

Commentary

Elementary Education as a Fundamental Right

The Issues

The backdrop to the proposal to make elementary education a fundamental right is provided by the country's dismal record in primary education and general literacy. Nor will mere amendment of the Constitution take us very far, as we know from the record of several other equally crucial constitutional amendments. Some issues for consideration if the fate of the move to make elementary education a fundamental right is to be different

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The government has introduced the Constitution (Ninety-Third) Amendment Bill, 2001 in parliament to make free and compulsory elementary education for children of the age of 6-14 years a fundamental right. Earlier the United Front government had introduced the Constitution (Eighty-Third) Amendment Bill, 1997, on the same subject. The parliamentary standing committee had scrutinised the bill and made its recommendations. Unfortunately, it was not pursued. However, it is a good augury that a new bill has been introduced on the same subject. This is therefore the opportune time to take a close look at some of the more important issues in this context.

At the outset, attention may be invited to a few salient provisions of the Constitution pertaining to safeguarding the interests of children. Some of these are a part of the fundamental rights. Article 15 prohibits discrimination on grounds of religion, race, caste, sex or place of birth. But Article 15 (3) states that nothing in this article shall prevent the state from making any special provision for women and children. Article 24 states that no child below the age of 14 years shall be employed to work in any factory or mine or engaged in any other hazardous employment. It is important to note that

the right to move the Supreme Court by appropriate proceedings for the enforcement of the fundamental rights is guaranteed by Article 32 which states that the Supreme Court shall have powers to issue directions or orders or writs, including writs in the nature of habeas corpus, mandamus, prohibition, quo warranto and certiorari, whichever may be appropriate, for the enforcement of any of the fundamental rights.

By comparison, according to Article 37, the provisions pertaining to the directive principles of state policy contained in Part IV of the Constitution "shall not be enforceable by any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the state to apply these principles in making laws". Among the more important directive principles of the state policy, attention may be invited to Article 39 (e) and (f) which state that the state shall, in particular, direct its policy towards securing.

(e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;

(f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected

against exploitation and against moral and material abandonment.

The directive principles also provide for free and compulsory education of children. Article 45 states that "the state shall endeavour to provide, *within a period of 10 years from the commencement of this Constitution*, for free and compulsory education for all children *until they complete the age of 14 years*" (emphasis added).

The Convention of the Rights of the Child adopted by the General Assembly of the United Nations on November 20, 1989, and ratified by India in 1992, inter alia, asks the "States Parties [to] recognise the right of the child to education, and with a view to achieving this right progressively and on the basis of equal opportunity, they shall, in particular:

(a) Make primary education compulsory and available free to all;

(b) Take measures to encourage regular attendance at schools and the reduction of dropout rates".

The Background

The Supreme Court observed in Mohini Jain case in 1992 that the directive principles which are fundamental in the governance of the country cannot be isolated from the fundamental rights guaranteed under Part III of the Constitution.¹ These principles have to be read into the fundamental rights. The two are supplementary to each other. The state is under constitutional mandate to create conditions in which all could enjoy the fundamental rights guaranteed to individuals under Part III. Without making right to education a reality, the fundamental rights under Chapter III shall remain beyond the reach of the large majority which is illiterate.

The court further held that 'right to life' is the compendious expression for all rights which the courts must enforce "because they are basic to the dignified enjoyment of life...The right to education flows directly from right to life. The right to life under Article 21 and the dignity of an individual are not being assured unless it is accompanied by the right to education. The state is under an obligation to make endeavour to provide educational facilities at all levels to its citizens" (emphasis

added). The fundamental rights guaranteed under Part III of the Constitution of India including the right to freedom of speech and expression and other rights under Article 19 cannot be appreciated and fully enjoyed unless a citizen is educated and is conscious of his individualistic dignity.

The Supreme Court once again decided in 1993 that the right to education flows directly from right to life guaranteed by Article 21 of the Constitution. The court held that "the effect of holding that right to education is implicit in the right to life is that the state cannot deprive the citizens of his right to education except in accordance with the procedure prescribed by law".² The court further held that "the three Articles 45, 46 and 41 are designed to achieve the said goal, among others. It is in the light of these articles that the content and parameters of the right to education have to be determined...*The right to free education is available only to children until they complete the age of 14 years. Thereafter, the obligation of the state to provide education is subject to the limits of its economic capacity*" (emphasis added). To this extent, the earlier decision of the Supreme Court in Mohini Jain case stood modified.

The achievements of India in respect of adult literacy and primary education are dismal and make distressing reading. The adult literacy rate (1997) was only 54 per cent as compared with 71 per cent for the developing countries. The corresponding figures for male literacy were 67 per cent and 80 per cent respectively. For female literacy, the figures were 39 per cent and 63 per cent respectively. The percentage of children dropping out before grade 5 (1990-95) were 41 per cent and 25 per cent respectively. The children not in primary schools were as many as 28 million in 1997.³ Based on the data available up to 1998-99, the gross enrolment ratio (GER) for primary school children was 92.14 per cent in 1998-99. However, GER for the upper primary stage (class VI-VIII) was still low at 58 per cent.⁴

This is the background of the proposal to make elementary education a fundamental right. Though Article 45 of the Constitution contemplated that the state shall provide, within a period of 10 years of the commencement of the Constitution, for free and compulsory education for all children until they complete the age of 14 years, it has taken 50 years to come to a stage of even serious discussion on the

subject. It is necessary to underline that mere amendment of the Constitution on this subject is not going to take us far as has been seen in respect of many other equally crucial amendments of the Constitution. One outstanding example is that of the lack of follow up action after the 73rd and 74th amendments of the Constitution pertaining to democratic decentralisation and giving larger powers to panchayat raj and urban local bodies. Though nearly 10 years have elapsed since the amendment of the Constitution, there is hardly any effective and visible impact thereof in most of the states. The fate of the proposed amendment to make elementary education a fundamental right is likely to be no different unless concerted steps are taken to translate it into reality in the shortest possible time.

Below Six Years Too

We shall now turn to the contents of the proposed amendment and their pros and cons. The first issue for consideration is the ambit of the amendment. The main question is whether it should relate to all children up to the age of 14 years or whether it should be restricted only to the age-group of 6-14 years. As seen earlier, Article 45 as also the Supreme Court decisions cover the whole range of children up to the age of 14 years. The National Policy on Education, 1986, as modified in 1992, also stated that free and compulsory elementary education shall be provided to all children up to the age of 14 years before we enter the 21st century. The available data, which are very sketchy and incomplete, show that the facilities for creches and pre-primary education are minimal in the country. Though it is well established that the development of a child in the age-group of 0-6 is crucial to its further development and growth, this aspect has been totally neglected in our planning process so far. The record of work of aanganwadis is dismal. The Integrated Child Development Scheme (ICDS) has not even touched the fringe of the problem. It is therefore necessary that the education, nutrition and development of children below the age of six years is explicitly brought within the purview of the proposed amendment. It will be an empty gesture to cover the elementary education of children only in the age group of 6-14 years in the list of fundamental rights and to leave the education and development of children below the age of six years for

mention in the directive principles of state policy.

Once it is decided to cover all children up to the age of 14 years in the proposed amendment, Article 45 of the Constitution may be deleted altogether. This will also obviate the need to amend Article 45, as is contemplated in the new Bill, to read, "The state shall endeavour to provide early childhood care and education for all children till they complete the age of six years".

Suggestions are also being made by some organisations that the age limit for provision of free and compulsory education may be extended up to the completion of 18 years of age. This will mean inclusion of secondary education also within the purview of the proposed amendment. Looking to the provisions of Article 45 and the severe constraint of financial resources with the government, it would not be advisable to agree to the suggestion. Instead, the age group of 0-6 years may be included in the purview of the Bill.

The next question is whether the word 'compulsory' in the wording 'free and compulsory education' should remain in the proposed amendment. As brought out earlier, the word 'compulsory' appears in Article 45 of the Constitution as also in the UN Convention on the Rights of the Child. It is imperative that the word is retained to clearly indicate the ambit of the responsibility of the government and that of the society at large in the matter. It should not, however, be interpreted to cast penal liability on parents to send their children to schools as has been provided in certain state legislations which has led to prosecution of parents, particularly of low income and deprived sections of society. For the same reasons and based on the same logic, the proposal to amend Article 51 of the Constitution, pertaining to fundamental duties of the citizens, so as to cast the duty on the parent or guardian to provide opportunities for education to a child is sound and will go a long way to create a proper climate and mindset in the society for universalisation of elementary education. Over the last 50 years since independence, we, as a society, have got used to talking of the responsibilities of the government. It is time we talk equally eloquently of the responsibilities and duties of the citizens.

The Constitution (Eighty-Third) Amendment Bill, 1997, inter alia, referred to a clause as follows: "The right to free and compulsory education referred to in clause (1) shall be enforced in such manner as

the state may, by law, determine" (emphasis added). The word 'enforced' is likely to be misconstrued and misinterpreted. It is also not appropriate in the context of the fundamental rights of citizens. As brought out by the parliamentary standing committee in its report on the Constitution (Eighty Third) Amendment Bill, 1997, "A right is not given in a spirit of enforcement". It is proposed that the word 'enforcement' may be substituted by the words 'given effect to'.

Attention needs to be invited to the word 'free' in the wording "free and compulsory education". It is necessary to provide an explanation to make it clear that the word does not refer only to tuition fees but to all other expenses such as school uniform, textbooks, stationary, scientific aids and equipment, midday meal and transport. This would effectively mean that elementary education will be completely free and there will be no financial burden on the parent or guardian in sending his ward to a school.

Quality of Education

The Constitution (Ninety-Third) Amendment Bill, 2001 contains a provision that "the state shall provide free and compulsory education...in such manner as the state, may, by law, determine". This will leave the door open for the states to compromise on quality and to implement low cost schemes purely with the intention of reducing the expenditure and thereby frustrating the very objective of the proposed amendment. It is, therefore, important to make an unequivocal commitment in the proposed amendment to provide elementary education of adequate quality and standards. The present situation in this behalf is distressing. For example, the findings of the *Public Report on Basic Education in India*, based on a sample survey primarily of the BIMARU (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) states, makes stark and disturbing reading.⁵ A specific provision in respect of the quality of education in the proposed Constitution amendment will make it obligatory for the state to provide properly qualified manpower and adequate financial resources in terms of infrastructure, equipment, scientific aids, textbooks and so on. Thus, for example, considerable further work needs to be done to rewrite the textbooks which will make elementary education a rewarding and enjoyable experience for children. The large social,

economic and cultural gap in the urban and rural settings from which the students hail must be suitably taken into account in the preparation of the textbooks. A categorical mention of quality in the proposed amendment will also, to some extent, deter the states from implementing low cost schemes for primary education, on the lines of barefoot doctors in the health sector.

The next question for consideration is whether the right to free and compulsory education is to be given effect by a central legislation or through such legislations as may be passed by the states. In the 73rd and 74th amendments of the Constitution, it was left to the states to pass suitable legislations in the matter. But there are no such complexities in the present amendment. There are also not likely to be significant variations among the states insofar as the follow-up and other institutional arrangements are concerned. As stated earlier, the experience of the states in respect of the implementation of the 73rd and 74th amendments of the Constitution is far from satisfactory. We should learn from this past experience and not repeat the same mistakes again. In the light of the above, it is imperative that the constitutional amendment to make free and compulsory elementary education a fundamental right is given effect to by a central legislation, leaving it to the states to make such minor changes therein as may be necessary to suit the local conditions.

Private Schools

A conscious decision needs to be taken on whether private educational institutions not maintained by the state or not receiving aid out of state funds are also to be brought within the purview of the proposed amendment. It will not be advisable to take any ideological or rigid position on the subject. Wherever a parent or a guardian is financially in a position to send his ward to a private school and bear the burden thereof, there is no reason why the state should subsidise such expenditure out of its own meagre and already over-stretched resources. As the *Public Report on Basic Education in India* brings out, "Private schooling is often thought to be confined to urban areas but this is not the case. In many of the PROBE villages, private schools are a flourishing business...Among the PROBE sample households, 18 per cent of school-going children are enrolled in private schools, rising to 36 per cent in Uttar Pradesh. In other states [Bihar, MP,

Rajasthan and Himachal Pradesh], this proportion ranges from 5 to 11 per cent...It would be a mistake to think that private schooling is restricted to privileged families. Even among poor families and disadvantaged communities, one finds parents who make great sacrifices to send some or all of their children to private schools. Among PROBE children enrolled in private schools, one-fifth came from families where casual labour was one of the main occupations, and over one-half belonged to a 'scheduled caste' (14 per cent) or 'other backward caste' (39 per cent). Some poor families concentrate their efforts on sending one child (usually a boy) to a private school."⁶ The private sector has also made a significant contribution in the education sector in Maharashtra. During 1990-91, about 4 per cent of the schools teaching classes either I to IV or I to VIII were in the private sector without receiving any form of aid. Another 3.9 per cent were in the private sector receiving some aid. Of the total number of children studying in elementary schools, 10.57 per cent were in the private aided schools and 7.36 per cent were in the private unaided schools.⁷

One of the principal tests of the efficacy of subsidies is whether the subsidies are transparent and well targeted to meet the requirements of really deserving sections of the society. As has been brought out later in this article, the proposed amendment will cast a very large and unsustainable burden on the state and central finances. It is therefore imperative to ensure that wherever any section of the society is able or prepared to bear the burden, it should not be taken over by the government. It is also necessary to underline that in the education sector itself, the requirements of resources of secondary, higher and technical education are enormous and we, as a country, can ill afford to fritter them away. In the light of the above, it is suggested that educational institutions not maintained by the state or not receiving any aid out of state funds should be excluded from the purview of the proposed amendment.

Making elementary education a fundamental right is not the panacea for all ills afflicting elementary education today. In fact, it can become an empty ritual unless some outstanding success stories in various states are examined closely and efforts are made to replicate them on a large scale. It is in this light that the schooling revolution in Himachal Pradesh must be studied

carefully. Literacy rates in Himachal Pradesh (21 per cent for males and 9 per cent for females as per the 1961 Census) were below the corresponding all-India averages. Since then, however, the state has been making spectacular progress in elementary education. In 1991, literacy rates in the 10-14 age group were as high as 94 per cent for males and 86 per cent for females. Further rapid progress has been achieved during the last few years, bringing the state very close to universal primary education. The only other states with higher rates of school attendance are Goa and Kerala.

As the PROBE report brings out, in several ways the progress of elementary education has been more impressive in Himachal Pradesh than in Kerala or Goa. First, the transition from mass illiteracy to near-universal primary education has taken place over a much shorter period of time in Himachal Pradesh. Second, educational expansion in Himachal Pradesh has been based almost entirely on government schools, with relatively little contribution from private institutions. Third, Himachal Pradesh has an unfavourable settlement pattern, with small villages scattered over

large areas (e.g., one-third of the rural population lives in villages with a population of less than 300). Fourth, child labour used to play an important role in Himachal Pradesh's economy, due inter alia to the dependence of many households on environmental resources and to the fact that a high proportion of adult women work outside the household. The PROBE team surveyed 48 villages in this state (located in seven different districts) and interviewed 154 households. Among 285 children in the sample households, only five had never been to schools, and the proportion currently attending school is as high as 97 per cent for boys and 95 for girls. As the report rightly underlines, the virtuous circle of state intervention and public response is likely to be consolidated as education levels among parents continue to increase rapidly in the near future.⁸

Financial Implications

Finally, let us turn to the financial implications of the proposed amendment. The financial memorandum given with the Constitution (Eighty-Third) Amendment Bill, 1997 had stated that the estimated

financial expenditure to implement the obligation of making elementary education a fundamental right was Rs 40,000 crore. The estimated annual expenditure was projected as Rs 8,000 crore. The Tapas Mazumdar Committee has estimated the annual financial requirement as Rs 14,000 crore. If the scope of the proposed amendment is expanded to include children in the age group of below six years, the expenditure will go up further substantially.

In this context, it is necessary to take a note of the fact that a great deal of statistics regarding enrolment and literacy figures as also school attendance and dropout rates are highly suspect. In reality, the number of children not in schools is much larger than what is estimated so far. Further, children belonging to several disadvantaged sections such as pavement dwellers and migratory labourers are often excluded from coverage. The overwhelming presence of child labour, particularly in rural and semi-urban areas, has a direct correlation with school attendance. There is thus a great deal of scope for an in-depth inquiry regarding the reliability of data in this sector. To the extent to which the size of the problem is found to be larger than

what has been projected so far, the financial impact will also be larger.

Currently, the total expenditure on education, including that on secondary, technical and higher education, is about 3.5 per cent of GDP. Of this, over 96 per cent is incurred by the states and the balance by the central government. The total central Plan allocation on education (including elementary education) has been raised from Rs 4,385 crore in 1999-2000 (RE) to Rs 5,449 crore in 2000-01. There are suggestions that the total expenditure on education needs to be stepped up to 6 per cent of GDP. The National Agenda for Governance as also the election manifestos of some of the leftist parties have made commitments to find such larger resources for education.

At present, the expenditure on primary education is about 50 per cent of the total expenditure on education. This percentage will have to go up substantially after elementary education becomes a fundamental right. Thus, for example, the Maharashtra State Plan of Action for the Universalisation of Primary Education has projected that if all the funding for universalisation of elementary education has to be provided by the state government, the expenditure on education, which accounts for 17 per cent of the budget, will have to be increased beyond 25 per cent of the budget. The Plan has estimated that, of the additional expenditure, 35 per cent will have to be on construction, 29 per cent on incentives (like midday meal), 22 per cent towards salary of teaching and non-teaching staff, 13 per cent towards equipment, and less than 1 per cent towards vehicles.⁹

It will be useful, in this context, to take a look at the subsidy element in the expenditure on elementary education as brought out in the study of subsidies undertaken by the National Institute of Public Finance and Policy (NIPFP). It is pertinent to note that elementary education is treated as a rightful claimant for merit subsidies. The per capita subsidy on elementary education in 1993-94 ranged from Rs 76.61 in Uttar Pradesh and Rs 78.68 in West Bengal to Rs 213.53 in Goa. The share of subsidies on education is much higher as compared to the other sectors. For 1993-94, for the states covered in the NIPFP study, the subsidies on general education amounted to Rs 18,620.2 crore, in a total of Rs 73,100 crore. Thus roughly, one-fourth of the state subsidies are on education. About 50 per cent of the total

educational subsidies go for elementary education, while the share of secondary and university education is 35 and 13 per cent respectively. The subsidy figures are in fact very close to the figures for revenue expenditure indicating that most of the government expenditure on education is revenue expenditure. The recovery rate as a whole in this sector is less than 1 per cent. The recovery rate even in the university sector is as low as 1.25 per cent. It is interesting to see that while, on an average, subsidies to elementary education form about half of the total subsidies on general education, the share of such subsidies is the lowest in the high income states and the highest in the low income states (Goa, Punjab and West Bengal actually give higher subsidies to secondary education than primary education). A negative correlation between the level of per capita income and the share of subsidies to elementary education is thus discernible. The simple correlation coefficients of per capita income with per capita subsidies on elementary and secondary education are 0.31 and 0.67 respectively.¹⁰

All this will have to undergo a change once elementary education becomes a fundamental right. It will then have to be the first charge on all government expenditure on the education sector. A reference may be invited to two relevant aspects in this behalf. First, the distinction between the Plan and non-Plan expenditure needs to be done away with at the earliest. This is most relevant to the elementary education sector since a large portion of this expenditure has become non-Plan. There is a common misperception that all non-Plan expenditure is non-developmental and therefore of low priority. As a result, non-Plan expenditure receives step-motherly treatment. Whenever the budget is under strain, cut in expenditure is invariably applied to non-Plan expenditure. If this is to be avoided, the classification of expenditure must be between developmental and non-developmental expenditure. Second, while opening new government schools, preference must be given to the areas in which Muslims reside in sizeable numbers, as otherwise the neglect of such areas will lead to proliferation of Madarsas.

Finally, it is not enough to talk only about the fundamental rights and fundamental duties of the citizens. It is equally necessary to give serious thought to the fundamental duties of the government. Article 47 of the Constitution, which is no doubt a part of the directive principles,

lays down the duty of the state to raise the level of nutrition and the standards of living and to improve public health. The article exhorts that the state shall regard these "as among its primary duties". Unfortunately, these very areas have been relegated as non-priority areas in our scheme of planning. As a result, even five decades after independence, India presents a picture of squalor, poverty, illiteracy, want and deprivation as compared with many other countries which started the process of planning and development much later. The government clearly does not have the resources to do everything under the sun. It is time the fundamental duties of the state are clearly defined. The discussions on the formulation of the 10th Five-Year Plan will be commencing shortly. We should make a new beginning and give up the 'Christmas Tree' or 'hold-all' approach to planning by making it the 10th version of the First Five-Year Plan and concentrate only on areas in which it is the government alone which will have to play a leading role. All other areas of economic and social endeavours can be left to the private, corporate and cooperative sectors and non-governmental organisations to handle. If the proposed amendment of the Constitution to make elementary education a fundamental right contributes to a focused debate and discussion on these larger issues, it would be a watershed in the governance of the country. 333

Notes

- 1 Ms Mohini Jain v State of Karnataka and others, AIR 1992, SC, 1858.
- 2 Unnikrishnan J P and others v State of Andhra Pradesh and others, AIR 1993 SC 2178.
- 3 *Human Development in South Asia 2000: The Gender Question*, Mahbub ul Haq Human Development Centre, Oxford University Press, p 208.
- 4 Government of India, *Economic Survey 2000-2001*, p 195.
- 5 Among the states surveyed by the report, Himachal Pradesh is refreshingly well managed educationally. See *Public Report on Basic Education in India*, the PROBE team in association with Centre for Development Economics, Oxford University Press, 1999.
- 6 Ibid, pp 102-03.
- 7 School Education Department, Government of Maharashtra, *State Plan of Action for the Universalisation of Primary Education and Literacy*, September 1993, pp 7, 60-61.
- 8 Ibid, pp 115-16, 127.
- 9 Op cit, pp 123-24.
- 10 D K Srivastava and Tapas K Sen, *Government Subsidies in India*, National Institute of Public Finance and Policy, New Delhi, 1997, pp 53, 80, 100.

Financing Urban Development

Flow of Fund from External Sources

External assistance forms less than 10 per cent of total Plan finances in India, Urban sector gets much less of this assistance according to Plan priorities. However, this source of finance is available to agencies who satisfy the criteria of cost recovery and institutional capacity building. City corporations with stronger resource base can satisfy these criteria and consequently may attract external assistance in order to enhance better quality of life. But it is only likely that smaller urban areas will have to depend on budgetary support for many years to come if balanced growth is our planning objective.

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Financing of development on a sustainable basis has to be primarily and largely a domestic effort and it has been so in India. External assistance has not financed more than 10 to 12 per cent of domestic investment on a gross basis. However, the quantum of assistance received from abroad has been registering a steady increase over the years. Need for external assistance was felt even at the earliest stage of economic planning. The earlier external programmes were not specifically earmarked as urban, but many such programmes in the area of health, small-scale enterprise promotion, micro-credit, environment, etc, have direct consequences in the urban area. The urban scenario in India, not exception from its global counterpart, is marked by notable dichotomy - high concentration of population and economic growth in a few pockets of development lead to regional disparity notwithstanding various programmes for development of backward area, smaller towns and industrial dispersal. External assistance has supported urban management programmes in various ways. Such assistance has covered a wide range of areas from sectoral approach to build up institutional capacities, from direct poverty alleviation initiatives to developing debt servicing instruments.

As problems in the urban area intensify, urban development has become a recognised priority in the agenda of international agencies who previously offered aid for general programmes like health, micro-enterprises, food management, etc. However, these actions do have an important impact on city dwellers who often happen to be the main beneficiaries of these projects. In late 1990s, the proportion of average external assistance to the

GNP fell for many donor countries. This is observed as a direct consequence of structural adjustment and budget deficits faced by majority of donors in the 1990s and what has been described as aid fatigue, in response to the limited results achieved after half a century of international development cooperation.

Despite the fact that, during the 1990s, nearly all agencies have been faced with drastic financial cuts and staff reductions, the scope of international development cooperation has been evidenced in order to include a variety of new items such as assistance for democratic development, contribution to Global Environment Facility and so forth. These countries have had to reorganise their administrative structure and reconsider their method of intervention in the urban sector where investment is known to be costly.

Several bilateral and multilateral agencies still do not have a separate urban department. This does not mean that they do not deal with urban issues, but it reflects the low priority given to urban development. Urban issues are often dealt with more than one state department in donor countries, like Foreign Affairs, Works and Housing, Home, etc. The priorities set by each ministry may lack coordination, responsibilities may be clearly split and sometimes lead to lack of a coherent policy framework. There are also marked difference between agencies in terms of the existing relations between the three decision-making levels, i.e., setting priorities, identifying projects and partners, launching projects and monitoring. These are carried out at various levels. Some agencies leave very little initiative to their local units, which are mainly liaison offices. The identification, decision-making,

launching and monitoring of projects generally tend to take place directly in the beneficiary countries.

Since the Vancouver conference in 1976 (Habitat I), some changes in priorities regarding human settlements and urban developments have been noticed. Urban intervention has become more diversified. The integrated urban development strategies used by the World Bank in the 1970s exerted a strong influence on bilateral and multilateral donors during the 1980s. The projects concerning the supply of drinking water and the urban environment have become priority sectors in recent years. Urban management is another area receiving greater attention, notably through the impetus of the Urban Management Programmes of the UN and as a result of global emphasis on governance, decentralisation and enhanced local democracy.

The salient feature of urban development strategies of the international agencies appears to be the diversity. However, in financial terms, the contributions of the developed countries seem to be declining in real term. In the aftermath of second world war, the countries belonging to the Organisation for Economic Cooperation and Development (OECD) made a resolution at the United Nations that a certain portion of their GDP (0.7 per cent) would be set aside for development aid every year. Apart from the Scandinavian countries, none of the other countries reach this target. The official development assistance (ODA) of the developed countries as a percentage of their national income declined from 0.25 in 1996 to 0.22 in 1997. In India's domestic economy also, despite increasing level of urbanisation, the predominance of rural perspective has forced the planners to formulate the basic

development objectives in such a way that allocation for the urban sector has remained low.

The budgetary constraint in the donor countries, specially the OECD countries, and, with the limits to multilateral agencies lending and the additional claims from new entrants on their resources, official and multilateral lending will most likely continue to decline on a net basis. In this context, it seems relevant to analyse how the financial resources from external sector can be optimally utilised and how the local bodies are involved in them. With increasing global emphasis on decentralisation, the role of local bodies assumes added significance in managing such projects.

This paper is divided into four sections. Section I describes the sources and nature of external assistance available in total Plan resources. Section II concentrates on the urban sector and describes the nature of various programmes. Section III describes the involvement of the local bodies in the programmes funded by the external sector and Section IV discusses long-term perspectives for municipal involvement.

I Sources and Nature of External Assistance

At any given level of the development of a country, the funds that it can mobilise for investment are determined largely by three factors, viz, domestic savings, the ratio of taxes to the Gross National Product (GNP) and the net inflow of capital from abroad. Investment in the government sector could be enlarged by a draft on private savings, but only up to a certain limit. Investible resources for public purposes are far short of demand, so there is need for sectoral prioritisation, consistent with the basic development objectives. Major changes in the composition of the various sectoral investments could be expected only in pursuance of the change in basic plan objectives. With these considerations, substantial increase in plan allocation for the urban sector is not predicted, though Ninth Plan has made considerable increase in expenditure for urban development.

External assistance made available by the agencies is mainly used for financing development projects involving capital investment of a high magnitude. It takes the form of transfer of cash (in form of loan and grants) or technical know-how or both. Major sources of external assistance

are the following: Multilateral, Bilateral, International Monetary Fund, External Commercial Borrowing (ECB) and Non-Resident Indians' Fixed Deposit and Bonds. Major sources of external assistance come from the first and second, i e, multilateral and bilateral funds. Borrowing from IMF is for meeting balance of payment deficiency. ECB is permitted to the private sector for financing expansion of capacity as well as new investment. This enables Indian corporate sector to take advantage of the lower interest rates prevailing in the international market. All external assistances through these sources are pooled by the Ministry of Finance. The projects for which such assistance are available, may be in the central sector, or in the state sector. In the earlier planning era, there were no division between internal assistance and external assistance and all central assistances came to the states in the form of loans/grants out of a common central pool. Now, central transfer of foreign aid and funds go to the states on a 70:30 proportionate basis as loans and grants respectively. Exchange rate fluctuations are absorbed by the central government. The states receive rupee funds and repay in rupee. The final responsibility for repayment lies with the centre so far as funding agencies are concerned.

Externally aided projects are generally in the priority areas like infrastructure, welfare and civic amenities. Such projects are attached with conditionalities, as the taxpayers of the donor countries need to be convinced about the relevance of aiding the project. Aid agencies are interested in the viability of the project or its social purpose. In periods of fiscal stress in the donor country, these concerns get added impetus. Conditionality is the price of obtaining assistance. That is why, requirement of the donor, rather than the priority of the receiving country gets more significance.

For example, the WB has rehabilitation and environment on its agenda. So any project that has this component has greater chance of its being chosen for funding. The Netherlands government give greater importance to gender considerations, hence gender-oriented projects are put up before them. Similarly, DFID (formerly ODA) of UK funds projects for poverty alleviation.

However, there has been a shift in external aid coming into the country over the last two decades not only in terms of sectoral priorities but in terms of the quality of interventions as well. In the 1970s and 1980s, funding was allotted largely to the development of physical infrastructure such as power and irrigation. In the 1990s, there was a shift to lending for social sector projects in health, environment and water supply. This shift was more due to changes in the agenda of the donor agencies than our Plan priorities. As traditional areas of infrastructure such as power became increasingly privatised, aid shifted to social infrastructure such as health, education and environment. Previously, organisations like WHO, UNDP were involved in social sector projects, now WB has expanded in this area. As bankers are not development agents, they are more concerned about the financial structure (the intricacies of tendering, specification for materials, etc) of the project, rather than its social rate of return.

II External Assistance in the Urban Sector

In the plan documents, 'Central Public Sector' outlay by major heads of development has no separate head for urban development as it is a state subject. However, central assistance flows to the state sector through various central government programmes and Special Action Plans

Table 1: Major Central Government Schemes for Urban Sector

Scheme	Launched in	Allocation from Central Budget during Eighth Plan (Rs Crore)	Financial Norm Centre: State
IDSMT	1979-80	107.81	60:40
Low-Cost Sanitation	1979-80	363.31 (Grant) 477.09 (Loan)	Grant from central government loan from HUDCO
Accelerated water supply programme	1994-95	283.96	50:50
Mega city scheme	1993-94	290.50	25:25 50 per cent from capital market
Swama Jayanti Shahari Rozgar Yojana	1997-98	281.83 (1997-99)	75:25
National Slum Development Programme	1996	350.00 (1998-99)	Central assistance on the basis of slum population

Source: Annual Report, 1998-99, Ministry of Urban Affairs and Employment, Government of India.

oriented towards urban development comprising both physical and social sectors. These assistance flow through the Ministry of Urban Development and Poverty Alleviation (MUDPA) which monitors the programmes at the national level.

Major programmes in the urban sector sponsored by the central government and their funding norms are indicated in Table 1.

In the absence of clear definition regarding programmes in the urban sector, it is extremely difficult to estimate the total flow of external assistance in this sector. Table 2 shows moderate percentage of total assistance coming in the urban sector. But the head 'urban development' as used in government documents does not include all the programmes going on in urban area. Many programmes in the head under 'Social Sector' are infrastructural programmes carried out in urban area. MUDPA is the nodal Ministry for planning and coordination of urban transport matters. However, Ministry of Railways and Ministry of Surface Transport carry out the major activities in this area. MUDPA provides only a grant assistance to the state governments to the extent of 40 per cent of the total cost of the feasibility study for urban transport system. So, many programmes under the head 'Infrastructure' are actually urban development programmes. Keeping this in views, only the programmes identified in the budgets of MUDPA can be considered as urban programmes, though the list may not be exhaustive.

External funds in the urban sector flow into housing, water supply and sanitation, road, drainage construction, solid waste management, etc. Major portion of the fund comes from multilateral and bilateral sources. Many road and power projects have been financed through external commercial borrowing by the private sector. IMF money is utilised for providing balance of payment assistance. There has not been significant investment from NRI deposits in the urban sector. But the finance minister has offered several concessions in his latest budget to attract such investment in the housing sector and real estate development.

International agencies like the World Bank, WHO, Asian Development Bank, DFID (formerly ODA-UK), KfW, OECF, Japan are becoming increasingly involved in various projects in the urban sector with a loan-grant mix of financial as well as technical assistance. Assistance to urban

sector has remained 4 to 5 per cent of total assistance during 1990s. The strategies of the donor agencies, as observed earlier, have influenced the expenditure in the urban sector. A detailed analysis of some major donor agencies will help in understanding the nature of external assistance in this sector.

Policies of the Donor Agencies

ADB's aid policy underwent a change since early 1980s when it gradually increased its response to urban concerns. Bank's operation in the 1990s placed greater emphasis on programmes for the urban poor, through provision of basic infrastructure and services as well as the improvement of slum and squatter settlements. The Bank's urban projects now incorporate detailed financial and institutional action plans. They are aimed at improving the efficiency of urban institutions, particularly at the local level and in general, for improved management and productive capacities of urban areas, which are considered to be the main vehicles of national growth. The implementation of cost recovery has become an important component of these plans.

(1) *ADB assisted Projects*: ADB is assisting two infrastructural programmes in Karnataka and Rajasthan and one environmental management programme again in Karnataka. The main focus of the infrastructural programmes is to promote decentralisation of economic growth from the rapidly expanding city to four selected towns to be developed as counter magnets. The State Urban Infrastructure Development Finance Corporations are the implementing agencies. The Bank's main means of intervention is the allocation of investment loans. Its technical assistance projects are implemented for the preparation of investment projects and the rest is allocated in the names of advisory technical assistance. In Rajasthan, the project focuses on the devolution of municipal management from states to cities. Strengthening of different civic services, capacity building and community participation are supported as part of the promotion of good governance. The Environmental Management Scheme focuses on improving the living conditions in urban centres located along the West Coast of Karnataka through the provision of essential urban infrastructure and municipal services to meet basic human needs and support sustainable development of the region. ADB team will

finance almost 70 per cent of the project but the balance is to be funded by the state and local governments. In Calcutta, ADB is involved in a Technical Assistance Study for a financially viable programme for improvement in the living conditions within the Calcutta Municipal Corporation area over the next 20 years. The main thrust of ADB assistance is to design an Urban and Environment Infrastructure Fund (UEIF) at the national level to leverage private sector and external resources and preparing projects involving public-private investment for financing under the Fund.

(2) *World Health Organisation Projects*: During the last 10 years, the WHO has been focusing its efforts to improve environmental health and urban development, notably in the developing countries. In order to implement Agenda 21 (adopted at the 1992 Earth Summit), it has advocated the necessity to adopt an intersectoral approach in health, environment and sustainable development problems. At the local level, WHO's primary intervention tool is the Healthy Cities Programme in five mega cities of India involving the municipal corporations. It seeks to promote an intersectoral partnership between local bodies and the communities. Regional offices play an important part in supporting the initiatives undertaken by local bodies. It provides technical assistance with a practitioner's guide for becoming a healthy city (which takes at least three years). City consultations are undertaken primarily in the initial phases of healthy cities project when the local bodies and other stakeholders assemble to decide on priority health and environment issues with participation from a WHO representative for providing guidance on procedures and experiences in other healthy cities. However, WHO directly does not allocate resources to countries that would like to start this initiative. In this

Table 2: Disbursement of External Assistance from 1990-91 to 1996-97
(Rs in crore)

Year (1)	Total Disbursement (2)	Urban Development (3)	(3)As Per Cent of (2) (4)
1990-91	6123.92	276.19	(4.51)
1991-92	10004.67	402.98	(4.02)
1992-93	9841.16	464.49	(4.71)
1993-94	10115.52	447.25	(4.42)
1994-95	9529.74	444.86	(4.66)
1995-96	8709.63	583.59	(6.70)
1996-97	10052.07	549.70	(5.49)

Source: Ministry of Finance, External Assistance, 1996-97, Government of India

programme, the national and local partners bear the major costs. It is the responsibility of local municipalities to raise funds as part of their capacity building process. Once a healthy city project has been initiated, bilateral and multilateral donors, such as the UNDP and the World Bank often support it.

(3) *World Bank Projects*: The Bank's intervention in urban areas has been in constant evolution. Between 1950 and 1960, the Bank set up sector based programmes with the basic aim of improving the rate of return from public and private capital. Loans were mainly allocated to the infrastructure sector. From 1960 to 1970, the Bank's policy remained the same, but they moved to new sectors with direct aid to agriculture, industry, education, etc. From 1970 to 1980, the struggle against poverty was launched globally with considerable increase in loan amount. During this period, World Bank tried to help meeting basic needs of the urban poor through sites and services and slum upgrading projects. These programmes continued in the next decade, but, by then, it was realised that targeting the lowest income group as the sole beneficiary of upgrading projects seemed more difficult. During 1990s, the focus of urban lending shifted towards improving institutional and financial capacity of municipal institutions. City is considered as a viable economic entity, which can stimulate the development process. Urban projects are focused on the impact of land policy and land markets, on the ability of the poor to obtain shelter and the ability of cities to provide the proper environment for increasing productivity. After the Habitat II Conference, the WB is focusing on three main urban areas: basic service, environmental health and local finance. Two major ongoing projects in India are Tamil Nadu Urban Development Project and West Bengal Municipal Development project. In Tamil Nadu, a Municipal Urban Development Fund has been set up to provide debt finance to cities on a pilot basis. The scope of the Fund has been broadened with a view to attract private capital into urban infrastructure and facilitate better performing Urban Local Bodies to access capital market. In 1996, government of Tamil Nadu, with the assistance of World Bank, established the Tamil Nadu Urban Development Fund (TNUDF). It is a Trust Fund managed by an Asset Management Company, holding shares by Tamil Nadu Urban Infrastructure Financing

Services (TNUISFL), ICICI, HDFC and IL and FS in the ratio of 49, 21, and 15 per cent respectively. World Bank is involved in financing a second Tamil Nadu Urban Development Project which focuses on municipal capacity building.

In West Bengal, the municipal development project, supported by the World Bank aims to assist selected municipalities in developing strategy and comprehensive plans for environmental, economic and social management and to strengthen the institutional capacity to deliver the goods.

(4) *Other Projects*: DFID is supporting Slum Improvement Projects in several cities of India since 1983. Recent projects are being developed based on the experience of earlier projects and are very much part of social development approach. In the first phase (Hyderabad, Visakhapatnam, Indore, Calcutta, Vijay wada) capital investment was accompanied with a heavy component of community development. In the second phase, carried out in several cities including Cochi and Cuttack, projects concentrated on strengthening the community and improving access to existing urban services. In Cuttack, community contracting is being practised as an innovative component. There is an effort to dovetail the DFID assisted schemes with the schemes of the government of India for achieving synergy and improved efficiency.

The Dutch government formulated a co-operative strategy related to shelter, immediately after the 1976 Vancouver conference, without differentiating between urban and rural area. However, several programmes like slum upgradation and training in urban management were initiated in the field of urban development during the 1970s. The emphasis in the 1980s was mainly placed on new programmes in the field of water supply and sanitation. Bangalore Urban Poverty Alleviation Project (BUPP), started in 1993, created a new institutional structure in which local slum-dwellers have an important say. They were organised with local NGOs and formulated slum development plans. The institutional structure of BUPP had to converge into local institutions in order to create an effective way for fighting urban poverty.

GTZ and KfW are two limited liability companies promoting projects between Germany and developing countries. GTZ is the main implementing agency of bilateral German technical cooperation in

all relevant sectors. KfW functions as a promotional bank for the domestic economy and a development bank for the developing countries. It appraises the eligibility of projects for financing along the lines of the promotional policy of the German Ministry for Economic Cooperation. The bilateral Official Development Assistance (ODA) programme concentrates on three main areas: poverty alleviation, protection of the natural resources, education and training. Germany has provided technical assistance in slum improvement project of Nagpur, with Nagpur Municipal Corporation as a key partner.

III

Involvement of Local Bodies in Urban Programmes

Status of the Local Bodies

Under the present municipal legislations, most municipal governments are required to provide many infrastructure and related services, in addition to their other assigned functions of provision of social services and regulating developmental activities. There are differences in state laws and municipal bye-laws regarding the range of functions the local bodies are required to carry out. However, a number of services are common to most state municipal legislations. These services include (i) provision of water supply, (ii) sanitation and waste water management, (iii) solid waste management, (iv) drainage, and (v) streets and street lights.

Municipal corporations enjoy a greater degree of fiscal autonomy and functions as they have larger populations, more diversified economic base and deal with the state governments directly. Smaller local bodies are less fortunate as with smaller economic base, they are more dependent on grants from the higher authority, thereby being subject to detailed supervisory control and guidance by the latter. They deal with the state government

Table 3: Share of Centre, State and Urban Local Bodies(ULBs) in Total Government Revenue (Rs crore)

Level	1990-91	1997-98
Centre	54954(52.91)	138514(54.60)
States	28463(32.58)	102996(40.59)
Urban local bodies	3930 (4.49)	12178 (4.80)
Total revenue	87347(100)	253688(100)

Figures in bracket show percentage to total.

Source: Eleventh Finance Commission, 2000, *Economic Survey, 1999-2000*.

through the directorate of municipalities or through the district collector.

Municipal revenue forms very insignificant proportion of total government budget. Their resource base is extremely small. They are required to maintain a balanced budget in the revenue account. It means that the expenditure budget is determined not by actual requirement but by the flow of revenue realised during the year. Low revenue generation has been a major reason for widening the gap between supply and demand of civic services. The share of municipal expenditure in the total public sector expenditure in India declined from nearly 8 per cent in 1960-61 to 4.5 per cent in 1977-78 [NIPFP 1995]. However, Table 3 indicates that this share has remained almost stable during last 20 years. Very low share of municipal revenue compared to that of central and state governments coupled with low and declining proportion of municipal expenditure refer to extremely limited fiscal power of the local bodies. It suggests that various tax-based and non-tax based revenue sources have failed to improve the financial health of the local bodies and capitalise on the benefits of expanding urbanisation.

Studies on municipal finances show that larger local bodies enjoy stronger financial position and can afford to pay more for provision of services. While, per capita income of metropolitan cities have remained nearly four times higher than the small towns during the last two decades, the expenditure has increased from two-and-a-half times to four times. Per capita expenditure in smaller towns have not changed much signifying not much increase in the supply of services. 1991 Census reveals that there has been a decline in the relative availability of services in smaller urban areas.

Involvement in the Programmes

The World Bank is playing a major role in the urban sector through various developmental programmes with a substantial amount of technical assistance for development of local bodies. The institutional changes incorporated in these programmes aimed at involving the local bodies as active partners of development. Despite substantial assistance from the external sector, domestic institutions are still the major source of assistance for urban development as revealed in Table 4. It reveals that available annual flow of investment is still not more than 40 per cent of requirement.

In the domestic sector, HUDCO, as the largest techno-financial public agency in urban sector has provided substantial resources for development of infrastructure. However, direct assistance to the local bodies still forms insignificant proportion of total assistance (Table 5).

A major reason for this poor show by the local bodies is their inadequate institutional capacity. World Bank focused on this aspect in the early 1970s. The Calcutta Urban Development Project introduced several major institutional changes to increase the financial resources of municipalities. These included new accounting, stores control and management information system. Municipalities were accorded an expanded role in capital budgeting and in selecting their priority schemes within broad guidelines set out by CMDA. They constituted the main executing agencies for the Municipal Development Fund (MDF) which sought to deliver basic municipal services to the most deprived area. They were also vested with the responsibility of carrying out detailed planning of selected schemes. The Bengal Municipal Act (1932) was amended in 1980 in order to strengthen the administrative and financial base of the local bodies. Provisori for municipal election was made long before the enactment of the 74th Constitutional Amendment.

The Revised Grant Structure (RGS) developed under this project followed a reward and penalty principle. The state government defined a set of norms for property tax and other revenue collection and maintenance of assets. On the basis of projection of revenue and expenditure, the revenue gap is worked out and this is bridged by grants from the state. The municipal body that reduces the actual gap than projected, by a better performance, is entitled to a capital grant equivalent to the difference between the projected and the actual gap. If a local body's actual gap exceeds the projected gap, its subsequent capital grant is held back till its performance improves.

In Chennai, the Metropolitan Development Authority is the main implementing agency of urban development programme. Management of Municipal Fund however, has been the responsibility of the state government. The fund is operated within a framework of rules and procedures imposing strict financial discipline. This requires the local bodies to set acceptable revenue performance targets, select service standards and technologies consistent

with their priority needs and financial resources. Bombay Urban Development project also followed the same pattern. Under this project property tax reforms and rent tax reforms have been initiated. Here also, the Regional Development Authority is the nodal coordination and monitoring agency. The local bodies are playing second fiddle.

Even in the much talked about water supply project in Tirupur under FIRE(D) Project, Tirupur municipality has no major role to play. The town, with the largest concentration of cotton knitwear units in the country, has extremely inadequate water supply, the major consumer being the industrial sector. A Special Purpose Vehicle (SPV) has been created to provide infrastructure with government and private sector involvement. The SPV will raise resources through both debt and equity.

It appears that the role of the local body has generally remained passive in the projects assisted by external resources. This is not to say that the picture is any different when projects are funded from internal sources. But, there are some compulsory provisions of financial transfers according to the recommendations of State Finance Commissions. On the other hand, externally assisted projects require certain changes which may not always be desirable for the local bodies. The donor agencies, have, over the years, formulated their own systems and procedures to be followed during

Table 4: Annual Flow of Fund for Urban Infrastructure Sector during Eighth Plan

Source	Estimated Annual Fund	
	(Rs Million)	Percentage
Plan Fund	11174	(69.5)
Institutional (LIC.HUDCO)	3685	(22.9)
External (World Bank ODA-UK)	1221	(7.6)
Total Annual Flow	16080	(100)
Required Annual investment (till 2001)	39800	
Annual Gap	23720	

Source: NIUA, 1997.

Table 5: Agencywise Allocation of Financial Assistance Provided by HUDCO

Agency	Per Cent of Total Assistance
Housing boards and development authorities	59
Infrastructure boards	10
Local bodies	6
Cooperative sector	7
Public sector	7
Others	11
Total	100

Source: HUDCO in Figures, 1999.

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evaluation, sanction and implementation of projects. These are necessary to ensure successful implementation, but whether they have increased the capacity of the local bodies are not clear. The impact may be analysed from conceptual, legal, financial, social and technical aspects.

External assistance is directed towards the schemes which are presented according to specified criteria. The local bodies often do not have the expertise to prepare such a scheme. In such cases, funds flow from higher authorities which assign residual roles for the local bodies. In World Bank financed schemes, special emphasis has been given to incorporate institutional changes in the local bodies, who are to operate under strict financial discipline. This is a long-term target, whereas short-fall in supply of basic services go on increasing in the short run. As the targets are imposed on the local bodies, their involvement remains partial. They do not engage themselves in resource mobilisation, so the attitude remains that the project will be executed to the extent it is funded by the donor agency.

Sometimes, there are some requirements in the project conditions which necessitate a change in the existing legal status or related laws. Several municipal by-laws require permission from the state government to bring about any change. It remains doubtful whether these changes are really necessary for the urban area or just to fulfil the conditionality of the project. However, this increases the dependency of the local bodies on higher authorities. In earlier World Bank-aided projects, legal changes were made to provide more fiscal autonomy to the corporations. However, the system of Revised Grant Structure has given rise to unequal distribution of financial resources as it penalises weak revenue base which is specific to smaller local bodies in general.

IV Long-Term Perspective for Municipal Involvement

The Task Force (1983) of Planning Commission observed that local bodies' opportunities to raise resources are too limited to minimise the gap between demand and supply of services. It recommended larger devolution of plan funds but at the same time noted that "greater funds need to be generated by urban bodies themselves so that there can be a greater degree of self-financing. The magnitude

of devotion of central and state funds for urban development is necessarily limited by the pressing demands for resources for other needs" (Task Force 1983). In this context, it recommended that there should be greater degree of reliance on user charges for the financing of urban services which are more amenable to such charges, like water supply, sewerage, drainage, solid waste disposal, area development, etc. However, levy of user charges implies widespread metering which is an expensive process. Furthermore, a significant portion of urban dwellers receive" water from public standposts and will continue to do so in the foreseeable future. So, it observed that not more than two-third of the total cost of water supply system could be financed by the levying user charges. Similarly, a significant portion of the costs of solid waste disposal is in sanitary landfills, which are also difficult to finance completely through the levy of user charges. Even if area development, shelter and urban renewal can be fully self-financing, the levy of user charges could only finance half to two-third of the total costs of the different types of urban services which are amenable to user charges. Hence it concluded that the financial institutions can help if appropriate institutional development takes place. But a significant portion of total infrastructural expenditure will continue to be financed through the regular budgetary procedures of plan finance.

The National Commission on Urbanisation (1988) has also taken up in details the issue of enhancement of municipal

resources. It examined all the fiscal instruments the local bodies can use and has given detailed recommendations of what kind of institutional and legal changes are required in order to enhance internal resources of the local body. It has recommended in favour of levying adequate user charges and noted that the urban local bodies had virtually no access to financial institutions or the capital market. It also recommended that "at local government level, there is, or should be, a sense of partnership and participation, with citizen to interact with government" (NCU 1988).

The India Infrastructure Report by the Expert Group on the Commercialisation of Infrastructure projects suggests reforms needed to change the regulatory and institutional frameworks for raising funds from the capital market. It notes that increased entry of the private sector into infrastructure sector is vital for India to develop infrastructure services and also feels that the role of the public sector in investment, delivery of services and regulation will continue to be crucial. It recommends that the government should take significant equity stake in the projects to make it viable. There should be specific funds set aside in the budget to back government guarantees and the project risks must be clearly demarcated and allocated among different stakeholders.

Table 6 indicates that what the Task Force observed in the 1980s, still remain true in the 1990s specially for the smaller local bodies. Revenue from internal sources (own revenue), an indicator of economic strength, has declined as a proportion to

Table 6: Revenue and Expenditure of Urban Local Bodies
(Rs in crore)

Item	1993-94	1994-95	1995-96	1996-97	1997-98
Municipalities					
<i>Revenue</i>					
Own Revenue (OR)	1128.59	1269.67	1536.51	1699.75	1925.90
Total Revenue (TR)	1833.31	2084.02	2436.69	2851.53	3272.35
OR as per cent of TR	61.56	60.92	63.05	59.60	58.85
<i>Expenditure</i>					
Exp on core service (CS)	2326.13	2203.53	2661.54	3173.59	3533.38
Total expenditure (TE)	8763.51	7962.49	10927.37	12717.31	19900.87
CS as per cent of TE	26.54	27.67	24.35	24.95	17.75
TR as per cent of TE	20.91	26.17	22.29	22.42	16.44
Corporations					
<i>Revenue</i>					
Own Revenue (OR)	3056.49	4162.31	4622.92	5402.87	5349.02
Total Revenue (TR)	3899.28	5227.77	5773.32	6870.70	8090.49
OR as per cent of TR	78.38	79.61	80.07	78.63	66.11
<i>Expenditure</i>					
Exp on CS	9229.89	9689.67	12845.68	39869.19	97254.00
Total Expenditure (TE)	26569.76	32500.09	35685.40	65801.46	130562.53
CS as per cent of TE	34.73	29.81	35.99	60.59	74.48
TR as per cent of TE	14.67	16.08	16.17	10.44	6.19

Core Services (CS): Water supply, street lighting, sanitation, roads and bridges and burial grounds
Source: Eleventh Finance Commission, 2000.

total revenue for the municipalities. Corporations also have experienced this decline, but they have more capacity to generate resources. This is reflected by their capacity to spend more on core municipal services. The municipalities could spend less than one-third of their total expenditure on core services. That too declined from 26.54 per cent during 1993-94 to mere 17.75 per cent during 1997-98. The corporations on the other hand could increase the percentage of expenditure on core services to total expenditure from 34.73 to 74.48 during the same period. This is a pointer towards improvement in quality of life as well as increase in property value. However, increase in revenue could not keep pace with increase in expenditure for both larger and smaller urban local bodies. Total revenue of the corporations increased more than double during 1993-98, while total expenditure leaped to more than fourfold. The smaller local bodies experienced one and half time increase in revenue during the same period while the expenditure increased to a little more than double. Cities continue to offer more incentives to the migrants than the smaller urban areas thus contributing to skewed pattern of resource distribution.

Institutional Reform

All these reports and several other studies have indicated institutional reforms are vital for improved provision of infrastructure. The assistance from external sector also is based on this requirement. Since the early 1970s, the World Bank projects started urban development programmes in Kolkata, Tamil Nadu and Mumbai. A major component of this programme, as has been discussed earlier, has been the development of internal capacity of the corporations, specially in the field of accounting and budgeting. USAID has been working with several Indian cities to develop sound approaches to the development of commercially viable infrastructure projects. A variety of tools and resources have been developed to assist urban managers and to facilitate the identification, selection, development and financing of commercially viable urban infrastructure projects. One important tool is the Environmental Status Report. Pune Municipal Corporation has prepared India's first city-level Environmental Status Report in association with FIRE(D) and a local NGO. It proposes a framework for assessing environmental conditions in a city and describes the

process of producing a status report. Then it discusses demographic and economic trends, land-use patterns, municipal services and role of other organisations in managing Pune's urban environment. Other important tools are Assessment of Infrastructure Priorities, Project Pre-Identification Report Formats, Project Pre-Feasibility Analysis, Pricing and Cost Recovery Methodology, Performance Indications, Accounting Standards and Technical Guidelines, etc.

Other external agencies also are providing assistance in developing institutional framework in infrastructure projects with the twin objective of enhancing resource mobilisation and sustainability of the projects. Several studies have indicated that improvement in administrative and financial management of the local bodies will go a long way in providing supply of urban infrastructure. The 74th Constitutional Amendment Act has provided the basic framework towards decentralisation of functional and financial powers to the local bodies. The State Finance Commissions have suggested norms of fiscal transfer to make the cities and towns economically viable and vibrant. Municipal functional domain happens to be a key determinant for fiscal transfers. The State Finance Commission of Rajasthan has observed that "the municipalities of Rajasthan already have a long list of obligatory functions which the authorities are not in a position to perform effectively largely due to paucity of funds". Hence the Commission suggests that in case the state government decides to transfer any additional function in future, this has to be accompanied by transfer of staff and budget as well.

The Commission has suggested two broad criteria for fiscal transfer: (i) needs assessment and (ii) scope for additional revenue mobilisation. It is categorically emphasised to transfer funds only to such municipal bodies which have optimally exploited their own resources base.

All these developments suggest that the local bodies who are making effort to capacity building are likely to attract more international funding. Such funds in the future are not likely to support only bridging the gap between revenue and expenditure without applying some performance indicators. The World Bank's urban strategy recognises expenditure on capacity building as investment, not consumption and the basis for sustainable development. The policies of other international agencies

are also likely to be similar. The Asian Development Bank is providing a major portion of assistance in capacity building.

Public-Private Partnership

Second major criterion for international funding is public-private partnership. Tamil Nadu Urban Development Project has been restructured in September 1995 through the entry of a private fund manager to commercially manage the mix of public and private sources of finance provided to the Municipal Development Fund. This is the first attempt made in one state to establish a joint public-private partnership in the municipal infrastructure area. The Bank is supporting involvement of Infrastructure Leasing and Financial Services (IL and FS), a 51 per cent privately-owned finance company with strong ties to the public sector. The focus of the Bank is to assist in the development of prototype contractual arrangements for private investment in IL and FS's area of involvement (water supply, sewerage, effluent treatment and other municipal infrastructure) thereby facilitating entry of the private sector on a much larger scale in areas till now dominated by the public sector. It is a process operation whereby the Bank uses IL and FS as a vehicle to build up India's capacity to attract private investment in infrastructure. The central government has selected IL and FS as the first financial intermediary to receive the Bank's support.

Ahmedabad Municipal Corporation (AMC) has appointed IL and FS as the investment banker for the municipal bond issue. The municipal bond has been developed as a structured obligation with the escrow of octroi revenue of the corporation to be monitored by our independent trustee and special covenant on additional debt mobilisation. With this structure the rating of the instrument has been enhanced. USAID, in association with IL and FS has helped AMC to prepare pre-feasibility study for its Rs 400 crore water supply project under FIRE(D). This project is to be financed through the internal accruals of the AMC, debt from the capital market and a loan from IL and FS using funds made available by a loan guarantee programme of USAID and other financial institutions like HUDCO and LIC.

Pune Municipal Corporation (PMC) has also designed its Rs 735 crore water supply programmes on AMC's line. The project is expected to be implemented through

total revenue for the municipalities. Corporations also have experienced this decline, but they have more capacity to generate resources. This is reflected by their capacity to spend more on core municipal services. The municipalities could spend less than one-third of their total expenditure on core services. That too declined from 26.54 per cent during 1993-94 to mere 17.75 per cent during 1997-98. The corporations on the other hand could increase the percentage of expenditure on core services to total expenditure from 34.73 to 74.48 during the same period. This is a pointer towards improvement in quality of life as well as increase in property value. However, increase in revenue could not keep pace with increase in expenditure for both larger and smaller urban local bodies. Total revenue of the corporations increased more than double during 1993-98, while total expenditure leaped to more than fourfold. The smaller local bodies experienced one and half time increase in revenue during the same period while the expenditure increased to a little more than double. Cities continue to offer more incentives to the migrants than the smaller urban areas thus contributing to skewed pattern of resource distribution.

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three different contracts for construction, management and collection of bills. One-third of the financial resources for this programme will come from PMC's internal sources and state grants. The remaining will come from debt resources mobilised from municipal bonds and institutions like USAID, HUDCO, ICICI, etc.

The largest bilateral donor DFID also has adopted a policy based on partnership and cost recovery. It promotes cost recovery for operation and maintenance of services and cost sharing for capital works. DFID assistance comes through grants only. Projects are selected for their potential to pilot and demonstrate innovative approaches and to act as replicable models for future development in the sector. It emphasises on the municipality's capacity to adjust its planning system to respond to the community's felt needs rather than to impose solutions. However, in majority of the programmes assisted by DFID, local bodies are not the key partners excepting in Cuttack.

Risk Factor

Hitherto, as the government implemented and financed the bulk of urban infrastructure outlays all the attendant project risks were also borne by the government. Issue of dated securities mainly through pre-emption of funds from banks and insurance companies backed resource mobilisation, essentially domestic in nature. Foreign savings, mainly in the form of project specific aid from bilateral/multilateral sources supplemented domestic resources. With the recognition of the need to supplement government efforts with private sector investment, financing of urban infrastructure development provides complex challenges.

The municipal finance sector requires a set of capabilities for the assessment of risks, which could be only acquired over a period of time through funding the first few projects. Some of the factors, which would have a bearing on the credit-quality of urban infrastructure investments, are:

- (1) Transparency and consistency in private-sponsored selection process
- (2) Legal and institutional arrangements
- (3) Pricing of urban infrastructure services in the economy
- (4) Predictability of municipal resources
- (5) Track record of private-sponsored participation in urban infrastructure development
- (6) Currency risk

(7) Internal and external political and economic environment

To be able to provide transparency to potential investors, municipalities would need to carry out comprehensive reforms of accounting practices with separation of project and non-project accounts. They would be required to exercise high degree of financial management skills to instill investor confidence. Skill development should be an ongoing process to achieve success in reforming municipalities.

The trend for increasing private participation and market-based financing in infrastructure projects has meant that all risks have to be recognised and in some manner mitigated or allocated. The principle followed in risk mitigation in project management is to allocate risk to the party most suited to control or manage it. Private debt and equity funding of the sector will be possible only when the risks in the sector are quantified and adequately mitigated.

Risks are very much project-specific in nature. Generally, the services which are

sold to a government entity (i.e., sale of bulk water to Water Board) are less risky than those which are sold to individual consumers as the latter cannot be tied down to contracts.

Calculation of risks is one important element to determine commercial viability of projects to be assisted by international funding. However, all external loan assistance enjoy guarantee from the central government irrespective of whether it is given to public or private agency. Stringent conditions are attached for proper monitoring of the project fund. These are true not only for loans, but for utilisation of grant money as well. KfW had committed an amount of DM 50 million to HUDCO for funding urban and rural housing projects for weaker section. The financial agreement between HUDCO and KfW requires that agencies to whom HUDCO will re-finance loans, should be selected on the basis of criteria developed in agreement with KfW. HUDCO and KfW shall determine the details of the Projects and the

goods and services to be financed. HUDCO should ensure that the agencies prepare, implement, operate and maintain the Projects in conformity with sound financial, economic and technical practices. KfW, at any time, can inspect the books and records of the agencies pertinent to the project as well as their financial situation and statement of earnings, so long as payment obligations exist. HUDCO shall bear all taxes, transfer and conversion costs occurring in connection with the disbursement of the assistance from KfW. KfW reserves the right of suspending disbursement if HUDCO is unable to prove that the disbursed amounts have been used for the stipulated purpose.

OECF has provided loan to HUDCO to the tune of 8.67 billion Japanese yen for four water supply schemes at a interest rate of 2.1 per cent to be paid back in eight years. HUDCO, however, fixes 15 years as repayment period for water supply agencies. The check list and other documents to be supplied to OECF are almost the same as in case of KfW. It is categorically stated that borrowing agencies should not use the fund money for general administration expanses, taxes, land cost and other indirect items.

HUDCO, as the main borrower bears all the risks of project management though it is backed by central government guarantee. It has formulated the project monitoring system along the international requirement as a risk mitigation exercise. This ensures that the project is implemented as scheduled with minimum cost and time overrun. First loan disbursement from HUDCO is carried out only when the agencies have mobilised the balanced fund as agreed or incurred 20 per cent of investment and carried out sufficient physical progress as scheduled. For utility infrastructure like water supply, HUDCO charges lower interest rates and longer repayment period. In order to minimise risk of default, subsequent loan disbursement depends on submission of quarterly progress report, periodic site inspection, mobilisation and utilisation of the borrower's proportionate share of investment, etc.

For the local bodies, this risk mitigation exercise will become very important tasks if they are to play more prominent role in provision of urban services. They have to develop their own project implementation and monitoring scheme, formulate sound project proposals to meet international criteria, seek public participation in effective way and evolve a proper accounting

system. Even with continuously improving project monitoring system, HUDCO's loan recovery stood at 91.49 per cent in 1997-98.

Implications for Smaller Urban Areas

This analysis indicates that adequate institutional capacity is a prerequisite for the flow of external assistance in the urban sector. Bigger larger urban centres clearly have an edge in this regard. Even if their institutional framework is inadequate, there is enough scope of increasing their resource-base with necessary financial and administrative reforms. The problem with large cities is proper tapping of resources. A number of studies have shown how resources of larger civic bodies like Delhi can be enhanced. Cities like Ahmedabad, Surat and Mirzapur have shown how administrative alacrity can augment their financial resources even with inadequate legislation and low user charges. This is not the case with smaller urban areas. A study by Town and Country Planning Organisation (TCPO) has brought out the extent of variation in land values in larger cities and smaller areas. This reduces the chance of generating sufficient land-based revenue from smaller local bodies even after adequate institutional reforms.

International agencies give much importance to financially sound projects for loan disbursement. It has been seen that domestic borrowing agencies like HUDCO also follow the same line. As a result, large infrastructural projects are handled by higher administrative agencies that are capable of risk management and project implementation. Even in Tirupur, which is not a big city but economically viable, the local body does not have a prominent role in project management.

In the water supply sector, it has been observed that major externally financed programmes are city based. Even when such assistance has been given to the state agency, the smaller local bodies did not have a role in decision-making.

Ninth Five-Year Plan observes that urban growth is likely to continue in the megacities but growth is also likely to be relatively high in the smaller cities and towns, notwithstanding their current lower share of total urban population. Analysis of Census Household Tables show that household's access to electricity, water supply and toilet has declined in percentage for smaller towns (population below 20,000) during 1981-91. This is an important fac-

tor for urbanisation strategy as from technical, administrative and financial standpoint, these urban areas are much weaker. It means that the higher level governments will have to support these areas for a considerable period while externally assisted projects will continue to support the cities. These projects help the local bodies in skill formation by providing technical assistance. But when the project is completed, the weaker local bodies will not be able to employ this highly skilled manpower without spending a substantial portion of their current revenue on establishment cost, thereby leaving little surplus in their already meagre resources. Moreover, this is the trend that international agencies try to prevent.

It has been observed that Plan funds still constitute the major proportion of finance in the urban infrastructure sector while external assistance is not even one-tenth of the total. Moreover, the bulk of external assistance still comes in the government sector as has been discussed earlier. Even with government guarantee, the non-government sector has attracted only 11 to 15 per cent of total external assistance till now. However, this share is increasing and with development of domestic capital market and required institutional framework, it is likely to increase farther. The city corporations also are likely to get more external funds provided they follow the required framework of capacity building. But for smaller urban areas, some ad hoc programmes may be there, but it is a long way before they can hope of any significant flow of funds outside the government sector.

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The Absent Liberal

An Essay on Politics and Intellectual Life

This essay explores the rise and decline of liberal thought in modern India. It argues that Indian liberalism is a sensibility rather than a theory, a product of empirical engagement rather than an elaboration of principles laid down in canonical texts. Where liberals dominated the intellectual landscape in the 1950s and 1960s, more recently they have become an endangered species. Liberals have been squeezed out by the identity politics of the left, which holds that caste is and should be the fundamental axis of Indian society, and by the identity politics of the right, which assigns a hegemonic role to religion.

RAMACHANDRA GUHA

If a modern Diogenes were to hunt out for Indians with his lantern in these days, he would be sure to come across fervid Hindus, bigoted Muslims and fanatical souls deeply engrossed with, the problem of tirelessly finding out how unjustly their own particular community was being treated, and he would have to ask in sorrow: "Where are the Indians".

- Syed Abdullah Brelvi¹

Not to give way at a critical point to the temptation of exaggeration - some dramatically extremist doctrine which rivets the eyes of one's own countrymen and the world, and brings followers and undying fame and a sense of glory and personal fulfilment - not to yield to this, but to seek to find the truth in the face of scorn and threats from both sides - left and right, Westernisers and traditionalists - that seems to me to be the rarest form of heroism.

- Isaiah Berlin, writing about Rabindranath Tagore²

I A Missing Portrait

The campus of the University of Pune used to be the summer home of the governor of Bombay. Expansive and green, dotted with lovely old ficus trees, the property's centre-piece is a grand double-storeyed stone building. This was once the governor's residence and is now the university's Senate Hall. The signs of decolonisation are everywhere. In the wood-panelled conference room, the portraits of governors and viceroys have been covered over with red curtains. The only paintings now exposed look out over the main stairway. These are new - or relatively new - and number four in all. Their subjects are Bal Gangadhar Tilak, Vinayak

Damodar Savarkar, Bhimrao Ambedkar and Jyotiba Phule.

One can understand these choices without necessarily endorsing them. For these men were all charismatic and influential, and all had strong Pune connections. They were writers of distinction in their native Marathi, but also public figures who imposed their stamp on the history of modern India. Each, in his own way, embodied the fusion of national relevance and regional pride that our universities seek to represent. There is, nonetheless a striking absence, of a man who was both politician and social reformer, both scholar and teacher, both Maharashtrian and Indian, and who lived and died in this city. Why does the Senate Hall of the University of Pune have no space for a portrait of Gopal Krishna Gokhale?

II Life of the Mind in India: A Brief History

In 1930, well before the University of Pune was founded, a social science institute was established in the city. Its prime mover, D R Gadgil, had taken an M Litt from Cambridge, writing a thesis on the industrial evolution of India. (It was an outstanding thesis, which remained in print for 70-years after its first publication.) Unlike other Oxbridge graduates of his generation he had no desire to enter the Indian Civil Service. On his return he taught in a college in Surat, before persuading his father-in-law, R R Kale, to help finance a research institute. The Servants of India Society also provided support, in the shape of a slice of real estate under its control. As it happened, the home of the society's

founder stood on this land. One suspects that it was not this alone which suggested to Gadgil that he name his new venture the Gokhale Institute of Politics and Economics.

D R Gadgil was an intellectual of rare ability and self-confidence. The range of his own research was impressive: at various times he did important work on planning, economic history, and the sociology of business communities. His instincts and orientation were 'interdisciplinary' before that term became known or fashionable. Likewise, he was a public intellectual before public intellectualism: he was one of the founders of the cooperative movement in Maharashtra. He was not lacking in courage, either. Once, he even took on Mahatma Gandhi. In 1946, Gadgil and A D Gorwala were the two members of an expert committee appointed by the government of Bombay to recommend measures to assure a fairer distribution of food in a time of scarcity. Gandhi thought the market would do the trick; Gadgil and Gorwala insisted that the situation called for state intervention. As the columnist D F Karaka wrote:

It would be difficult to find a truer picture of all that is best in the ancient Indian tradition than Gadgil. A slim, gaunt man, argumentative and aggressive on the right occasions, full of courage and with a wisdom grounded in deep knowledge of both theory and facts, Gadgil had devoted himself for many years to the building up of a true school of politics and economics, eschewing all profitable pursuit. On occasion after occasion he had turned down offers of employment by the government. He joined the board primarily because he felt the situation in the country was so

critical that a right lead was essential and without the right lead it might become disastrous.³

One might cavil at the use of the term 'ancient' - if anything, Gadgil represented the best of the 'modern' Indian tradition - but otherwise this tribute was deeply felt and richly merited. When Gadgil founded the Gokhale Institute of Politics and Economics he was not yet 30. He was precocious and so was his institute. It was, to my knowledge, the first social science institute in India, combining pure with applied research. (Intriguingly, it placed 'politics' before 'economics', thus reversing the order preferred by, for instance, the London School of Economics, that other experiment in the marriage of knowledge with the public weal.) The singularity of Gadgil's achievement is still insufficiently recognised. Our histories of intellectuals somehow assume that all good or meaningful things first happened in Bengal. In this instance, however, what Pune thought of in 1930 Kolkata was to think of at least a year later. For it was only in the last weeks of 1931 that P C Mahalanobis founded the Indian Statistical Institute in that city.

Mahalanobis was also a Cambridge man of wide-ranging interests. A physicist by training, he shared Gadgil's appreciation of fields other than his own. It was said that he knew the works of Rabindranath Tagore better than the poet himself. To have a department of literature, alas, fell well outside the mandate of his new institute. Nonetheless, in time that mandate was stretched to successfully incorporate anthropology, economics, and biology, apart from statistics and mathematics.

In a recent column in this journal, offered ironically as an appreciation of D R Gadgil, AM has suggested that the main difference between Gadgil and Mahalanobis was that the Pune man was more 'feudal' in his orientation. He reaches this conclusion on the grounds that the Bengali scholar counted more Marxists among his friends and colleagues.⁴ The facts suggest otherwise. Gadgil may have dominated his colleagues, intellectually, but Mahalanobis ran his own institute exactly like a personal fiefdom: among the chapter titles of Ashok Rudra's biography are 'The Big Banyan' and 'The Great Dictator'. It was this manifest authoritarianism that led to the departure from his institute of that remarkable British scientist who had taken Indian nationality, J B S Haldane.⁵

The more salient distinctions between Gadgil and Mahalanobis lie in the realm

of politics rather than personality. Gadgil was a classical liberal, devoted to democracy and human rights. Like Gokhale he sought to bring about change incrementally. And while not discounting the role of the state, like Gokhale again he placed great emphasis on voluntary and collective civic action. Mahalanobis, on the other hand, was more enamoured of the transformative powers of the state. Hence, perhaps, his affinities to Marxism and his strong sympathies for Soviet-style planning. The one was content with identifying the social conditions for incremental change; the other was of the "conviction that qualitative problems could find quantitative resolution, that uncertainty in all walks of life could be reduced and mastered by the use of statistical models".⁶

To the Gokhale Institute in Pune and the ISI in Calcutta one must add at least three other initiatives begun in colonial times. There was the Bombay School of Economics and Sociology, with teachers like C N Vakil and G S Ghurye and students like M N Dantwala and M. N. Srinivas. There was the Deccan College in Pune, with its exciting programmes in anthropology and archaeology led by Irawati Karve and H D Sankhalia. And there was Lucknow University, which from the 1930s had a faculty of some calibre in the humanities: notably, the 'prabashi' trio of Radhakamal Mukerjee, D P Mukerji and D N Majumdar. Nor should one forget individuals, such as N K Bose in Calcutta, who rose above their institutions.⁷

After 1947 these older initiatives were joined by plenty of others. New universities sprung up all across India, each with its departments of economics, sociology, history, and the like. Particularly influential in this regard was the Delhi School of Economics, founded by V K R V Rao in 1948, with a department of sociology added 10-years later. Also to be noted are two Delhi-based initiatives that focused exclusively on research: the Institute of Economic Growth, set up by V K R V Rao in 1958, and the Centre for the Study of Developing Societies, founded by Rajni Kothari, which began life in 1962.

Accompanying the birth and growth of these institutions was the birth and growth of independent-minded research journals in history and the social sciences. The ISI and the Gokhale Institute had published their own journals - *Samkhyā* and *Artha Vijnana*, respectively - but by the 1960s these had been joined (and in some respects supplanted) by the new entrants on

the block: *Contributions to Indian Sociology*, *Sociological Bulletin*, *The Indian Economic and Social History Review*, and *Economic Weekly* (renamed in 1966 as *Economic and Political Weekly*).

Much of the work published in these journals was of a high quality, and much of it was addressed to the urgent issues of the day: political development, economic growth, poverty alleviation, the career and course of nationalism, the future of caste. My concern here, however, is not principally with content but with form. Reading the back issues of these journals for the 1950s and the 1960s, one reaches the surprising conclusion that the world of Indian intellectuals was then surprisingly indifferent to radical thought. Extremisms of right and left were shunned. There were absolutely no saffron intellectuals, and not many who were flaming red either. Rather, it was the middle ground which was capacious and well colonised.

The *Concise Oxford Dictionary* offers three definitions of a liberal thinker: one who is "open minded, not prejudiced"; one who "favours individual liberty, free trade, and moderate political and social reform"; and one who regards "many traditional beliefs as dispensable, invalidated by modern thought or liable to change". Of these three criteria, perhaps two-and-two-thirds applied to the professors and scholars of newly independent India. The exception being the idea of free trade, which was rejected in favour of the then regnant 'swadeshi' or import-substituting model of economic development.

There are more things on earth than can be contained in the *Concise-ov* indeed *Complete-Oxford Dictionary*, and to the above listing must be added at least three other founding features of Indian liberalism. First, while there was a critical attitude towards the past, there was also a, sometimes extreme, hopefulness about the future. Liberals were convinced that the idealism nurtured by the national movement would find constructive expression in free India, with scientists, civil servants, politicians and scholars working unitedly to eliminate poverty, disease, and illiteracy, thus allowing India and Indians to take their place with honour in the modern world.

Second, there was an implicit and somewhat unselfconscious patriotism. Intellectuals might go overseas to study or learn, but they would return to help in the task of 'nation building'. The liberal intellectuals of the 1950s were patriotic to a degree

the contemporary post-nationalist might find embarrassing. However, the best among them took care not to appear partisan, that is, not to identify with any one social/religious group, political party, or politician.

Third, Indian liberals paid close attention to the promotion of institutions of civil society such as the law courts and universities, and to the fostering of impartial, rule-bound procedures within them.

True, one could recognise subtle differences of approach and emphasis. There were the liberals *qua* liberals - such as D R Gadgil - who were unwavering in their commitment to democracy and human rights, and who in the cold war would have tilted slightly towards the west. There were the fellow travelling liberals - such as P C Mahalanobis - who were enchanted by the Soviet Union - particularly by its economic model - and who thought that despite its faults it was more to be trusted than its North American adversary. And there were what I would call the 'traditionalist' liberals - such as the Bombay sociologist G S Ghurye - who thought that institutions such as family and community were not to be sacrificed in the march to modernity.

These three groups had, however, a shared idea of India. This included a commitment to democracy - that is, a multi-party system, regular elections, a free press, and an independent judiciary - to the creation of a more just and equitable society, if by incremental means, and to interreligious harmony, this guaranteed by state neutrality in affairs of faith. Whether left, right, or traditionalist, the overwhelming majority of Indian intellectuals were, as I have defined the term here, 'liberal'.

It is important to recognise that Indian liberalism was a *sensibility* rather than a *theory*, a product of empirical engagement rather than an elaboration of principles laid down in canonical texts. Burke, Mill, Tocqueville, or Smith; the thinkers to whom western scholars turn for definitions or understandings of liberalism were largely unknown in India or at least largely unread. Rather, liberalism was a response to experience, an intellectual practice that flowed from the peculiarities of independent India, a sensibility that seemed in tune with the heterogeneity of its cultures and the commitment to democracy of its ruling class.

The flowering of Indian liberalism cannot be set apart from the political context

in which it operated. It was, in the best sense of the word, Nehruvian. Jawaharlal Nehru understood that in a society as poor and divided as his, the task of nation building had necessarily to be inclusive rather than exclusive. He thus wished to take everyone along with him: Muslims, Hindus, capitalists, workers, tribals, peasants, Hindiwallahs and 'Madrasis'.

In his autobiography Nehru wrote of the Servants of India Society that while he respected their commitment, their work "might not be on wholly right lines". "Its politics", he remarked, "were too moderate for me".⁸ At this time Nehru tended also to display a certain impatience with the views of Gokhale's most influential admirer, Mahatma Gandhi. But the arrogant and impatient rebel was to be tamed and humanised by office. As prime minister of this bafflingly complex land he learnt to appreciate the beauties of compromise.

It is now fashionable to posit Gandhi against Nehru, but in two signal respects the disciple came to follow the master: in his preference for consensus over conflict, and in his deep abhorrence of violence in thought and deed. As he once told the French writer-politician, Andre Malraux, the greatest challenge before him, and India, was how to "build a just society by just means".

While the British were still in India Nehru sometimes spoke and sounded like a Utopian revolutionary. But as a prime minister he worked always for "moderate political and social reform". Now he, in turn, attracted the scorn of the young and hot-tempered. The hard core Marxist deplored his compromises with capitalists and landlords, the Jan Sanghi his desire to effect a rapprochement with Indian Muslims and with Pakistan. Reds and saffronites alike could not understand Nehru's respect for non-violence, for the norms and procedures of democracy. At this time there were not many extremists of either kind. The vast majority of Indian intellectuals were liberals: left liberals, centre liberals, and right liberals. And they all admired, even worshipped Nehru.

III

Threat from the Left

Although Nehru's death, in 1964, did not lead immediately to the decline or disappearance of liberalism, it must in retrospect be viewed as an important factor that set in motion the slide. Lai Bahadur Shastri came and went, and then Indira

Gandhi took over as prime minister. Although her term was interrupted by one three-year spell in opposition, all told she held office almost as long as her father did. Long enough, at any rate, to decisively influence the trajectory of intellectual life in this country.

Unlike her father, Indira Gandhi was no liberal. She cultivated committed intellectuals much as she cultivated committed judges and civil servants. Scholars, including some very fine ones, were lured to her side by the hope of using the instruments of the state to promote their models of teaching and research. Not coincidentally most of these scholars were Marxist or Marxisant.

Till the 1960s, Marxism had little serious influence in the Indian academy. Marxists enjoyed greater visibility and power in the cultural realm: in literature, drama, and, especially, film. To be sure, there were some able scholars of this persuasion, such as A R Desai, Irfan Habib, and above all, D D Kosambi. But not many more. Things changed rather swiftly in the late 1960s and thereafter. One important influence was Mao's China, whose alleged successes, economic as well as cultural, were widely (and uncritically) bruited about. The attractions of China were reinforced by the activities of the Naxalites, by the young men and women who might have been lacking in tactical sense but certainly not in bravery.

China and the Naxalites helped enhance the appeal of Marxism among Indian intellectuals. A second source of influence was the efflorescence of western Marxist thought in the 1960s. The books and essays of British historians such as E P Thompson and Eric Hobsbawm attracted a younger generation of scholars in a manner that liberal historiography could not. Their uncovering of the hidden histories of British workers and peasants inspired Indians to uncover the hidden histories of our own workers and peasants. Meanwhile, the now ready availability in English of the work of continental philosophers such as Louis Althusser and Antonio Gramsci sensitised an Indian audience to more subtle understandings of Marxism, whereby as much attention was paid to power and culture as to the economy.

A third factor that aided the spread of Marxism operated from within the state itself. This was the left cabal around Indira Gandhi; men such as P N Haksar, S Nurul Hasan and D P Dhar. These Soviet sympathisers worked to impose their own, so-called 'progressive' model of

scholarship, sometimes founding new institutions for the purpose.

Finally, the increasing influence of Marxism in the academy was enabled by the accessibility of relevant texts. The works of the master and his associate, Engels, were available in very cheap English editions brought out by Moscow's Progress Publishers. The more discerning could instead buy the Penguin selections from Marx's oeuvre, these freshly translated from the German and edited and introduced by the leading European scholars in the field.

The rise of intellectual Marxism in India was most manifest in two cities: in Calcutta, an epicentre of the Naxalite movement and a bigger stronghold still of the Communist Party of India (Marxist); and in the capital, Delhi, where Marxist scholars built up a base in the Indian Council of Historical Research, the National Council of Educational Research and Training, and the Jawaharlal Nehru University.

By the mid to late 1970s, Marxism in all its varieties had emerged as a serious intellectual challenger to liberalism. It was seen by its adherents as youthful and energetic as compared to the enervated and pussyfooted liberal alternative. In the scholarly debates of the day - on the impact of colonialism, for example, or the role of the Congress or the origins of caste or the political system most appropriate for India - the student was presented with two competing interpretations, Marxist and non-Marxist. The Marxist insisted that caste was founded on inequalities in landholding (namely, that it was merely a surrogate for class); the liberal answered that ritual and ideational factors could not be so easily discounted. The Marxist was relentless in his criticisms of the exploitative character of British colonialism; the liberal sought to complicate the picture by drawing attention also to some of colonialism's indirect benefits, such as the building of roads and railways. The Marxist dismissed Gandhi's Congress as a landlord-capitalist alliance and non-violence as a diabolical strategy aimed at weaning the masses away from the revolutionary path; the liberal thought the Congress represented a genuine all-class anti-colonial movement whose belief in non-violence was morally guided. The Marxist dismissed Nehru's India as a 'bourgeois democracy' that would, sooner rather than later, be replaced by an authentic 'people's democracy'; the liberal allowed that Indian democracy was flawed but insisted that, as a political system, it

was indubitably superior to authoritarianisms of left and right.⁹

Political Marxism in India is a curious mixture of dogmatic theory and latitudinarian practice. The CPM still worships Stalin and has enthusiastically supported the genocide of Tibetans and the massacre at Tiananmen Square. Yet their state governments have successfully promoted communal peace, and not one of the party's leaders has yet been indicted for corruption. The Naxalites still swear a fealty to Mao and fetishise violence, yet they have worked heroically among the poorest of the poor, the dalits and adivasis ignored by other political groupings.¹⁰

Intellectual Marxism in India is likewise a strange mixture of grit and gold. Marxist historians of medieval and ancient India have done useful and sometimes pioneering work on agrarian structure, state power, and technological change. Marxist scholars of colonial India have paid valuable attention to disadvantaged social groups and to popular protest. Although their analyses have sometimes been crude and deterministic, Marxist historians have genuinely helped illuminate the past. But the contributions of Marxist economists and political scientists are less clear. In the universities and departments where they dominated, students were taught to distrust democracy and demonise the market, to exaggerate the achievements and underplay the failures of the Communist states spread across the globe.

However, it seems likely that the heyday of Marxist influence in the Indian university is past. The form of radicalism now dominant among scholars and students is what I shall call "the identity politics of the left". This is rooted in caste, which has historically been the principal axis of discrimination and inequality in Indian society. This tendency has two streams, which 'sometimes unite and sometimes diverge'. The one stream is rooted in the dalits; its icon and role model being that remarkable scholar and social reformer, B R Ambedkar. The second stream draws on the mobilisation of backward castes; its intellectual forbears are various, from Phule in Maharashtra to Periyar in Tamil Nadu and Lohia in northern India. It is too early as yet to pass any judgment on these important new trends; but not too early perhaps to see that they are decisively different from what used to pass as Indian liberalism. The liberals worked for an India where caste would steadily lose its salience. The new identity politics, on the

other hand, insists that caste is the central grid by which we must understand the present, and by which we must build our future.

There is then an 'old' left and a 'new' left', the one emanating from the Communist Parties and (in theory) class-based, the other a more recent development which is based on the axis of caste. In the politics of the day the two are natural allies, politically - as in the fitful attempts to forge a 'Third Front' - as well as intellectually, as in the 'anti-saffron' alliances carved out within universities and cultural groups.

IV

Threat from the Right

The economist Vinod Vyasulu once suggested to this writer that of the top hundred members of his profession in India, not one would like to ally himself with the Bharatiya Janata Party. There are no reputable Sangh parivar economists and, it must be said, no reputable saffron sociologists or anthropologists either. No social scientist of any achievement or credibility will be seen, dead or alive, with the BJP. The situation with regard to history-writing is only marginally different: perhaps two or three of the best hundred historians might be willing to be labelled as 'saffron'.

For the first 20 years of Indian independence the Sangh parivar was marginal politically and non-existent intellectually. Since then, it has made steady and sometimes spectacular progress in one sphere without gaining any ground in the other. Its political influence now is completely disproportionate to its intellectual influence. This disparity can only be corrected by the use of state power, by force-feeding the public with ideas of history and politics that have no intellectual legitimacy or credibility. Hence the extraordinary attention always paid by saffron regimes to the writing and re-writing of history. An early taste of this came in 1977, when the Jan Sangh members of the Janata Party banned NCERT textbooks which offended their Hindutva sentiments. That was a mere gust compared with the storm now raised by the most proactive member of the present cabinet, the minister for education and culture, Murli Manohar Joshi.

M M Joshi knows that no reputable scholar shall willingly follow his party's line. No matter. In this vast country he can find enough men of dubious intellectual pedigree who are reliably saffron in their;

political orientation. Since the BJP came to power in 1998, Joshi has put such men in positions of strategic influence in the University Grants Commission, in the ICHR and ICSSR, and the NCERT.

The threat to liberal scholarship from the right has been well publicised. But it has not, I believe, been adequately understood for what it is. Behind the education minister's initiatives lies a complex mixture of envy and frustration. For our secular state denies 'sants' and 'sadhus' the power enjoyed by religious figures in other lands. After the Babri masjid was demolished, one of the movement's leaders proclaimed their intention to make Ayodhya 'the Vatican of the Hindus'. The 'sarsanghchalaks' envy the Pope and his Cardinals for the hold they seem to enjoy over powerful Catholics. Fidel Castro has defied a succession of American presidents, but he went down on his knees to kiss the Pope's ring. But the Hindu chauvinists envy the 'mullahs' even more. In Catholic countries the business of politics is kept apart from religion. Not so in countries like Pakistan or Saudi Arabia, whose sheikhs and generals sometimes receive religious as well as political instruction from the mullahs.

Indeed, it is political Islam that is the real if unacknowledged model for political Hinduism. The parallel was first pointed out to me by the distinguished historian Dharma Kumar. In 1990, right in the middle of the Ayodhya campaign, she observed that the Sangh parivar wanted "to create an Islamic state - for Hindus".

In Islamic political theology non-Muslims are divided into two categories: the 'dhimmi', or people of the book, and the 'kafir' or infidel who worship more than one book and, worse, more than one god. In Islamic states the Christians and the Jews were allowed to live in peace, as long as they paid their taxes and did not demand a stake in the government. The vision of India upheld by the RSS appears to draw upon this medieval model. If Muslims and Christians are politically subservient and make loyalty to Bharat Mata part of their daily morning prayers, they will not be harassed by the Hindu.

In this model of politics the Hindus are the chosen ones. They are called-upon to forget their distinctions of language and caste, to see themselves as a single, cohesive group that shall lay claim to the land of milk and honey that is their 'dar-es-salam': Mother India. Just as the assertions around caste are 'the identity politics of

the left', the construction of a unified Hindu community constitutes "the identity politics of the right". Birth, rather than achievement or personal choice, is presumed to be the decisive and unchangeable essence of social life and intellectual understanding. The distance from liberalism could scarcely be greater.

V Sites of Struggle

The great American critic Lionel Trilling once wrote of 'the adversary culture' of modern intellectuals. Those who chose the life of the mind, he argued, were likely to do battle with the establishment, and to reject a formal association with the state. This perhaps applied most of all to creative writers - poets, novelists, playwrights - the best of whom have often stoutly resisted state sponsorship and state interference, the most courageous of whom have been dissenters in both fascist and communist dictatorships.

Trilling might have revised his dictum were he to have lived and worked in India. Here, writers have cheerfully accepted and even actively sought the patronage of the state. So have historians and social scientists. To be sure, they have fought amongst themselves for the spoils.

Consider thus the career of the Indian Council of Historical Research. This was set up in the 1970s as a nodal agency to direct and guide historical research. For something like a quarter-of-a-century it was dominated by scholars of Marxist persuasion. After M M Joshi took over as minister of education the Marxists were turfed out and replaced by men (I hesitate to use the term 'scholars') whose ideas were more congenial to his own.

A vocal critic of the old ICHR is Joshi's cabinet colleague, Arun Shourie. In a recent book he complained at some length of its ideological rigidity and at greater length of the monetary gains that accrued to its clients. The latter charge seems a bit excessive. The amounts allocated to favoured historians by the ICHR, as revealed by Shourie's research, are piffling: a few thousand rupees in most cases, here and there perhaps a lakh. This is the kind of money that Shourie's political colleagues would reckon to make in less than a day.

But the charge of intellectual inflexibility will not go away. For a group of left historians long controlled the ICHR; by their own standards they were non-partisan,

as they allowed into their fold those sympathetic to the CPI as well as those sympathetic to the CPM. A few 'pink' fellow travellers were also admitted. However, they discriminated against those scholars whose point of view was at odds with Marxism. The books of the leftists were translated or prescribed, whereas the work of such outstanding (but non-Marxist) historians as Ashin Dasgupta and Sanjay Subrahmanyam was ignored. Research grants and foreign trips were also within the patronage of the ruling clique; these were likewise allotted to friends and comrades on the left.

The overall record of the ICHR under leftist rule has to be measured not by how much money was spent - or mis-spent - but rather by the kind of historical research it fostered - or did not foster. Compare the Council's own journal, *The Indian Historical Review*, with the independently run *Indian Economic and Social History Review* - the one had a decent essay perhaps every third issue, whereas the other was consistently first-rate. Think of the major historical fields to have emerged in India since the 1970s - subaltern studies, women's history, legal history, cultural history, and environmental history. These have all been developed by scholars who have had no truck whatsoever with the ICHR. Indeed, at least two of these fields - subaltern studies and environmental history - have been openly mocked by the party Marxists who served as successive chairmen of the ICHR. The progress of Indian history in the past three decades or so suggests that the best work has been done outside the ambit of formal state patronage. Perhaps, as Rudrangshu Mukherjee has suggested, Clio prefers to be an anarchist.¹¹

In a speech delivered at the Kolkata meeting of the Indian History Congress in January 2001, Amartya Sen made a not-so-veiled attack on the saffronisation of history by the men who now rule India. History would become 'bunk', he said, if its writing was "manoeuvred to suit a slanted agenda in contemporary politics". He deplored the "arbitrary augmentation of a narrowly sectarian view of India's past", and called instead for a model of historical research that was based on "heterodoxy and methodological independence".¹²

The choice of venue was ironic, for prominent among the audience that heard Amartya Sen that day were scholars who have manipulated history for their political ends, who have promoted! a model of

research and teaching that denies heterodoxy and independence. Indeed - although he seems to be unaware of this himself - Sen's strictures apply with equal force to orthodox Marxist understandings of Indian history. A younger scholar has recently written with feeling and insight about the kind of history promoted by Marxist historians when they were in positions of power and authority. She observes of Delhi University in the 1970s that "we did not care to seriously read the work of older scholars, R C Majumdar for example, because it used to be fashionable to routinely dismiss them as 'reactionary'. A studious silence was also maintained about scholarship that was contrary to the ideas of powerful 'left' historians. None of us had any illusions that the history we were taught as part of the official curriculum was tailored to a significant extent by larger agendas".¹³

The functioning of the ICHR through the 1970s and the 1980s was in marked contrast to the functioning of the Indian Council of Social Science Research, a publicly-funded body set up at about the same time and housed in the same building at 35, Feroze Shah Road. This sharing of office space should not obscure the differences. Thus the activities of the ICHR were centralised in Delhi. It was from the capital and by the capital's historians that grants were given out for research, or decisions taken as to which books were to be published or translated. The ICSSR, on the other hand, has functioned in a more decentralised fashion. The bulk of its annual budget goes towards maintaining a chain of research institutes spread across the country. Some older centres, such as the Gokhale Institute and the Centre for Study of Developing Societies, were adopted by the ICSSR; but numerous new centres were also set up. The choice of centres was mindful of regional balance. Almost all the states of the union now have a functioning social science institute, whose funding is typically shared between the ICSSR and the respective state government.

A second difference, not unconnected to the first, is that the ICSSR has never been dominated by any particular cabal. The institutes in different states have scholars of all political persuasions, including those who are non-political and anti-political. Even at the apex, the officers in control have been representative of the wider trends in Indian scholarship. Among the member-secretaries of the ICSSR have been

T N Madan, who is sceptical of Marxism; R Radhakrishna, who like most economic theorists does not have strong political preferences; and D N Dhanagare, who is moderately left-wing: that is, pink without being red. (All three are highly capable and respected scholars.) The roots of this constructive Catholicism are to be found perhaps in the person of the council's first member-secretary, J P Naik, a man of great integrity who respected good scholarship wherever and by whomever it was done. From the top, the ICSSR was constructively guided by its early chairmen, who included D R Gadgil and that other fine liberal scholar, M S Gore.

A third difference is that the work of the ICSSR has been far less ideological. The Marxists in the ICHR laboured hard to put forward their interpretations of Indian history while suppressing rival interpretations. By contrast, the work of the ICSSR institutes has been concerned with the social and economic life of contemporary India, with practical questions of health policy, agricultural production, industrial growth, the social implications of development, and the like. This focus on careful empirical research means that both methods and conclusions have been less likely to conform to a prior ideology.

Finally, the academic record of the ICSSR has been altogether more honourable. In terms of both quantity and quality its scholarly output has far exceeded that of its sister institution. Thus the Centre for Development Studies in Thiruvananthapuram has produced an impressive series of books and reports on different aspects of the Kerala 'miracle'. The Madras Institute of Development Studies has done important work on irrigation and land relations. Among the contributions of the Centre for Social Studies in Surat are studies of rehabilitation and of the causes and consequences of plague. The Centre for the Study of Developing Societies has done pioneering research in the sociology of science and on electoral behaviour. Calcutta's Centre for the Studies in Social Sciences has made a mark with its analyses of the political culture of modern Bengal. The faculty of the Institute of Economic Growth have undertaken solid empirical research in the fields of demography, macroeconomic policy, gender and development, water management, and environmental economics.

The record is certainly uneven. There are some centres that are clearly below par. Every centre has its share of permanent

faculty who collect their salaries and do little else. But all told, the ICSSR as it existed from 1975 to 1995 (or thereabouts) brought credit to scholarship and to liberal values. Tragically, the distinctions between the ICSSR and the ICHR have been inadequately recognised in the debates sparked by the attempted saffronisation of research institutions. This inability to distinguish between the two in terms of ideology or intellectual quality has been shrewdly seized upon by Murli Manohar Joshi and his ilk. Since the ICHR was manifestly Marxist and unproductive, they insinuate that the ICSSR was Marxist and unproductive too.

Somehow, the terms of the debate have been so set that this conflation of the ICHR and the ICSSR is now taken as axiomatic. I rather suspect that it is not only M M Joshi who has a vested interest in this conflation. So do the Marxist historians who have benefited directly from the mismanagement of the ICHR. As the education minister makes his advance they can raise the cry of 'liberal scholarship in danger'. They seek to ally themselves with the now also-beleaguered ICSSR, to thus build a 'united front' against saffron domination.

However, the BJP is now doing only what the left did earlier: place its own favoured intellectuals in strategic positions of power, using the state in promoting partisan propaganda in the guise of 'history'. One is tempted to suggest that in this respect at least Murli Manohar Joshi is a Leninist. Or at least an Althusserian. He well understands the significance of 'ideological state apparatuses'. He knows that education and culture are the key sites whose commanding heights must be quickly claimed when in power and not easily vacated when out of power. This is a lesson that he has been taught by the Marxists.

The relation between politics and intellectual work is admittedly a complex one. Should scholars never collaborate with the state or never accept government funds? In a poor country with a parsimonious capitalist class it is only the state that comes forward to support education and research. Even in the rich countries of the north Atlantic world the government has often been the main sponsor of universities and laboratories.

There are no easy answers. But some discriminations are possible. First, one must distinguish between funding and control. State funds are acceptable if they do not interfere with intellectual and institutional

autonomy. They are not acceptable if they come with strings attached, where politicians wish to direct the content of curricula, the process of recruitment of students and faculty, or the direction of research.

A second distinction is between expertise and ideology. Scientists and (to a lesser degree) economists tend to think of themselves as non-political 'experts'. Should a soil scientist asked to help the government stem erosion refuse because she or he dislikes the party in power? Should an economist asked to advise on exchange rate stabilisation be dissuaded to accept because of the personality of the finance minister? Perhaps it is possible to identify realms of expertise where politics, in the narrow sense, should not really matter. When a set of focused technical skills are being called upon, there should be little fear of the scholar being morally compromised by working with a state agency.

In a different category fall government assignments in the 'soft' sciences, in anthropology or history for example. Would not a scholar asked to draft a cultural policy - for the government be subtly dictated to by the particular idea of India subscribed to by the party in power? Would not a history of India commissioned by the government necessarily involve some trimming to accommodate the particular versions of the past that the minister or his party seek to promote?

In the past, left-wing scholars were willing to serve on government committees that laid down guidelines for textbooks or actually wrote them. This they did even when the intentions of the party in power and the education minister were less than honourable. Helping the state write textbooks was then justified on the grounds that it was necessary to combat 'communal' forces. Doubtless those scholars who are now playing along with M M Joshi console themselves that they are helping thwart an 'anti-national' threat.

Fierce political opponents though they may be, intellectuals of red and saffron hues often practise the same methods. Both are willing to use the state as well as specific politicians instrumentally. Both tend to equate scholarly worth and scientific truth with ethnic background or cultural affiliation. A spokesman for the dalit-bahujan intelligentsia has recently claimed that "most of the social anthropological studies done in the post-independence period... operated in defence of the brahminical Hindu spiritual fascism".¹⁴ He reaches this

conclusion on the basis of the caste origin of some leading sociologists, rather on a considered examination of their work. This scholar is the ideological mirror image of the saffron ideologue who would dismiss research that is incompatible with his worldview as the product of 'western deracinated intellectuals' or 'pseudo-secularists'.

The intellectuals who adhere to the identity politics of the left and right presume to speak on behalf of larger cultural collectivities: dalits and bahujans in the one case, Hindus in the other. These collectivities are seen as having been historically victimised: by brahmins and other high castes in the one case, by Muslims and other 'foreigners' in the other. Scholars who set themselves up as representatives of the persecuted Hindu or the suffering bahujan are quick to dismiss understandings that diverge from their own as illustrations of bad faith. In contemporary India, intellectual discourse has in this striking respect followed public discourse, namely, that disagreement is increasingly sought to be explained in terms of motivation and ideology, rather than method and evidence.

VI

Who, Now, Is An Indian Liberal?

Some years ago, a friend remarked to me that 'there are only three liberals left in India. These are the sociologist Andre Beteille, the historian Dharma Kumar, and the editor and author George Verghese'. Perhaps he exaggerated the problem. Perhaps by 'India' he actually meant the 'India International Centre'.

Still, there is little question that Indian liberals are an endangered species. They once dominated the intellectual landscape. Over the years, the middle ground they occupied has been rapidly vacated, as younger scholars choose to ally rather with extremities of left and right. The process of polarisation has been aided by the two major controversies of contemporary India: the battle over the Babri masjid in Ayodhya, and the battle over the recommendations of the Mandal Commission.

A properly liberal position would have implied opposition to the Sangh parivar's Ayodhya campaign coupled with opposition to the recommendation of the Mandal Commission. For liberals seek to limit the influence of caste and community on the state and in civil society. They also reject

policies that would make individuals - Muslims in one case, upper castes in the other - suffer painfully for injustices that might (or might not) have been committed by their forefathers.

In point of fact, there have been few takers for the anti-mandal, anti-mandir position. Indian scholars and writers divide themselves almost equally into a pro-mandal, anti-masjid camp, and, on the other side, into an anti-mandal, pro-mandir camp. Some scholars who oppose the demolition of the Babri masjid on the grounds that one cannot right historical wrongs are quite prepared to overlook this principle in the case of Mandal. Other scholars, who argue that the expansion of reservation would affect the functioning of institutions, were nonetheless prepared to silently support the forces of Hindutva, claiming that behind its fanatical facade a movement of national renewal was gathering force. These are then the illiberal banners under which Indian intellectuals have increasingly chosen to march: caste hatred and Hindu pride.¹⁵

At the height of the Ayodhya and Mandal controversies, circa 1990-92, a whole array of reputable scholars abandoned their liberalism for the blinkered polarities of right or left. I think for example of the late M N Srinivas, who might have been expected to come out more clearly against the Ram Janmabhoomi movement. I think also of Rajni Kothari, who might have been less willing to hail the expansion of reservation as the harbinger of an exploitation-free Utopia.

Numerous lesser - or lesser-known scholars - have followed Kothari and Srinivas in this flight from liberalism. The left-leaning among them now thinking that poverty has endured because they mistakenly believed that class, rather than caste, has been the chief determinant of social inequality. Atoning hugely for this error, they now hope that reservation, and reservation alone, will transform India. On the other hand, liberals inclined towards nationalism have come to believe that India has stayed backward because it is not, in a cultural sense, united. Only Hinduism, they argue, can provide the glue of unity so necessary for success in the world of competitive nation-states.

Despairing of change through incremental methods, erstwhile liberals have thus found comfort in the methods and rhetoric of extremism. Perhaps they have been pushed to the extremes also by the need to stay 'relevant', to keep in step with now

seem to be the dominant politico-intellectual trends in India. These are what I have called 'the identity politics of the left' and 'the identity politics of the right'. It is between these two tendencies that the younger generation of Indians are asked to choose.

If nothing else, the historical retrospective that I have provided here might explain why there is no portrait of Gokhale displayed in the Senate Hall of the University of Pune. Tilak and Savarkar, as culturally rooted Hindu nationalists, are natural candidates for promotion by the right. Ambedkar and Phule, as organic intellectuals and activist social reformers, fit the bill for the left. Now Gokhale is as considerable a figure as any of the others. But, as a liberal, he has no interest group that is sufficiently strong or organised enough to advance his case.

I am not proposing here a naive or simple equivalence between left and right. There is no question here as to which is the greater threat. Golwalkar and Savarkar cannot ever be compared to Ambedkar and Marx. The latter pairing have contributed enormously to intellectual enquiry and social emancipation. The former pairing have contributed largely to the deepening of atavistic prejudice.

Still, an open-minded enquiry cannot ignore the threat to liberalism from either side. For Indian liberals have been steadily squeezed out by the identity politics of the left as well as right. The decline of this once dominant tendency has already affected the quality and temper of public debate. The long-term consequences are worrying. The disappearance of liberal values will mean an erosion of the institutions of civil society, a shrinking of the space for dissent, and a rise in the politics of retribution and revenge. No just means, and certainly no just society either.¹⁶ 323

Notes

[This essay has wholly modest aims. It is suggestive and indicative rather than authoritative and comprehensive; one person's preliminary sense of what have been some trends and landmarks in the history of intellectual life in India. To quote the late Arvind Narain Das, this is 'a history without footnotes': at any rate, with very few footnotes. Another caveat: what I have to say here is provoked by my reading of social science and history (principally modern history). Disciplines such as Indology and literature lie outside my purview.

This essay was written before the passing away of Dharma Kumar, an outstanding Indian liberal

and, to this writer, a friend and companion for 40 years. I dedicate the essay to her memory.]

- 1 Brelvi, writing in the *Bombay Chronicle*, May 20, 1926, quoted in Milton Israel, *Communications and Power: Propaganda and the Press in the Indian Nationalist Struggle, 1920-1947*, Cambridge University Press, Cambridge, 1994, p 239.
- 2 Berlin, *The Sense of Reality: Studies in Ideas and their History*, Farrar, Straus and Giroux, New York, 1996, p 260.
- 3 DF Karaka, *Betrayal in India*, Victor Gollancz, London, 1950, p 217.
- 4 AM, 'Calcutta Diary', *Economic and Political Weekly* (hereafter EPW) April 28, 2001. AM's comments can be usefully contrasted with Vidya Pitre, 'Relevance of Gadgil's Economic Thought', EPW, July 7, 2001, and especially with the fine tribute printed in this journal immediately following Gadgil's death in 1971: V M Dandekar, 'D R Gadgil', EPW, May 8, 1971.
- 5 Ashok Rudra, *Prasanta Chandra Mahalanobis: A Biography*, Oxford University Press, Delhi, 1996. Moreover, a philosophical adherence to Marxism or socialism can happily coexist with personal bossiness. This was true of the great Marx himself, and it has certainly been true of many of his epigones. Indeed, in their attitude to their students and subordinates, some of the most 'feudal' of Indian intellectuals have been Marxists from Bengal.
- 6 Sunil Khilnani, *The Idea of India*, Hamish Hamilton, London, 1997, pp 83-84.
- 7 The Lucknow school has been ably discussed by T N Madan in his essay-collection, *Pathways: Approaches to the Study of Society in India*, Oxford University Press, New Delhi, 1994. Some of the other trends in Indian scholarship in colonial times will be treated in the volume on the history of sociology and anthropology currently being prepared at the Institute of Economic Growth under the direction of Patricia Uberoi, Satish Deshpande, and Nandini Sundar.
- One place where there seems to have been little good scholarship in the humanities before 1947 is south India. This lack awaits further exploration, but I can suggest a working hypothesis: that it was related to the intellectual hegemony of Tamil brahminism, with its penchant for abstract rather than empirical thought, and hence its preference for physics and mathematics over (say) history and economics.
- 8 Nehru, *An Autobiography: With Musings on Recent Events in India* (first published in 1936; second edition, 1942; reprint, The Bodley Head, London, 1949), p 30.
- 9 The rise of intellectual Marxism in India can be traced through the pages of this journal. It is my hunch - that awaits testing by more systematic research - that the *Economic Weekly* of the period 1950-1965 would have carried far less explicitly Marxist analyses than the *Economic and Political Weekly* of (say) 1970-1985.
- 10 I have explored these two sides of Indian Marxism in *An Anthropologist Among the Marxists and Other Essays*, Permanent Black, New Delhi, 2001.
- 11 Mukherjee, 'Clio is an Anarchist', *The Telegraph*, February 26, 2000. The ICHR's finest - or at least discreditable - phase was when Ravinder Kumar was its chairman. Unlike the Stalinists who preceded and followed him, Kumar was a liberal who encouraged young and independent-minded scholars.
- 12 Sen, 'History and the Enterprise of Knowledge', *The Hindu*, January 4, 2001.
- 13 Nayanjot Lahiri, 'History and Realpolitik', *Hindustan Times*, September 4, 2001, emphasis added. In the same essay, Lahiri also shows how the Marxist practice of labelling thinkers and approaches as 'progressive' and 'reactionary' or 'colonialist' and 'nationalist' has acted as a barrier to historical understanding.
- 14 Kancha Ilaiah, 'Caste and Race: A Suffocating Nation', paper presented at the Seminar on Racism, Racial Discrimination, Xenophobia and Related Intolerance, National Law School of India University, Bangalore, August 3, 2001.
- 15 Here, I would like to underline and affirm Andre Beteille's distinction between reservation as justice and reservation as power. Reservations for the dalits and scheduled tribes are an acknowledgement of horrendous and continuing discrimination, whereas reservation for backward castes is aimed to complement, in the administration, the power they already enjoy in politics and in the agrarian economy. Another point made by Beteille also needs emphasis: the quantitative extent of reservations. To allocate one-fourth of all jobs in a hospital or all seats in a college on the basis of caste might not seriously affect the institution's functioning; whereas the allocation of half and two-thirds of jobs and seats is more likely to. See Beteille, *Chronicles of Our Time*, Penguin India, New Delhi, 2000.
- In this context, it is not commonly known that Ambedkar himself wanted reservations for a strictly limited time period. He would hardly have approved of the now almost-maniac desire to make reservations permanent, or to extend them to all kinds of groups and to newer and newer spheres (such as the private sector).
- 16 For comments on an earlier draft I am grateful to Rukun Advani, Alka Malwade Basu, Kaushik Basu, Andre Beteille, Madhav Gadgil, Sujata Guha, Mukul Kesavan, Sunil Khilnani, Nayanjot Lahiri, Pratap Mehta, and Jedediah Purdy. Doubtless many loose ends remain, and I will be grateful for any critical responses, which can be sent to me at ramguha@vsnl.com