malaysia it took a matter of days.[8]

Nonetheless, the changes introduced under the new regime constituted a major departure from past policies. Even a year or two before they were undertaken, such reforms were considered unlikely or even impossible. In a book published in 1989, a professor at the Harvard Business School identified the vested interests that kept the command economy going – which included politicians, bureaucrats and indigenous entrepreneurs. The apparently permanent hold of this alliance of interests, wrote the Harvard professor, had 'served to diminish prospects for fundamental reforms of the nation's economic policies'. In countries such as South Korea, the discipline of the market and the openness to foreign capital had led to a surge of wealth and productivity. In India, however, the state was 'paralyzed', and local entrepreneurs 'blind to the need for reform. The prospect was grim, namely, that 'the "miracle" growth achieved by these other industrializing countries will continue to elude India'.[9]

III

For years the Indian economy had expanded at what was derisively termed the 'Hindu rate of growth'. The pro-business reforms of the 1980s had increased the growth rate, and the pro-market reforms of the 1990s augmented it further. The steadily improving performance of the Indian economy is captured in Table 29.1.

Table 29.1 – Indian economic performance, 1972–2002

	Percentage growth in	*Percentage growth in*

Period	gross domestic product	per-capita income
1972–82	*3.5*	*1.2*
1982–92	*5.2*	*3.0*
1992–2002	*6.0*	*3.9*

SOURCE: Vijay L. Kelkar, 'India: On the Growth Turnpike', K. R. Narayan Oration, Australian National University, Canberra, 2004.

Naturally, the growth has been uneven, with some parts of the economy doing better than others. The most significant expansion has been in the services sector, which grew at an average of 8.1 per cent a year through the 1990s. Much of this was contributed by the software industry, whose revenues grew from a paltry $197 million in 1990 to $8,000 million in 2000. In some years the industry grew at more than 50 per cent a year. Much of this expansion was aimed at the overseas market. While in 1990 the Indian software industry's exports were valued at $100 million, by the end of the decade the figure had jumped to $6,300 million.

In the year 2000 there were 340,000 software professionals in India, with some 50,000 fresh engineering graduates being recruited annually. About 20 per cent of these professionals were women. In the first years of the new century the industry grew at an even faster rate. By 2004 it was employing 600,000 people, and exporting $13 billion worth of services.

In both India and abroad the software industry is commonly acknowledged as the 'poster boy' of the reforms. The industry is a largely indigenous product, with firms large and small owned by Indian entrepreneurs, employing Indian engineers trained at Indian universities. Yet the work they do is mostly for foreign clients, who include many of the Fortune 500 companies. Some of this work is routine – maintaining accounts and employee records, for example. Other work is more innovative, such as designing new software which is then patented and sold overseas. (I-Flex, a financial package developed by an Indian company, is now in use in more than seventy countries.) In its early years, the industry focused on 'body-shopping', sending engineers on short-term visas to work on site in European and American companies. However, with the development of satellite communications and the Internet, and the increasing sophistication of the work being done, the emphasis has shifted to 'outsourcing', to the codes being written within India and then sent back overseas.

Software firms such as Wipro, TCS and Infosys are now household names in India. But they are also known and widely respected in business circles abroad. They are listed on the New York Stock Exchange, and own and operate subsidiary companies in many parts of the world. But there are also many small- and medium-sized companies in the business, and the market share of the largest firms has steadily declined over the last decade.[10]

The software enterprises are clustered round a few major cities: Delhi, Madras, Hyderabad and, above all, Bangalore, which has acquired the sobriquet 'India's Silicon Valley'. Bangalore is home to India's finest research university, the Indian Institute of Science, set up in 1909. After Independence the city became a hub of industrial units, with large state-owned factories setup to manufacture machine tools, aircraft, telephones and electronic equipment. When one adds to this rich scientific tradition Bangalore's mild climate and cosmopolitan culture, one understands why it has emerged as such an attractive investment destination. Wipro and Infosys are both headquartered here, as are several other important players in the software industry.

To explain the rise of the software sector one must invoke factors both proximate and distant. Success, said John F. Kennedy, has many fathers. In this particular case, however, all the claimants have truth on their side. Some credit is certainly due to the reforms of 1991, which opened up the foreign market for the first time. But some credit must also be taken by Rajiv Gandhi's government, which gave special emphasis to the then very nascent electronics and telecommunications industries. Moving back a decade further, the Janata government's expulsion of IBM allowed the development of an indigenous computer manufacturing and maintenance industry. But perhaps the story should really begin with jaw a harlal Nehru's government, which had the foresight to set up a chain of high-quality engineering schools, and the wisdom to retain English as the language of higher education and of interest and intranational communication. For, as one respected analyst of the IT sector comments, 'India's greatest asset is a large, educated, English-speaking workforce that is willing to work at relatively low wages'.[11] This is a delicious irony: that this showpiece of market liberalization was made possible by a man committed to a state-sponsored path of economic development.

In addition to these other factors, a geographical accident has also contributed enormously to the boom – the fact that India is on the other side of the globe from the United States, so that work done in the Indian day is ready by the time the US client gets out of bed.

The facility with English, and the luck to be five or ten hours ahead of the prosperous West, has led to other forms of work being outsourced to India.

At the higher end of the value chain, medical tests of patients in US hospitals are sent to be analysed by Indian radiologists and pathologists. At the lower end is the mushrooming call-centre market in which young Indians are employed to stay up all night to take calls from holders of Western credit cards, or to book seats on Western planes and trains. Many of the employees in these centres are women, who can speak grammatical and easily understood English and who work harder than their American counterparts at one-tenth the cost. In 2002 there were more than 300 call centres in India, employing 110,000 people. The industry was growing at a staggering 71 per cent per year. It was estimated that by 2008 it would employ 2 million people, and generate $25 billion dollars annually, amounting to as much as 3 per cent of India's GDP.[12]

The outsourcing of Western work to Indian workers is taking ever more varied forms. English teachers in Kerala tutor American kids over the Internet in grammar and composition. Catholic priests in the US and Canada send prayer requests to their Indian counterparts. One can have a thanksgiving prayer said for Rs40 (roughly a dollar) in an Indian church, whereas in an American church it would cost five times that amount.[13]

If less spectacularly, the reforms of the 1990s have also had an impact on the manufacturing sector. Increased competition and the entry of foreign firms has led to greater productivity and lower prices, benefiting the domestic consumer. Some Indian industries have seized on opportunities offered by the opening of international markets. Thus, top clothing brands such as Gap, Polo and Tommy Hilfiger all increasingly have their products made in India. India now exports some half-million motor vehicles a year, as well as many sophisticated components used in vehicles assembled elsewhere (one out of every two American trucks uses an axle made by an Indian firm). Another growth area is pharmaceuticals. Medicines exported by Indian companies were valued at $1,000 million in 2003 – these included drugs made according to modern pharmacopoeia as well as those following the indigenous Ayurveda system.[14]

The opening of the economy also led to many foreign firms coming in to tap the Indian market. Between 1991 and 2000 the government approved more than 10,000 investment proposals by foreign companies; if all had fructified, they would be worth a staggering $20,000 million. They spanned the range from telecommunications to chemicals, and from food processing to paper products. Of the projects that actually got off the ground, the most visible brands were in the consumer sector: cars made by Ford and Honda, TVs by Samsung, phones by Nokia and drinks by Pepsi and Coca-Cola, whose advertisements and showrooms were now a noticeable presence in the major Indian cities. Less visibly, companies such as Philips, Microsoft and General Electric had also begun establishing research stations in India, which employed local as well as expatriate engineers in developing cutting-edge technologies for the global market.[15]

The importance of foreign trade to the Indian economy steadily grew through the 1990s. Exports increased from 4.9 to 8.5 per cent of GDP, imports from 7.9 to 11.6 per cent. Yet, in the aggregate, this remained a relatively closed economy. In 1980 India accounted for 0.57 per cent of world trade; twenty years later the figure had inched up to 0.71 per cent.[16]

IV

One less obvious aspect of recent economic history is the change in the social composition of the entrepreneurial class. Once, the major capitalists in India came from the traditional business communities – Marwaris, Jains, Banias, Chettiars, Parsis. However, in the past three decades a range of peasants castes have moved into the industrial sector. Some of the most successful entrepreneurs of late have been Marathas, Vellalas, Reddys, Nadars and Ezhavas -from castes who for centuries have worked the land. Again, some of the best-known software start-ups – such as Infosys – have been initiated by Brahmins, a caste that traditionally served the state or the academy and regarded commerce with disdain. There have also been some very successful Muslim entrepreneurs, such as Azim Premji of the software giant WIPRO.[17]

Meanwhile, the surge in economic growth has led to an expansion in the size and influence of the Indian middle class. The emergence of this stratum, writes the political scientist E. Sridharan, 'has changed India's class structure from one characterized by a sharp contrast between a small elite and a large impoverished mass, to one with a substantial intermediate class'. How substantial it actually is remains a matter of definition and interpretation. Defined most broadly, to include all households with an annual income in excess of Rs70,000 (at 1998–9 prices), the middle class consists of as many as 250 million Indians. Defined most exclusively, to keep out all those who earn less than Rs140,000 a year, it consists of only 55 million Indians.[18]

This new middle class is the prime target of the new products and services that have entered the Indian market in recent years. There are now more than 50 million subscribers to cable television in India, and at least 100 million Indians who own mobile phones. The spread of these services grows exponentially, as does the spread of that artefact most typical of the modern consumer economy, the motor vehicle. Bangalore, for example, has as many as 2 million vehicles on its roads, with 20,000 new ones being added every month.

In the early years of Independence an ethic of Gandhian austerity hung heavily over the Indian middle class. In a poor country, one was not supposed to have much wealth, and certainly not supposed to display it. Even those inclined towards hedonism were stalled by the absence of choice. With the opening of the economy in the 1990s, the guilt formerly associated with consumerism has rapidly disappeared. Whether it be cigarettes, cars, whisky or sunglasses, foreign brands previously unavailable in India now flood the market. Commercial television carries appealing images of the goods on offer; and banks and credit card companies rush in to help one buy – and consume – them.[19]

Although most characteristic of the big cities, the new consumption is not restricted to them. A recent ethnography of rural Kerala speaks of how consumers in this age of liberalization exercise their choices with care and discrimination, with one eye on their pocket and the other on their neighbour. Rural Kerala, of course, is anything but characteristic of rural India as a whole. For one thing, the villages blend seamlessly into the towns; for another, many villagers have spent time working in the Middle East, making the kind of money that takes them straight into the middle class. Anyhow, among these new consumers,

> styles and tastes are hierarchically arranged, brand-names acting as markers of distinction: a Keltron (Kerala Electronics; a state enterprise) television confers less prestige than an Onida, Indian made, which, in turn, is not as good as a Sony made under licence in India, with maximum prestige attached to foreign-made, imported televisions . . . Sometimes people leave their labels on consumer durables to emphasise their origins.[20]

As with televisions, so too with a whole range of products from facial creams to cars – the Indian consumer is now spoiled for choice. Once, the only automobiles locally available were a 1950s model Morris and a 1960s model Fiat; now, if one has the money one can buy the latest Mercedes Benz. Middle-class Indians, once very focused on saving for the future, are now grounded much more in the present. Twenty years ago just a handful of Indians had credit cards; now more than 20 million do so. This was once a risk-averse culture, but now millions of Indians invest in property and the stock market.

These changes in production and consumption have led to a fundamental transformation of the urban landscape. Modest homes have given way to grand apartment buildings, one-storey offices to imposing structures in glass and concrete. There are still traditional bazaars, whose makeshift stalls sell locally made pots and pans or locally grown fruit and vegetables; but there are now also large malls which offer, under one roof, such international brands as Levi, Estée Lauder, Sony and Baskin Robbins.

V

A second consequence of the recent economic growth has been a decline in the percentage of Indians who live below the official poverty line. There is a vigorous scholarly debate on precisely how many poor people there are in India. Some statisticians have concluded that a mere 15 per cent live below the poverty line, while the more pessimistic estimates put the figure as high as 35 per cent. The government of India's own estimate lies in between these two extremes – at 26 per cent. While the precise numbers are in dispute, virtually all scholars accept that in both absolute and relative terms poverty has declined in the 1990s. At the beginning of the decade close to 40 per cent of Indians were 'poor'; by the end of it the figure had dropped by ten percentage points or more.[21]

Still, there are *huge* numbers of poor people in India – close to 300 million, if one sticks to the official estimate. Many of them are located in the cities. For beyond the glitzy malls and spanking new office buildings lie the slums and shanty towns where the majority of urban residents live. These are the people who service the middle class yet will never be part of it. They 'sell newspapers they will never read, sew clothes they cannot wear, polish cars they will never own and construct buildings where they will never live'.[22] Other slum dwellers labour long hours at low wages, in jobs perilous to their health, such as cutting metal and separating chemicals. They are usually unorganized, liable to be laid off without notice, and without insurance or pension benefits. [23]

The majority of the poor people in India, however, live in the villages. For the fruits of economic liberalization have scarcely percolated into the countryside. Agricultural growth was painfully slow during the 1990s. There were some attempts at the diversification of crops, at growing fruit and vegetables for the domestic market, and flowers for export. Yet these moves were limited in their success, largely because of deficiencies in infrastructure, i.e. the lack of electricity to process crops or keep them in storage, and the lack of roads to take them to the market.[24]

Even when it came to that basic resource, food, the picture was less cheering than it might have been. Taking the country as a whole, there was a modest food surplus. 'Buffer stocks' of several million tones were being maintained in government godowns. Yet the distribution mechanisms in place were seriously inadequate; in times of scarcity, stocks did not move quickly enough to communities that needed them. The targeting was inefficient; grain from the Public Distribution System (PDS) more easily reached urban areas than rural ones, and rich states than poor ones. And there was terrific corruption; according to one estimate, only 20 per cent of the grain released through the PDS actually reached the intended recipients, the rest being sold on the black market. Hunger and malnutrition remained endemic in many parts, with starvation deaths reported when the rains failed.[25]

Through much of the country, life and livelihood remained dependent on the availability of water. Sixty years after independence, a mere 40 per cent of cultivated area was under irrigation. For most farmers, the uncertainties caused by the year-to-year fluctuation in rainfall were compounded by the pre-emption of perennial water sources by the cities. Delhi took its supplies from the Tehri dam, 200 miles away; Bangalore from the Cauvery, 100 miles distant. Home to the privileged and the powerful, the cities got the water they demanded at a highly subsidized rate. Scarcity and discrimination sometimes promoted desperate acts. Travelling in Tamil Nadu in 1993, the journalist P. Sainath saw his train stopped in the dead of night by peasants who then took all the water they could find. Ten years later, when a drought hit northern Rajasthan, herders in Bikaner had to buy water in the open market to save their livestock from dying. The price they paid was 166 times the price a Delhi consumer was paying for his water.[26]

In the last years of the twentieth century the first farmers' suicides were reported. This was a disturbingly novel phenomenon, for while hunger and poverty had been a feature of the subcontinental landscape for centuries, never before had so many rural people gone so far as to take their own lives. Suicide, as the pioneering studies of the French sociologist Emile Durkheim had shown, was a product of the anomie and alienation caused by modern urban living. It increased in late-ninetheenth-century France, among migrants to cities dislocated from the protective care of the family and community; and it also, as it happened, increased in late-twentieth-century Bangalore, among young software professionals stressed out by the long hours of work or the rapid success of their colleagues.

Indian anthropologists had previously reported high rates of suicide among some isolated mountain tribes.[27] But what was now happening among settled peasant communities was unprecedented. Between 1995 and 2005 there were at least 10,000 suicides by farmers, these occurring in states as far apart as Andhra Pradesh and Rajasthan. Usually it was the male head of the household who killed himself, most often by swallowing pesticides, at other times by hanging or electrocution. In many cases he took this extreme step because of an inability to pay off debts accumulated over the years to banks, co-operatives or private moneylenders. But indebtedness had also been a pervasive feature of rural life; why, now, did it lead so often to this tragic outcome? No systematic studies yet exist to answer this question, but some preliminary speculation might be in order. *Pace* Durkheim, the rash of farmers' suicides is perhaps related to the rapidity of social change in contemporary India. The new consumer society, its images carried into the villages by television, does place a very high premium on success and failure. Thus, when crops fail, or a new crop does not give the yield it promised, the *personal* humiliation felt is greatly in excess of what it might have been in an earlier, more stable, and less acquisitive time.[28]

VI

One reason for the continuing poverty is the government's poor record in providing basic services such as education and health care. In 1991, the year the reforms began, only 39 per cent of Indian women could read and write and only 64 per cent of men. Here, India lagged behind not merely the developed nations of the West, but also some of its Asian neighbours: Sri Lanka had educated 89 per cent of its women and 94 per cent of its men, while the corresponding figures for China were 75 and 96 per cent.

The inability – some would say unwillingness – to educate all or even most of its citizens counted as independent India's greatestfailure.[29] In the 1990s, however, the government initiated a number of schemes to universalize education. First, there was the District Primary Education Programme, which focused on 250 districts where female literacy was less than the national average. A little later this was superseded by a Sarva Shiksha Abhiyan (Programme to Educate All). The funds devoted to primary education from the public exchequer were increased, and there was also an inflow of money from foreign donors.

The government was pushed to be more proactive by an order of the Supreme Court directing all state governments to provide cooked midday meals in schools. Many children who entered primary school dropped out well before they got to secondary education. A high proportion of these drop-outs were girls withdrawn by their families to help with household tasks such as cooking, cleaning and collecting firewood. In Tamil Nadu, where midday meals had first been introduced, they had helped considerably in increasing enrolment. It was hoped that a country wide extension would encourage parents to send their children to school and keep them there.[30]

A number of innovative non-governmental organizations also entered the educational field in the 1990s. One NGO, active in the poorer districts of Andhra Pradesh, was able to place every child from 400 villages in school. The NGO ran a ‘bridge course’ for those who entered school late (most of whom were girls) – giving them six months of intensive coaching before placing them in the regular curriculum. Another NGO was following similar methods among the slum dwellers of India’s largest city, Mumbai. They had opened 3,000 *balwadis* (playschools), where children between the ages of 3 and 5 were taught to read and write. In these densely crowded slums, with space at a premium, all kinds of sites were utilized – temple courtyards, school verandahs, public parks, even offices of political parties. From the *balwadis* these children were sent on to regular municipal schools. By 1998, some 55,000 children had passed through this process, which was by then being extended to other cities and towns of northern and western India.[31]

Within the state system there was considerable variation in implementation and effectiveness. Schools in Bihar and Uttar Pradesh were very badly run, with poor or non-existent facilities – no blackboards, no chairs, no toilets for girls. The teachers were uncommitted – rates of absenteeism were high – and the parents apathetic. Among the better-performing states were Kerala and Tamil Nadu in the south and Himachal Pradesh in the north. The educational progress of this last state was both rapid and unexpected. Himachal was dominated by the Rajputs, a caste who had traditionally kept their women at home. It was also a hilly state, with widely dispersed hamlets, making schools hard to site and harder to get to. However, these natural and cultural disadvantages were overcome by the state’s administration, led by its dynamic chief minister Dr Y. S. Parmar. After Himachal was carved out of Punjab in the late 1960s, Parmar made elementary education a pivotal element of public policy. Public expenditure on education was twice the national average, while the teacher-child ratio was far higher than in other parts of India. Parents were quick to realize the benefits of sending both their boys and girls to school. Concerned families and capable administrators worked to ensure that the schools were well maintained, and teachers properly motivated. The results were impressive: while, in 1961, only 11 per cent of girls in these hill districts were literate, by 1998 the figure had jumped to 98 per cent.[32]

Although no other state performed nearly as well as Himachal Pradesh, the data suggested that the education sector was not as somnolent as it had once been. By the end of the 1990s the national literacy rate had risen from 39 to 54 per cent for females and from 64 to 76 per cent for males. Behind these changes in quantity lay a fundamental change in *mentality*. Once, many poor parents had chosen to put their children to work rather than send them to school. Now they wished to place them in a position from which they could, with luck and enterprise, exchange a life of menial labour for a job in the modern economy. As the educationist Vimala Ramachandran wrote in 2004, 'the demand side had never looked more promising. The overwhelming evidence emanating from studies done in the last 10 years clearly demonstrates that there is a tremendous demand for education – across the board and among all social groups. Wherever the government has ensured a well-functioning school within reach, enrolment has been high.'[33]

Where developments in education called for a cautious optimism, the outlook in the health sector remained bleak. Hospitals owned and run by the central and state governments were in a pathetic state: crowded, corrupt, without basic facilities or qualified doctors. And the political class seemed unconcerned. In fact, public expenditure on health was on the decline: in 1990 it constituted 1.3 per cent of GDP, by 1999 the figure had dropped to 0.9 per cent. At the same time there was a tremendous expansion of privatized health care which, by 2002, accounted for nearly 80 per cent of all health expenditure. This, however, was aimed at servicing the growing middle class. In some areas the poor were served by committed NGOs, but for the most part they were left to their own devices, going to local medicine men or village quacks to treat their illnesses.

Some statistics may be in order here. Average life expectancy in 2001 was a niggardly 64 years. In many states, infant mortality rates remained high. In Meghalaya, for example, it was 89 deaths per 1,000. India had 60 per cent of the world's leprosy cases (about half a million); 15 million Indians suffered from tuberculosis, a number that rose by 2million every year. To these older diseases was added a new one – Aids. By 2004, more than 5million Indians were HIVpositive.[34]

In the popular mind it is the continent of Africa that is most seriously threatened by the Aids virus. In an August 2005 cover story in the prestigious Financial Times weekend magazine, a British journalist wrote that this perception was mistaken, and that ‘it will be in India, home to one-sixth of humanity, that the global fight against Aids will be won or lost’. There were already several localized epidemics; the worry was these would ‘mesh and contribute to a terrifying steepening of the infection curve . . .’ Were that to happen, ‘all bets were off’ on India joining the league of the world’s economic powers. Besides, HIV/Aids was ‘not only a growing economic nightmare, but also a growing national security issue’, with military personnel five times as likely as civilians to contract the infection. The article’s concluding paragraph ran as follows:

> India’s precarious public finances and under-resourced public system are in no state to cope with the colossal burden of a sub-continental Aids pandemic similar to that afflicting parts of Africa. India is at a crossroads in its fight against Aids and the path it takes now will be decisive for nothing less than the future of the world.[35]

One is tempted to dismiss this as merely the latest in the long line of apocalyptic scenarios painted by Western journalists – except that this time it was not famine or riots or apolitical assassination that would ruin India, but a killer virus. However, there is indeed a health crisis in the country, and it is not restricted to Aids alone. In the more sober but not necessarily contradictory words of a home-grown journalist, ‘India has stopped thinking about public health and has paid a very heavy price for that’.[36]

VII

Economic liberalization has improved the lives of many millions of Indians, but has left millions more untouched. And there are also some Indians who have been *adversely* affected by the freeing of the market and the opening of the economy to the outside world.

Among those who have suffered from economic liberalization, the tribals of Orissa are perhaps foremost. Orissa is divided into a coastal region, dominated by caste Hindus, and a series of mountain ranges in the interior, where live a variety of adivasi communities. In the state as a whole the Hindus are in a majority, and they wield most of the political and administrative power. In 1999 Orissa overtook – if that is the word – Bihar as India's poorest state. And among the residents of Orissa the upland tribals are the poorest and most vulnerable. Whether reckoned in terms of land, income, health facilities or literacy rate, they lag behind the state as a whole. The tribals are heavily dependent on the monsoon and on the forests for survival. With the woods disappearing, and the rains sometimes failing, they have plunged deeper into poverty, as manifested periodically in deaths from starvation.[37]

The wealth in these highlands is mostly under the ground. Orissa has 70 per cent of the country's bauxite reserves, and also substantial deposits of iron ore. These minerals are concentrated in the tribal districts of Rayagada and Koraput. In the past, these ores were worked by Indian public sector companies, but in the last decade they have been supplanted by private firms, domestic as well as foreign. The state government has signed a series of leases offering land at attractive prices to companies who wish to mine these hills.[38]

One of the more ambitious projects was floated in 1992 by a consortium named Utkal Alumina, which brought together Canadian and Norwegian firms with the Aditya Birla Group. This had its eye on the Baphlimali hills of the Kashipur block of Rayagada district, under which lay a deposit of 200 million tones of bauxite. The proposal was to mine this ore and transport it to a newly built refinery, which would process the material and export the refined product.

Some of the land to be used for these operations was owned by the government, but some 3,000 acres were cultivated by tribals. These saw no benefit in the project, which would dispossess them of their fields and give them naught in return. In 1993 a delegation of tribal activists met the chief minister and demanded that he cancel the lease. Their request was refused; instead, the government sent a team to survey the land preparatory to its acquisition. Over the next few years the tribals tried a variety of strategies to stop the project from getting off the ground. Employees of Utkal Alumina were prohibited from entering the villages. Roads were blockaded and marches organized to raise consciousness of the environmental damage that mining would cause. When the company constructed a 'model' of the kind of house in which they intended to rehabilitate the tribals, the prospective beneficiaries simply demolished it.[39]

On the other side, the administration was determined to go ahead with the project. They saw it as a source of revenue for the exchequer, some of this intended also for the coffers of parties and politicians. In March 1999 a group of social scientists from Delhi visited Rayagada and issued a report warning the Orissa government that, 'unless the popular discontent among local tribals over the acquisition of land was properly addressed, this peaceful district may turn into a hotbed of Naxalite [Maoist] activity'.[40] A year and a half later the veteran environmental journalist Darryl D'Monte came from Mumbai to study the situation on the ground. He found the tribals resolute in their opposition. The mines, they told him, would 'destroy the ecosystem of the Baphlimali plateau'. One adivasi leader said they would stop all vehicles from entering the area. 'We are prepared for any consequences,' he insisted, adding, 'In a conflagration, anyone ought to be prepared to get singed.' D'Monte noted that the government was equally determined to push the project through: 'Over the past five years the district administration, in tandem with the police and politicians, has almost acted like the advance guard of the companies.'[41]

The conflagration came two months later, and tragically it was the tribals who got singed. On 15 December 2000 the ruling Biju Janata Dal organized a meeting in the area to canvass support for the project. Angry villagers refused to allow them to hold the meeting. Three platoons of police arrived to disperse the protesters, but were held up by a group of women. When the police *lathi*-charged the women, the men arrived to help them. At some stage the police opened fire, killing three tribals.[42]

The firing in Kashipur did not deter the state government. Encouraged by the growing international demand, they signed a series of agreements with Indian and foreign companies aimed at mining 3,000 million tonnes of iron and 1,500 million tonnes of bauxite over the next twenty-five years. No thought was given to the likely environmental and social consequences.[43] As these projects began to take shape they too encountered popular resistance. To allow Tata Steel to build a factory processing iron ore for the Chinese market, the government acquired land in Kalinganagar at much less than the market rate. The protests of the local villagers were overruled, the land handed over and construction work commenced. In the first week of 2006 a group of tribals demolished the boundary wall, provoking the police to open fire. Twelve people died in the incident. The tribals placed the bodies of these martyrs on the highway and held up traffic for a week. Among the first to express solidarity with them were Maoist revolutionaries.[44]

VIII

It is tempting to view Bangalore as the *benign* face of economic liberalization. There, the opening of foreign markets has generated skilled employment and enormous wealth, shared fairly widely among the population. It is also tempting to see tribal Orissa as the *brutal* face of economic liberalization. The wealth that will accrue from mining will go to the mine owners and the political class that works in league with them. Those losing out will be the villagers beneath whose land the veins of bauxite run. They will be rendered homeless and assetless, and also left to cope with the degradation of the ecosystem that will be the inevitable consequence of open-cast mining.

Of course, even before 1991 India was a land marked by sharp inequalities. Some regions and some social groups were noticeably less poor than others. However, the market-oriented reforms have tended to accentuate these inequalities. The states that were poorest grew most slowly during the decade, while the states that were already better off grew faster. Throughout the 1990s Bihar registered an annual growth rate of 2.69 per cent, Uttar Pradesh 3.58 per cent and Orissa 3.25 per cent. On the other side, Gujarat had a growth rate of 9.57 per cent, Maharashtra 8.01 per cent and Tamil Nadu 6.22 per cent. Broadly speaking, the states that did well were located in the south and west of the country while the states that fared indifferently were in the north and east. At the very bottom were the massively populous states of Bihar and Uttar Pradesh. In 1993, these two states accounted for 41.7 per cent of India's poor, in 2000, for 42.5 per cent.[45]

It appeared that economic performance was crucially dependent on initial endowments of human capital and physical infrastructure. The states that had better schools and hospitals and hence amore skilled and healthy workforce were usually also the states that had better roads, more reliable electricity and less corrupt administrations.[46] Naturally it was to these locations that investment and investors gravitated. In a pre-reform era, the central government often chose to site industries in areas deemed 'backward'. Private entrepreneurs were under no such obligation; they looked to where they would get the best return on their capital. These were the southern and western states, which surged further ahead as a consequence.

That said, in even the most prosperous states it was not the entire population that benefited. The capitals of Karnataka and Andhra Pradesh, Bangalore and Hyderabad respectively, were at the leading edge of the software boom, but their own hinterlands had been left far behind. Between 1994 and

2000 per capita consumption expenditure grew in rural Karnataka at 9.5 per cent annually, in urban Karnataka at 26.5 per cent. The corresponding figures for Andhra Pradesh were 2.8 and 18.5 per cent. Taking India as a whole, expenditure grew at 8.7 per cent per year in the countryside, but at 16.6 per cent in the cities.[47]

As the economist T. N. Srinivasan observes, these wide disparities meant that

> if one is poor in India . . . one is more likely to live in rural areas, more likely to be a member of the Scheduled Caste or Tribe or other socially discriminated group, more likely to be malnourished, sick and in poor health, more likely to be illiterate or poorly educated and with low skills, more likely to live in certain states (such as . . . Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh, and also Orissa) than in others . . .[48]

One consequence of these disparities is the growing migration from poorer areas to richer ones. Once, most Indians lived, worked and died in the vicinity of their place of birth. Now, they increasingly travel long distances in search of a living. Labourers from Orissa come to work on coffee plantations in the Coorg district of Karnataka, 1,000 miles away. Many of the wheat fields of Punjab and Haryana are harvested by labourers shipped in from Bihar and Jharkhand. But there is also a great deal of migration into the cities. Many plumbers in Delhi, for example, come from Orissa, many taxi-drivers in Mumbai from Uttar Pradesh. Nor is the outflow one of artisanal or unskilled labour alone: for example doctors and engineers trained in Bihar increasingly seek work elsewhere.[49]

Economic growth in contemporary India is marked by considerable disparities of region and class. The Nobel-prize-winning economist Amartya Sen worries that, as these inequalities intensify, one half of India will come to look and live like California, the other half like sub-Saharan Africa.[50] Already, prosperity co-exists with misery, technological sophistication with human degradation. The paradoxes of life in India were tellingly captured in a conversation between the prime minister and villagers in Orissa that took place in September 2001. From his home in New Delhi, Atal Behari Vajpayee spoke by satellite to tribals in Kashipur, whose kinsmen had died after eating mango kernel because their crops had failed. 'It is extremely unfortunate that in today's world people die by eating poisonous material', said the head of a government that could speak to its citizens by videophone, yet not supply them with wholesome food.[51]

IX

The strategy of economic development followed in the 1950s was backed by a strong consensus. There were critics, but these were *marginal* figures, lacking in influence and without asocial base. By contrast, the strategy of economic development adopted since the 1990s has been subject to a searing critique within and outside the political system.

The economic debate in contemporary India is conducted between two schools, whom the columnist T. N. Ninan calls the ‘reformists’ and the ‘populists’.[52] The reformists ask for a freeing of market forces, the abolition of subsidies, the removal of restrictive labour laws, the full convertibility of the rupee and a general retreat of the state from intervention in the economy. Some even want health care and education to be privatized. The populists, on the other hand, demand restrictions on foreign investment, the continued nationalization of key industries and the protection of the interests of labourers and small entrepreneurs. In addition they demand that the state implement land reforms, fund programmes to end rural poverty and provide subsidized food, housing and energy to the urban as well as rural poor.

The arguments between these two groups are very vigorous, and conducted in different for a – in the press, in Parliament, on television and in the streets. Intriguingly, political parties tend to be in favour of economic reforms when in power, and against them when in opposition. Between 1998 and 2004 the Bharatiya Janata Party promoted the opening of the economy and the disinvestment of publicly owned industries. These policies were opposed by the Congress Party, which had, of course, originally introduced market-friendly reforms in 1991. Forgetting (or annulling) its own recent history, the Congress led a countrywide strike in March 2000, in protest against liberalization in general and the rolling back of subsidies in particular.[53]

The ruling BJP fought the 2004 elections with a feel good slogan – ‘India Shining’ – and a promise to bring prosperity to all through market-led growth. The Congress campaign proposed the claims of the *aam aadmi* (common man). However, after winning power, the Congress-led coalition chose the original architect of the reforms, Dr Manmohan Singh, as prime minister. He in turn appointed two well-known reformists as finance minister and deputy chairman of the Planning Commission. Now it was the turn of the BJP to cry foul. They dusted off the old nationalist idea of *swadeshi* (self-reliance), claiming that the new government's policies were undermining India's sovereignty and independence.

Most curious is the behaviour in and out of power of the Communist Party of India (Marxist). In Delhi, CPM intellectuals – many associated with the prestigious Jawaharlal Nehru University – are in the populist vanguard, opposing any move to cut subsidies, sell inefficient state enterprises or invite foreign capital. And CPM-led tradeunions organize strikes and *bandhs* whenever a public utility is privatized. In West Bengal, however, the CPM chief minister, Buddhadeb Bhattacharya, is actively canvassing investment from capitalists both foreign and indigenous. He has chastised trade unions for their excessive militancy, and banned strikes in the key software sector. He once went so far as to say that his administration is guided by the slogan 'Reform or Perish!'

In an era of minority governments and coalition politics, there has necessarily to be some give and take, the seeking of common ground between reformists and populists. One such compromise was worked out in 2005 over the implementation of an employment guarantee scheme (EGS), under which the state would commit itself to providing gainful employment to those who needed it, by putting them to work on schemes for soil and water conservation, road-building and the like. The EGS was lobbied for by left-wing economists, who thought it would provide valuable support for the rural poor and also create badly needed infrastructure in the countryside. But it was opposed by market-oriented economists, who felt it would be an unnecessary drain on the exchequer and only promote corruption. Predictably, the EGS scheme eventually approved by Parliament was regarded as too radical by the reformists, but as not radical enough by the populists.[54]

The dismantling of the 'licence-permit-quota raj' has closed many avenues of corruption. Yet the process of privatization has opened some new ones. When public sector factories are sold there are possibilities of favouring a particular bidder in exchange for a financial consideration. Crucially, the state retains the power to acquire and dispose of land; a power abused in the present as in the past to allot land to private firms at well below market cost.[55]

Perhaps the most notorious case of corruption in post-reform India concerns a power plant that the American firm Enron wished to setup in Maharashtra. In June1992 the state government, then controlled by the Congress, signed a deal with Enron which guaranteed the company a staggering 16 per cent annual rate of return on its investment. The details were leaked to the press and a popular campaign was launched to stop the project. The Shiv Sena Party, then in opposition, also joined in the protests. The project was temporarily shelved, but when it won the state elections in 1995 the Shiv Sena reversed its stand and recommenced negotiations with Enron. Fresh protests were launched, this time with the Congress Party seeking to support them.

The Enron project never got off the ground, in part because of the intensity of the protests and in part because of the troubles that the company was facing in the US, which finally forced it to declare bankruptcy. However, while the controversy was at its height, the head of Enron in India revealed that they had spent $20 million on 'publicity' for the project, this widely (and almost certainly correctly) seen as a euphemism for bribery. If the negotiations alone saw so much money change hands, one can only speculate on how rich the pickings would have been when the project was up and running.[56]

X

The growing size of the Indian economy has prompted some noticeable shifts in foreign policy, among them a growing friendship with the United States. As we have seen in this book, these countries did not always or usually enjoy cordial relations. During the Cold War the Americans tilted markedly towards India's hostile neighbour while India tilted somewhat towards the US's rival superpower.

After 1991 the provocation of the Soviet Union did not exist; but Pakistan did. It was only towards the end of the 1990s that the US moved to a position of equidistance between India and Pakistan. In the early years of the twenty-first century it even seemed to favour India. The reasons for this were chiefly economic, the sense that here was a large market for American goods. (In 1990, Indo-US trade was worth $5.3 billion; by the end of the decade it had nearly tripled.) President Clinton came to India in 2000 and President G. W. Bush six years later, these visits merely confirming what had become a fundamental change in attitude. For, as the foreign policy expert Stephen Cohen has pointed out, while for many decades Washington was prone to treat India as an 'insignificant pawn' in the Cold War, by the end of the twentieth century it had become a 'natural ally'.[57]

In a speech to the Asia Society in Washington on the eve of his visit to India, George W. Bush described it as a 'global leader', and a 'strategic partner' and 'good friend' of the UnitedStates.[58] This anointing of India as a natural ally marked a decisive victory of the US Congress and the White House over the Pentagon. As the former senator Larry Pressler points out, the generals in Washington warmed to Pakistan not only because they could sell them arms, 'but also because the Pentagon would often rather deal with dictatorships than democracies. When a Pentagon official goes to Pakistan, he can meet with one general and get everything settled. On the other hand, if he goes to India, he has to talk to the Prime Minister, the Parliament, the courts and, God forbid, the free press.'[59]

For its part, the Indian government took time to realize the significance of the ending of the Cold War. The nuclear tests of 1998 were in some measure a continuation of an 'independent' foreign policy. However, after the US overcame its initial distaste and accepted India's nuclear status, New Delhi worked seriously to improve relations. In a unipolar world it made sense to ally with the most powerful nation in it. Indian leaders took to speaking of the 'common values' that linked these two 'great democracies'. There was also economic self-interest at work, for the US was by far the greatest outlet for the software industry. Anyhow, in 2001 relations became so cosy that the BJP foreign minister even offered to send troops to help the Americans in Afghanistan. The proposal was overruled by his prime minister, but that it was made at all was a sign of how close the political establishments of the two nations had now become.[60]

As with economic policy, here too the leading parties behave differently in and out of power. In opposition, the Congress harked back to Nehruvian 'non-alignment' whenever the BJP government proposed to move closer to the United States. Since it came to power in 2004, the Congress has vigorously promoted trade ties, sided with America on nuclear proliferation and sought American aid on the transfer of nuclear technology.

The recent coming together of India and America runs contrary to historical trends; so, and even more emphatically, does the growing concord between India and China. Here too the motor of change is economic. In 2007, the trade between India and China was valued at $25 billion (a decade previously it had been close to zero). Chinese electronic goods were an increasing presence in shops in India, Indian drugs and cosmetics in shops in China. It helped that Beijing had followed Washington in distancing itself from too close an identification with Pakistan. During the 1999 Kargil conflict, for example, it stayed neutral; by contrast, during the wars of 1965 and 1971 it had come out openly on the side of Islamabad.[61]

In July 2003 Prime Minister Vajpayee spent a week in China. In Beijing he inked an agreement affirming India's recognition of Tibet (conquered in

1950) as an integral part of China. The Chinese returned the compliment by accepting that Sikkim (annexed in 1974) was part of India. In Shanghai, Mr Vajpayee focused on economics, calling for an alliance between Indian software firms and Chinese manufacturers of computer hardware. It seemed that the two previously hostile countries were now ‘taking a new road’ and moving ‘towards a cooperative partnership’.[62]

Two years later the Chinese prime minister, Wen Jiabao, came to India. Remarkably, he chose to visit the city of Bangalore ahead of the national capital, New Delhi. His hundred-member delegation was composed mostly of businessmen, and their meetings were mostly with Indian chambers of commerce. In a speech in Bangalore, Wen Jiabao echoed Vajpayee’s call for an alliance between Indian software and Chinese hardware, thus ensuring, as he said, that the twenty-first century would be an ‘Asian century’. Speaking to a television interviewer, the Chinese ambassador to India remarked that, to them, ‘the “B” of business [co-operation] is more important than the “B” of boundary [disputes]’.[63]

XI

In 2004 the Indian economy became a subject of debate in the American presidential election. This was unprecedented, but even more striking was that it was not the poverty of Indians but their wealth that was being discussed. In several speeches on the stump, the Democratic challenger John Kerry stoked fears of more American jobs being shipped east if President Bush were re-elected. Kerry promised that, if elected, he would reinstate a protectionist regime to save American jobs from being ‘Bangalored’. This too was another first: the first time that a presidential candidate had singled out an Indian city by name as a threat to American interests.

Other American politicians had got into the act before Kerry. In 2002 a computer programmer from Florida ran for Congress on a one point programme: an end to ‘outsourcing’. The same year a woman member of the New Jersey Senate introduced a bill forbidding the outsourcing of state contracts to foreign firms. Like her counter part in Florida, her main complaint was against Indian computer firms and professionals. These politicians were responding sympathetically to the ‘pissed-off programmers’, to the Americans who had lost their jobs to Indians and wanted them back.[64]

In December 2003 the influential *Business Week* ran a cover story on 'The Rise of India'. It noted that there were now more IT engineers in Bangalore than in the whole of Silicon Valley. And they were mostly doing work for American clients, for giant corporations such as General Electric who wanted complex engineering problems solved as well as for Kansas farmers who wished merely to have their tax returns filled out. This 'techno take-off is wonderful for India', commented *Business Week*, 'but terrifying for many Americans'. The local workers laid off by foreign substitutes would face 'wrenching change'; few would ever land a job as well paid as the one they had just lost. 'No wonder India [was] at the centre of a brewing storm in America'. State legislatures were under pressure to ban outsourcing; some succumbed, like Indiana, which cancelled contracts awarded to Indian firms.[65]

It must be emphasized that these concerns are expressed throughout the Western world; they are by no means confined to America alone. When British Rail outsourced timetable enquiries to India there were protests in the United Kingdom, although some saw it as poetic justice, a case of the empire's victims striking back. In the summer of 2006 both French and Belgian politicians expressed concern at the possible sale of their biggest steel firm, Arcelor, to Mittal Steel, a company owned and run by Indians. Although the sale finally went through, both popular prejudice and state power were invoked to try and thwart the takeover. The new buyers, it was said, would not adequately appreciate the 'culture' of the firm and its workers.

Some commentators on India's economic rise write in paranoid terms; others out of admiration. In April 2004 *Newsweek* informed its readers that India was no longer a poor, benighted, Third World country; it was now 'a good place to do business', indeed, 'an investment-worthy partner' for Americans and American capital.[66] Two years later, to mark President George W. Bush's visit to India, the same magazine wrote a breathless celebration of what it called 'Asia's Other Powerhouse'. 'In India, the individual is king', claimed *Newsweek*. While the credit card industry grew at 35 per cent a year, and personal consumption made up 67 per cent of GDP, 'statistics don't quite capture what is happening. Indians, at least in urban areas, are bursting with enthusiasm. Indian businessmen are giddy about their prospects. Indian designers and artists speak of extending their influence across the globe . . . It is as if hundreds of millions of people have suddenly discovered the keys to unlock their potential.'[67]

In a widely read book that was published in 2005, the *New York Times* columnist Thomas Friedman wrote that twenty years ago India 'was known as a country of snake charmers, poor people, and Mother Teresa. Today its image has been recalibrated. Now it is also seen as a country of brainy people and computer wizards.'[68] In another much publicized book that appeared the same year, the Columbia University economist Jeffrey Sachs celebrated 'India's historic escape from poverty'. He also spoke of how 'the return of China and India to global economic prominence' would 'reshape global politics and society' in the twenty-first century.[69]

This was a coupling that was becoming increasingly common, with the implication generally that China was 'the tiger in front'.[70] However, some strategic analysts argued that while India was the 'newest Asian tiger', it might in course of time become the biggest. Its democratic traditions and younger population meant that while China would be 'the big winner between now and 2040, India is now driving fast and will pick up all the marbles in the latter half of this century'. The US, UK, France and the south-east Asian countries were all seeking better relations with India. And 'with all competing for its favor, India may find itself the kingmaker or perhaps make itself king'.[71]

The predictions come thick and fast – that Indians will takeaway American and European jobs; that India, with China, will become the global superpower of the new century. Whether they stem from fear and paranoia, or from wonder and admiration, it must be reckoned a miracle that such forecasts are made at all. For through most of India's history as an independent nation it has heard altogether different tunes being sung. With every communal riot it was said that India would break up into many different fragments. With every failure of the monsoon it was predicted that mass starvation and famine would follow. And with every death or killing of a major leader it was forecast that India would abandon democracy and become a dictator ship.

Those earlier prophecies also stemmed from a variety of motives some were made with concern, others out of pity or contempt. They prompted anger and embarrassment among educated Indians. These more recent predictions, however, have led to arising tide of self-congratulation. Indian newspapers and magazines run stories captioned 'Global Champs' and 'On the Way to Number One'. One Delhi columnist was so certain that India was becoming the world's titan that he worried that it would repeat the errors of those it had replaced. Where the West in its heyday had callously exploited its colonies, he urged 'Indian business to establish a loving and friendly relationship with other countries'. The important thing, he said, was 'to ensure that India is not seen as a cruel imperial power in the world of tomorrow'. That India would indeed soon be an imperial power was, however, taken for granted.[72]

Those older anticipations of India's demise were greatly exaggerated. For the constitution forged by the nation's founding fathers allowed cultural heterogeneity to flourish within the ambit of a single (and democratic) nation-state. However, these celebrations of India's imminent rise to power are premature as well. Despite the manifest successes of the new economy there remain large areas of poverty and deprivation. Only purposive state intervention can correct these imbalances, and the state as it exists now is too corroded and corrupted to act with much purpose. It was mistaken, then, to see India as swiftly going down the tube; it is mistaken, now, to see it as soon taking its place among the elect of the earth.