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Institute of South Asian Studies
National University of Singapore
29 Heng Mui Keng Terrace
#08-06 (Block B)
Singapore 119620
Tel: (65) 6516 4239 Fax: (65) 6776 7505
www.isas.nus.edu.sg
<http://southasiandiaspora.org>



Governance in India: Political Order, Accountability and Public Service Delivery¹

The resilience of democratic governance makes India an exception to the rule among transitional societies. We argue in this paper that this puzzle is best explained with reference to the innovative character of India's political system and process which combines order-making institutions with those ensuring accountability and public service delivery. The capacity for appropriate institutional arrangements and political innovation draws on the process of institutional innovation that connects modern politics in India to its classical roots. This gives the Indian political system its coherence, authenticity and legitimacy.

Subrata Kumar Mitra and Taisha Grace Antony²

The resilience of the Indian state and the enduring character of democratic governance come across as distinctive of Indian politics in cross-national comparisons of transitional societies.

¹ The paper draws on findings presented at the Silver Jubilee Conference of the Asian Development Research Institute (ADRI, Patna), 24-27 March 2017, and the workshop on 'Governing India' at Heidelberg University, (Heidelberg, Germany), 7-8 May 2017. The data on which the paper is based, are drawn from Subrata Mitra and Harihar Bhattacharyya, *Regional Governance in India* (Singapore: World Scientific; forthcoming). The authors would like to thank Harihar Bhattacharyya, Vinod Rai, Antony Jacob and Hernaikh Singh for their helpful suggestions. The institutional help from the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore, is gratefully acknowledged.

² Professor Subrata Kumar Mitra is Director and Visiting Research Professor at ISAS. He can be contacted at isasmkr@nus.edu.sg. Ms Taisha Grace Antony is Research Assistant at ISAS. She can be contacted at isasatg@nus.edu.sg. The authors bear full responsibility for the facts cited and opinions expressed in this paper.

(Lijphart 1996). This is puzzling. Equally puzzling is the fact that, within the overall stability of the Indian political system, there should be so much variation across regions and localities in the scale of governance. However, even then, there one notices a surprising dynamism. More often than not, having reached the brink of a precipice, the political system bounces back to an equilibrium. Underneath turbulences, there exists a hard bedrock of institutional arrangement and a political process connecting both of them which account for political stability. Instead of attributing this deeper causality to the *exceptional character of Indian culture*, we have looked for a general explanation based on an empirically verified deductive model. (Mitra 2005).

Based on past work (Mitra 2005, 2011, Mitra and Singh 2009) and current research,³ this working paper series picks up from where the earlier model left off, and moves the level of analysis one step below the macro-state and locates it at the level of India's regions. The three states selected for the empirical analysis are Bihar, West Bengal and Tripura. Of these, the first two formed part of the previous project. The third has been added in order to introduce some variance into the data base, as Tripura, being a north-eastern hill state, adds some special features into the analysis of the impact of regional governance on state resilience. The three states have been selected for analysis as, for reasons of their own, each state represents a 'difficult' state in India, making an analysis of regional governance in each state unique and crucial to understanding the dynamic nature of India's federal units.

The extension of the earlier general model (Mitra 2005) to the regional level calls for an explanation. The temporal gap of a decade between the current work and the past analysis offers both a challenge and an opportunity. As one looks at governance in India over the past decade in terms of the parameters underlying governance, one is confronted with a world that is vastly different from the one that preceded it. Today, with vastly more autonomous regions, and a far more alert and active civil society, competitive electronic media and new technologies of mass communication, socially engaged regulatory mechanisms, coalitional bargaining between the Centre and the states in a federal system where the same party might form part of both governments even when they are locked in a contest of wills, and corporate governance

³ The research on which this paper is based draws on a project on comparative regional governance in India, the findings from which would be published in Subrata Mitra and Harihar Bhattacharyya, *Politics and Governance in Indian States: Bihar, West Bengal and Tripura* (Singapore; World Scientific, forthcoming, 2017).

replacing the welfare state on the retreat, the received wisdom about what kept India orderly and together needs to be revised significantly.

The preliminary findings suggest a number of explanatory factors that account for productive regional governance in contemporary India. These include effective elite recruitment, including from among the ranks of anti-state insurgents; effective federalisation, leading to empowerment and enhanced accountability of regional units, and the creation of new states; consociational democracy; liberalisation of the economy backed up with effective corporate governance; and regional governance where the government moves away from direct responsibility for production and distribution and focuses instead on regulation. These are part of the explanation for the larger puzzle of state resilience in India.

The Indian Context

India is among a small minority of post-colonial states which have sustained an orderly political process and democratic transition of power from the founding generation to new leadership following independence. However, despite the overall political stability and democratic governance, when one shifts the focus of analysis to the constituent states of India, one gets a contrasting picture. To those unfamiliar with the minutiae of India's domestic politics, scenes of rampaging crowds, armed secessionist movements in India's north-east, insurgency in Kashmir, Maoist violence in several states, particularly Bihar, Jharkhand, Andhra Pradesh, Madhya Pradesh and Odisha, and inter-community riots must come across as puzzling in view of the overall stability of the Indian state. This raises several questions: Why does governance vary from one state to another? How does India cope with these challenges to governance? Which policies and administrative and legal structures promote governance? How have India's new social elites – many of whom started their political careers as rebels – eventually turned into stakeholders and become agents of law and order? What general and cross-national inferences can be drawn from the Indian case?

Model, Measurement and Hypotheses

Governance is not a directly observable phenomenon. One discovers it by its absence. Governance is low when taxes are not paid, money is skimmed off from the public account into corrupt deals or rules are tampered with for the benefit of kin and cronies, and there are rule violations such as murder, riots, or violent clashes between groups, crowds and between people and the state (Mitra 2005). While measuring governance through statistical indicators has been the standard practice, the perception of orderly rule by inhabitants or key stakeholders has also emerged as an important method of ranking states in terms of levels of governance. Based on fieldwork in India, the earlier project drew on a neo-institutional, rational choice model of state-society relations.⁴

The operationalisation of the concept of governance in Mitra (2005) builds on the general understanding of governance as the rule of law (Huntington 1968, Kohli 1990, Baldwin 1995). Governance is high when life and property are secure, the wielders of power are perceived as fair and just, taxes are paid and the laws and policies are implemented by state functionaries and obeyed by the populace. This applies to complex societies with elaborate written constitutions, judiciaries and bureaucracies as well as to simple political structures operating on the basis of informal but binding rules. In a more technical language, governance refers to the predictability of rule-bound transactions, rule implementation and adjudication within a political system.

For the purpose of constructing a formal model of governance, we shall assume that rational individuals will be governed if – and only if – they find being governed is worth their while, that is, they can expect to gain more by following the rules than by breaking the rules, when the expected utility of lawful transactions is higher than that of unlawful transactions. Governance is high when the rules are explicit, transparent, constitutional, comprehensive, and obeyed. Governance can be measured at two levels: (a) through the perception of actors (measurable through attitudinal scaling and survey research); and (b) through second-order measurements of the consequences of low governance leading to violent deaths, public disorder, loss of property through public unrest, loss of man-days in illegal strikes, riots,

⁴ The research was conducted in six Indian states, supplemented by in-depth interviews with 150 regional elites, and an opinion survey of the Indian electorate. (Mitra 2005).

corruption, tax dodging and electoral fraud. These secondary effects of low governance can be measured through aggregate data.

This abstract model can be illustrated with the analysis of political transaction at its most elementary level in the form of a two-person, non-cooperative game.⁵ The pay-off matrix presented in Figure 1 depicts the alternatives available to two political actors (political in the sense that they are capable of constructing strategies to reach their objectives), each of whom has the choice of getting on with the transaction at hand according to the rule, or, of trying to maximise his expected gain by breaking the rule. For the sake of simplicity, we shall assume symmetry. Sharing the produce of a piece of land by two actors might be a good concrete example. The produce of the given piece of land is a definite sum. For simplicity, we shall assume the total value of the pay-off to be shared is $2K$, where, once again, for simplicity, we assume symmetry, with each player getting K . This makes a constant sum game with one crucial similarity to zero-sum games: a player gets more only when the other(s) get less. The two players involved might cooperate to increase the produce, but their relative shares when the time for pay-off comes are cast in a zero-sum manner: one can get more if the other gets less, by the same amount.

Thus, when both actors obey the rule, each is likely to get K . (For the sake of simplicity, we assume K as a pay-off for each player, but it need not be, because no interpersonal comparison of utility is involved and our objective is to show the likely choice of alternatives for each actor on the basis of his understanding of his expected utility calculus.) For a variety of reasons, however, actor 1 (and 2) might consider breaking the rule worth his while; he may decide to rob the till (or steal from the commonly held cashbox, which would be one of the many forms of corruption), or fudge the rules of transaction in favour of his kin (nepotism). Industrial unrest, riots and political violence are also extreme cases of a failure on the part of the actors to observe the rules of transaction. Rule violation by some actors makes it practically necessary and morally feasible for others to do likewise. Thus, rule violations at higher reaches of the system cascade downwards with a cumulative multiplier effect leading to the breakdown of law and order.⁶

⁵ See Mitra (1999) for further illustrations of this model.

⁶ Rules are crucial to orderly governance. In some cases, actors *endogenise* institutions, which is to say, they adapt rules to local culture, context and structure of opportunities in a manner that contributes to the resilience of the system. In other cases, consistent rule-disregarding can reduce institutions and ultimately the state as a

The situation depicted in the pay-off matrix (Figure 1) suggests a game on the rules of the game – a situation where two rational players (egoistic, expected utility maximisers) who do not have any means of communicating with one another, are considering their options. Each has the choice of (1) following the rule and getting a fixed reward K or (2) breaking the rule in order to improve his individual pay-off, for example, by e_i for the first player and e_{ii} for the second. Thus, in an episodic (that is, one-off) play of the game, where both actors, for their own reasons, perceive the e factor as positive, there is enough incentive for each to break the rule, leading to an outcome that will be anarchic, because neither obeys the rule.⁷

Figure 1: Pay-off matrix for a game on the rules of the game

		Player 2		(the minimum that Player 1 can expect from the alternative)
		obey the rule	do not obey	
Player 1	obey the rule	K, K	$K - e_{ii}, K + e_{ii}$	$K - e_{ii}$
	do not obey	$K + e_i, K - e_i$	$K + e_i, K + e_{ii}$	$K + e_i$
(minimum gain for player 2)		$K - e_i$	$K + e_{ii}$	
K	pay-off when the player obeys the rule			
e_i	additional gain to player 1 from breaking the rule			
e_{ii}	additional gain to player 2 from breaking the rule			

Source: Authors' own.

whole, to an empty shell. The literature on rules and neo-institutionalism is vast but the two key references that are crucial to this point are North (1990) and Baldwin (1995).

⁷ These are not the only reasons for breaking rules. When the existing rule and the government upholding it are seen as 'evil' or, symbolically, as a moral affront to the identity of the actor (for example, Gandhi's satyagraha against British rule, Sikh opposition to Indira Gandhi after the army action against the Golden Temple in Amritsar, Punjab in 1984), rule-breaking might be perceived by actors as 'good in itself', in the manner of Gandhi's satyagraha, the courting of 'mass arrests' by Sikh militants in Punjab at the height of the campaign for Khalistan – a separate territorial state for the Sikhs in Punjab – and the familiar rhetoric of Islamic terrorists who assert jihad as a 'goal in itself'.

When one simulates the possible plays of the game, one realises that the bottom right cell is a ‘null outcome’, which is not sustainable because the total gains of both players exceed the total value of the game ($2K + e_i + e_{ii} > 2K$). In the bottom left and top right situations, the two players are trying to cheat each other out of a fair share. However, this will not be a long-term equilibrium position because the players are, by assumption, expected-utility maximisers who would try to outbid each other to get the better of the deal. And so they will end up in the bottom right situation which destroys the game altogether, with both parties getting zero by the way of pay-off. So, good sense, or a benign ruler who punishes rule-breakers by setting e_i and e_{ii} at zero or a negative sum (fines, and other forms of sanctions), will drive the game to an equilibrium at the top left cell.

As we see, the outcome depends on the players’ or actors’ perception of the consequences of following or breaking the rules. Depending on the context, the actors might *perceive* the outcome to be positive or negative for them and, in consequence, hold back from breaking the rules or do so with impunity. That is precisely the reason, as social constructivists argue, why the Prisoner’s Dilemma situation arises less frequently in real life than one might logically expect. Actors, knowing the long-term implications of their own actions that are destructive of institutions, resort to control mechanisms such as ‘self-policing’ and ‘peer pressure’.⁸ This opens up a whole range of options for the decision-making elites, such as calibration of the level and manner of sanctions on the one hand and enhancing respect for rules on the other, to reinforce governance. However, the fact remains that actors sometimes do choose the option to be free riders, (because of short-term utility maximisation, or because of lax sanctions which makes them think that they can get away with it), leading to institutional decay, and anarchy.

The explanation, along the lines explained in Figure 1, helps us build an empirical research agenda that helps calculate the costs and benefits of observing order or disrupting it from the point of view of the individuals. As long as the players see their respective additional gains from rule disobedience as positive, being rational, utility-maximising actors, they will opt for the ‘do not obey’ option. This will create a situation of anarchy under which the guaranteed gains of orderly life (K) will no longer be possible. The precise reason for which rational expected-utility-maximisers do not necessarily end up in an anarchic situation is that, in the

⁸ See Fearon and Laitin (1996) for self-policing, and Varshney (2001, 2002) for inter-ethnic relations as a method of peer pressure leading to governance.

real world, their options are constrained in a variety of ways. These constraints, sometimes drawn from constitutions, social structures, cultural habits or political processes, are crucial for the existence of order, rules and institutions.

The reasoning underlying the pay-off matrix can be specified in the form of the following assertions and hypotheses:

1. Law and order management as an *exogenous* condition of order – a Hobbesian solution – where the state manages to convince rational players that disobedience will be punished, that is, $e_i < 0$, and $e_{ii} < 0$. As such, *the higher the credibility of sanctions, the higher is the expectation of governance.*
2. Social control as an *endogenous* condition of order – a Lockean solution⁹ – which suggests a situation where the two rational players share proximity, knowledge of each other, reciprocity and recursiveness, that is, they perceive the game not as an endgame but as part of an enduring transaction. They can therefore envisage a situation where disobedience of the rule will lead to anarchy in the long run ($e_i < 0$ and $e_{ii} < 0$). This leads to self-policing. The combination of federal and consociational arrangements, creating the right balance between self-rule and shared-rule, can increase governance in divided societies. *Trust, shared norms and social networks that result from such institutional arrangements enhance governance.*
3. Social and economic reform – a *combination of exogenous and endogenous* conditions that produces a situation where the interests of the players are perceived to be effectively accommodated by the rules, where rule-breaking is seen as costly and counterproductive. Hungry peasants will steal: but agricultural workers turned owner-cultivators will protect the crops until they are ripe. *Effective social and economic reforms enhance governance.*
4. The incorporation of new social elites and the creation of new political arenas enhance governance. Incorporation of new interests into a status quo defended by rules makes K

⁹ Rousseau's concept of community can be seen as a solution to the anarchy that potentially prevails in all interpersonal situations. Axelrod has theorised it in terms of some specific empirical conditions. See Axelrod (1984).

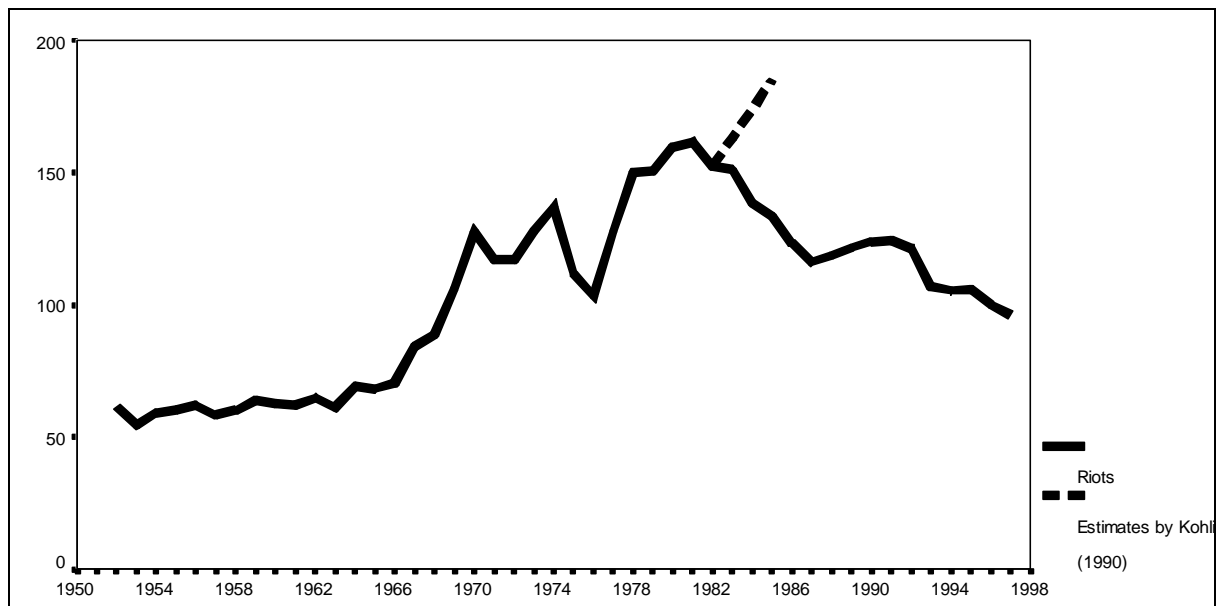
appear sustainable and, in the long run, psychologically more attractive than making a quick buck by breaking the rule, and thus, reduces the value of e .

5. Transforming rebels into rulers enhances governance. In power, the erstwhile agitators usually develop a stake in the status quo. Governance can be improved by converting potential rule breakers into legislators, provided they enjoy political support within the community. Successful and credible electoral democracy turns poachers into gamekeepers. *Institutional arrangements based on the logic of federalism and consociational forms of power-sharing promote governance.*
6. If the rule violates deeply held values and beliefs which the actor considers sacred and non-negotiable, then rule-infraction becomes a good in itself (that is, $e_i \gg K$ or $e_{ii} \gg 0$). Tamil identity in the southern state of Madras was strong enough to 'kill or die for' in the 1950s, but once Tamil identity was constitutionally guaranteed as the basic structure of politics in the region renamed Tamil Nadu (the home of the Tamil people), the political process became transactional. The issue, once that happened, was not to kill or die for the Tamil identity but which group of Tamils would have power. Governance bounces back. Hence, *if the core values and symbols of a society that were contested are constitutionally protected, then governance is likely to be higher.*

New Political Elites, Elite Agency and a Dynamic, Neo-institutional Model of Governance in India

Following independence, India succeeded in achieving a high level of governance compared to the majority of post-colonial states. This record of high governance registered a sharp decline in the 1980s but this decline did not become terminal, bouncing back steadily after reaching the peak in 1985 (Diagram 1). A similar picture of variance can be seen at the level of India's regional states (Mitra 2005). These empirical observations indicate why an analysis of the Indian case offers the opportunity to engage with general and comparative theories of governance, political change and stability.

Diagram 1: Riots in India (1950-1998)



Source: Mitra 2005, based on data derived from Crime in India (Annual) published by Ministry of Home Affairs, Government of India. Kohli's (1990) prognosis is shown in broken lines.

Though the self-sustaining character of orderly competition for power can be described as the principal tendency of Indian politics, there is considerable variation around it. Elections, while free and fair, as a whole, are, sometimes, sullied by electoral fraud and violence; vicious inter-community riots break long spells of high governance. Once again, the historical trajectory of the introduction of the institutions of liberal democracy holds the key to the understanding of this unusual juxtaposition of order and anarchy. In the liberal, democratic states of the West, the nation was formed before the state structure was crystallised. Unlike the Western 'nation-states', in most non-Western societies, modern states came into being once colonial rule was over. However, these states were not ensconced in stable national communities and stable, mature, economies. Nation-building and economic transformation thus became a salient part of the agenda of these nascent state-nations. The institutional buffers and political filters that protect institutions of the state from direct assault by issues of culture and the economy do not exist in non-Western societies. Such is the case in India where riots can break out because of the slightest rumour and discredit the very institutions whose job it is to dispel them. That was the main lesson of Huntington's analysis of political order in changing societies (Huntington 1968). The interesting question here is why this phenomenon of mass mobilisation outstripping state capacity, which often leads to the breakdown of the state, has not happened in India. The impression of impending chaos that one gets from Kohli's early work on the crisis of

governability in India had in its background the turbulent 1980s, referred to in the writings of the period as ‘deinstitutionalisation’, which saw the rise of terrorism in Punjab, insurgency in Kashmir and Assam, and challenges to the modern secular state from religious fanatics. This trend found an echo in Kohli’s forecast of increasing disorder. However, the predictions have not come true (Diagram 1). What explains the hiatus between prediction and reality? Liberal institutions have followed a different historical trajectory in India compared to Western societies.¹⁰

In India, popular democracy, rather than following the transformation from feudal rule to industrial revolution and eventually egalitarian society, has preceded it (Mitra and Singh 1999). The analysis undertaken here explains this puzzle in terms of a ‘neo-institutional’ model – one which derives the rules of transaction as much from the modern state as from the traditional society – of the role of India’s new social elites in state-society interaction where elite agency, based on policies that safeguard order, welfare of the masses and their core political values, is able to deliver legitimate orderly rule.

A liberal democratic theory of governance (March and Olsen 1995) holds that the probability of the breakdown of law and order is low in a situation where political parties and pressure groups, capable of articulation and aggregation of political demands, act as intervening structures between the state and society. The state and the constitution within which such societies are embedded provide an overarching framework, which acts as a political framework for the competition, collaboration and occasional conflict of the concerned actors. Elite agency, at the helm of a government which is sensitive to social demands and where the bureaucracy effectively implements public policies and protects law and order, can act as a catalyst for orderly change in a transitional society. In terms of comparative conflict resolution, Huntington (1968, p. 55), and Gurr (1970) explain why the political process becomes problematic in changing societies where rapid economic and social change combined with inadequate institutionalisation and parties with narrow social base can lead to violent protest, crisis and decline of legitimacy. This causal link can be specified in the form of the Gurr-Huntington

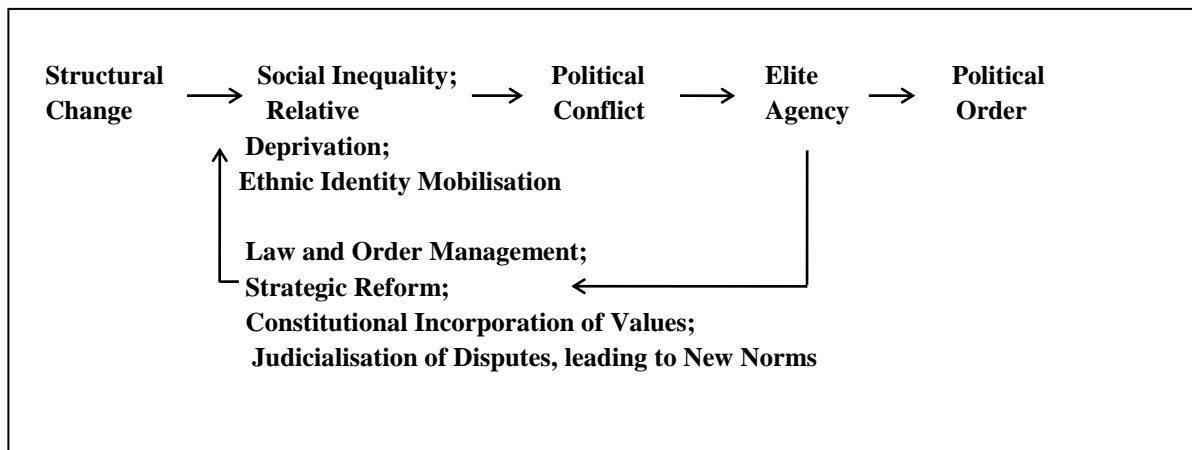
¹⁰ In consequence, Indian developments are not adequately explained by models that consider democratic governance as an outcome of class conflict where a victorious bourgeoisie, drawing its political momentum from the industrial revolution, establishes a shared interest in terms of rules of transaction that respect the rights to property and participation (Moore 1966, North 1990).

‘polarisation’ model that has become a folk wisdom for comparative politics, predicting disorder in changing societies that choose the democratic path.

Political stability in the locality and region in post-independence India was sharply challenged by socially marginal groups empowered by competitive electoral mobilisation. According to Kohli, during the decades since independence, vertical patterns of fealty were eroded and new social groups entered the political arena. Without conflict-resolving institutions, this led to an increase in political violence. The problems of governance arose from the fact that the highly interventionist democratic state in India got overloaded by various group demands. Factors such as effective initiation and implementation of reform and law and order management which enhance governance can be specified in terms of the model presented in Figure 1. Political institutions, as interfaces of society and state, can play a crucial role in this context (March and Olsen 1984). This concept alerts us to the crucial room to manoeuvre that institutions can provide the new elites with. Further dynamism is added to the model by leaving open the criteria of legitimate political action to political actors at the local and regional levels. The response of the decision-making elites to crises through law and order management, strategic reform and redistributive policies, and constitutional change in order to give legitimacy to contested, embedded values, acts as a feedback loop that affects the perception of the crucial variables by people at the local and regional levels. These ideas are captured in the model (Figure 2).

Compared to the models of politics in India derived from structural-functionalism or Marxism, the model in Figure 2 introduces the additional parameters of policy responsiveness. The perception by local actors of accountability on the part of elites at the next higher level with whom they can identify lowers the temptations for breaking the law. India’s significant achievement in the area of positive discrimination which has successfully severed the cultural and economic links between caste and occupation, and legislation which whittled away social privilege, bear ample testimony to the change that has come about democratically. When elite initiatives result in redistributive policies and constitutional change, they lead to the reduction of perceived inequality and accommodation of normative issues such as that of group identity. Once abstract issues like values and identity are incorporated into the constitution through appropriate changes in the rules of the game and creation of new arenas, politics within the reconstituted units reverts back to the everyday politics of conflict over material interests.

Figure 2: A dynamic neo-institutional model of democratic governance



Source: Mitra (2017). *Politics in India: Structure, Process and Policy*. Routledge: London.

Following from the above discussion, a neo-institutional model of political stability should incorporate at least four parameters: a bureaucratic state machinery that combines policy responsiveness and law and order management; contribution to agenda setting by local protest movements; political elites using two-track strategies that combine both institutional and non-institutional modes of action (Mitra 1991); and constitutional change as a political resource. This model, which approaches the problem of challenges to political stability, distinguishes itself from the structural-functional approaches because of its methodological individualism, the incorporation of rules as an endogenous variable and the specification of cultural and historical contexts as exogenous constraints that account for the bounded rationality of the actors.

Once we conceptualise the political process – law and order, policy making and constitution – as an explanatory variable, the empirical analysis reveals a number of interesting factors, including civil disobedience, riots, caste and tribal conflict, insurgency and terrorism. What unites these rather disparate acts is the fact that the government is invariably a key player at which the agitation is aimed. Underneath the challenge to the government of the day there usually lurks a political agenda which wholly or partly questions the legitimacy of the established authority and institutions of the state. For that very reason, the articulation of such demands takes place outside conventional political institutions. In a broader sense, thus, the agents responsible for ‘governability crisis’ are political actors – a status that the representatives of the state resolutely try to deny them until they cannot do so otherwise.

In a case of successful transaction, competing elites choose their options in a manner that maximises benefits and minimises costs of transaction, negotiate on the basis of a complex repertoire that combines instruments of rational protest with elements of participation such as contacts with higher-level decision-makers, lobbying, voting and sending petitions.

The Pluralistic Nature of the Indian State

According to Lijphart (1996), while India has been a major deviant case for consociational (power-sharing) theory with its deeply divided society and mainly majoritarian form of democracy, the country has nevertheless been able to maintain its democratic system. The tendency of reconciliation of conflicting interests and reciprocal compromises is inherent in Indian politics, as no social group or party can claim an absolute majority in the country. The dominant Congress system, which was in place since the early days of the freedom struggle in India, evolved a built-in mobility for upward movement from within the system. This tendency manifests itself today in a plethora of parties and among the Indian political elite who contest power and influence in the political space and are obliged to form coalitions (Juergenmeyer 2003). Coalition governments among ideologically distinct political parties and affirmative action are symbolic of the consociational devices adopted by India for dealing with diverse conflicts within the society. However, while Indian democracy has upheld a perfect consociational system during its first two decades, following this period, some of its power-sharing elements have weakened with the decline of the Congress organisation and the weakening of the federal structure with the centralisation of power in the post-Nehru leadership, mass mobilisation and activation, attack on minority rights and the rise of militant Hindu nationalism (Mallick 2013).

Consociational democracy has been established in India because factors of power-sharing are favourable in the country. Along with there being large-scale disparities in India among linguistic and religious groups, India's Hindu majority is also extremely divided, and without any clearly dominant groups, the minority groups achieve a rough balance of power. Weiner contends that India's success in sustaining democracy despite growing tensions and violence can be explained, first, in terms of its federal system, and second, in terms of the size of the country, which means that much of the conflict remains localised and does not directly

endanger the central authority. Weiner's second argument suggests that the relationship between size and the chances for power-sharing is curvilinear; as size increases, conditions for power-sharing worsen initially (Lijphart 1996: 263). Other important factors contributing to the consociational form of power-sharing that exists in India include the fact that external danger promotes national unity and reduces narrow loyalties; geographical concentration of linguistic minorities also promotes linguistic federalism (Mallick 2013). It must also be kept in mind that democracy itself has the power to transform potential regime change into party change.

The extremely pluralistic nature of the Indian state itself has the recipe for its continuance, reinforcing its hallmark, 'unity in diversity'. The overbearing diversity makes it impossible for any single constituent unit or a few of them together to cause an implosion strong enough to disintegrate it. It is often the Union and the Central institutions that help manage the tensions and disputes between the states. The overbearing might of the Indian state could be unleashed to hold back disgruntled elements within the federation. The logic is: 'if swimming against the current is convincingly futile, it makes sense to swim with it and salvage the crump'. The 'transformation of the rebels into rulers' is also one of the inevitable outcomes of this realisation. The ultimate strength of the federal institutions, including the ones for enforcing state power, also is latent in the gross diversity its structures manifest. Starting with the backward castes' mobilisation during the freedom movement, the strong communist movement of the forties and the fifties, the Naxalite movement in the later years and the backward classes upsurge in the late eighties and nineties, everyone had recognised the capacity of the Indian state to crush any activity to undermine it from within, even when such elements enjoyed the support of external forces. Partly this is a reflection on the strength of Indian democracy as it leaves scope for all these alternatives to be played out in the electoral arena.¹¹

Partial Results of Empirical Investigation

Instead of looking at the full range of empirical findings, which is not possible within the framework of this analysis, we shall present only the results of a multiple regression of a survey

¹¹ Personal communication by Dr P J Antony, Director, Lok Sabha Secretariat, India. 16 June, 2017.

of the Indian electorate (Mitra 2005), with the ‘perception of law and order’ as the dependent variable¹² and questions pertaining to security (the perception of law and order management), agency (the sense of well-being resulting from social and economic reform) and identity (mainly harmony and trust) as independent variables (Table 1).¹³

Though, with an adjusted R^2 of only 11%, the model leaves a substantial part of variance unexplained, the regression coefficients, comparable with one another in view of the fact that they are standardised, help us establish the outer contours of an ‘Indian’ model of governance. The three key explanatory variables, namely security, agency and trust, recommended by elites as important, emerge out of these results as the key factors that underpin governance in the perception of the national electorate.

Table 1: Impact of culture, context and structure on the perception of governance (regression coefficients of security, agency and trust, standardised beta weights)

Independent variables	Regression coefficients
Bihar	-.07**
Gujarat	.03**
Maharashtra	NS
Punjab	-.01**
Tamil Nadu	.01**
West Bengal	-.07**
Muslims	-.03*
Female	NS
Education	-.03*
Age	NS
Dalits	NS
Relative deprivation	.13**
Police attitudes humane	.10**
Membership in parties, associations. etc.	NS
Parties are important	.03**
Vote has effect	NS
Approval of democracy	NS
Harmony scale	.10**
Minority scale	NS
Violence scale	-.02*
Accommodation scale	NS
Trust scale	.13**
corrected R^2	.11

* Significant at .05, ** significant at .01 or less; N = 10,000

Source: Mitra 2005.

¹² The survey question used for measuring the perception of governance was: “In your opinion, has the state of law and order over the past five years become better, remained the same or become worse?”

¹³ For survey questions to measure the perception of these explanatory variables, and the socio-economic background of the respondent, see Mitra (2005). The state where the respondent was located was also given the role of an explanatory variable, and introduced into the model with the use of dummies. These helped tap the contribution of the regional context to overall perception of law and order.

Thus, with a coefficient of .13 (with a high level of statistical significance), those who do not have a sense of ‘relative deprivation’, that is, people who have benefited from the developmental policies of the state, or have done well regardless, who see the future of their children as better than the lives they have led, who have a sense of doing better than the past, perceive governance to be higher.

Equally important both in terms of the strength of association and significance, is the contribution of institutional trust to governance. At a slightly lower level of strength of association, but just as likely to be a ‘true’ relationship for the population, is the association between the perception of the police as humane, indicating the strong role of law and order management in governance. The strong and significant coefficient of inter-group harmony also indicates the role of perceived social harmony as a factor causal to governance. The positive contribution of parties, signifying the role of agency, and the negative contribution of violence are other findings that help us give a more concrete shape to the core considerations of the mass electorate, ‘consumers’ of elite policies of governance but also their authors, in view of their strong sense of agency.¹⁴ In an indirect way, this also testifies to the robustness of India’s multi-party democracy, which both brings private grievances into the public sphere and yet, stops them from spilling over into anti-system behaviour because of the internal mechanisms and institutional arrangements of governance.

Context matters. From Table 1, one can see that the location of the respondent in both Bihar and West Bengal contributed negatively to the perception of governance. Each political arena is both a consumer and producer of the knowledge of governance. Since independence, India’s national, but even more important, the regional laboratories of governance have been busy adapting themselves to the knowledge-flows from above and below, moulding received ideas to local contexts, manufacturing new ideas about institutional arrangements and communication processes. Successors to an alien government which had sought and found a source of legitimacy in utilitarian concern for the use of power to enhance the common good and in its inimitable mix of repression and accommodation, these new rulers, guardians and

¹⁴ Around the ‘core’ explanatory variables are also others such as harmony or ‘vote has effect’ which emerge as not significant. This is not to say that they do not play a role, for in fact they do, when their effects are measure in multiple correlations. However, in a regression model, when several explanatory variables are correlated amongst themselves, the multicollinearity wipes out the contribution of all but one in the results with regard to regression coefficients.

representatives of India resemble their predecessors but also differ from them in the sense that, unlike the former, they have developed a sense of identification with their charges. The contents of this reservoir of knowledge are crucial to a theoretical analysis of governance.

In addition to the coefficients of our experimental variables, Table 1 also reports the effect of some other factors whose contributions are more often assumed or asserted rather than analysed. Thus, age has no significant coefficient, testifying to the lack of an inter-generation divide with regard to the perception of governance. Nor does one notice such a divide between men and women for, when isolated, the fact of being a woman does not produce any significant coefficient. Nor does, surprisingly, the fact of being a member of the scheduled castes (*Dalit*) play any specific role, testifying, perhaps, to the compensatory role of positive discrimination policies for bringing that section of socially disadvantaged people in line with the mainstream with regard to the perception of governance. The negative coefficient for education might, at the first glance, come across as a surprise, but in fact it is not. Education is one of the best surrogate measures of class in a survey situation. Social conflict, which lies at the origin of challenges to governance, is more often than not seen as refusal by erstwhile underprivileged people to put up with their lot – a fact that might indicate the anxious undertone that underpins the perception of law and order by the educated. However, the findings that cause the biggest challenge to the Indian model, and one that would be discussed in some detail below, refer to the negative coefficient for Muslims with regard to the perception of governance.

The regional effects, with one exception, largely live up to the expectations that one might have. Bihar, with its reputation for jungle raj, emerges with a negative coefficient; Maharashtra, often represented as a model Indian state, emerges as the region among the six we have studied as the ‘most like India’, for the state coefficient in this case is not significant. Gujarat with its business-friendly and managerial ethos has lived up to a positive coefficient whereas Punjab, with its sullen resignation to the pacification of terrorism, has emerged with a negative coefficient. The Tamil Nadu respondents in the 1996 survey had come across as a people who noticed little change in the situation with regard to governance and, in the event, the region has accounted for a small, positive, significant coefficient. The real surprise is West Bengal, for, in spite of its reputation for successful land reforms and *Panchayati Raj*, the coefficient we get is negative and strongly significant, in fact, at par with the coefficient for Bihar, often seen as so close to Bengal in geographic terms yet so far with regard to the level of governance.

Regional Governance in a Changed Context

States in India have attracted considerable academic and policy attention since the onset of reforms in India after 1991. In a way, the states today are at the centre of debates on Indian federalism and politics. (For example, Yadav and Palshikar 2008; Palshikar and Deshpande 2009; Sridharan ed. 2014; Tillin et al 2015; Manor 2015: 73-86). Shashtri (2012) has pointed out how the states have become crucial to the formation of a coalition government at the Centre, playing a decisive role in cabinet formation as well as in making many central decisions including deciding not to implement some.

The post-1991 reforms in India have given birth to a new political economy in which it is the market, not the state, which is the main arena of transaction.¹⁵ In the heyday of the welfare state, governance was measured not in terms of how much the concerned states had developed themselves but whether there was political order and stability in the states or not. Neither service delivery, nor the amount of investment (Indian and or foreign), mostly in the form of foreign direct investment (FDI), was seen as the main component of governance. In keeping with changing times, the social construction of governance has changed. This empirical study is thus aimed at an analysis of the changing nature of the state itself, especially the erosion of the state's capacity to govern. In this limited sense, the concern of the study goes back to the analytical issue of 'political instability' raised in the 1960s (Kohli 1990: 10).

The states' freedom of action during the pre-1991 period was hugely circumscribed by their financial dependence upon the Centre and the gnawing fear of the ruling parties at the state level of being pushed out of power by the resort to Article 356. The dire prospect of the imposition of President's rule on the state if it deviates from the direction of the Union government is no longer a factor in state politics today. One of Prime Minister Narendra Modi's first maxims on the assumption of power in 2014 was 'less government, maximum governance'. This epitomised the contemporary scenario in India since the early 1990s. The days of (welfare) state intervention are over; the federal units are now free to pursue trade, commerce and investment in their realms. Market is to be given priority over state control in service delivery; the extent of state-funded services will be severely curtailed. The abolition of

¹⁵ The states then were dependent on the Centre and grumbled a lot for not getting enough. Some States still do so from the same old mind-set, and for political mobilization of support for anti-Centre politics.

the Planning Commission (2014) and, along with it, the system of Special Category State status for certain poorer states gave a strong signal that the state will promote, encourage and actively help free market all around. The states are also strongly encouraged to do so. The states in India today enjoy more freedom of action, but it raises a lot of question marks on how far they can go. It is beyond doubt that India's neo-liberal reforms have brought in a new federal ambience within which the politics and governance in the states are to be explained and understood.

The forces unleashed by liberalisation, such as the explosion of the media, exposure to a more affluent middle class and the failure of the agriculture sector to benefit adequately from liberalisation, are impacting the credibility of the system and its possible consequences on it. Economic liberalisation, along with India's increasingly federal democratic system, has been creating new avenues to channel unfulfilled expectations, such as the carving of new states out of existing states. Chhattisgarh, Uttarakhand, Jharkhand and Telangana are all newly formed states that emerged as champions of unmet interests in the country.

An incredible outcome of liberalisation is the aspiration for upward mobility. In 2014, the Bharatiya Janata Party secured the first single-party majority in three decades, forming the government as the National Democratic Alliance. This was followed by the party's massive victory in subsequent State Assembly elections in Uttar Pradesh, Uttarakhand, Manipur and Goa. Modi's campaign message, circulated through slogans such as *achhe din aane waale hain* (good days are coming), *nayi soch, nayi ummeed* (new thinking, new hope) and *sabka saath, sabka vikas* (collective efforts, inclusive growth), resonated with an electorate that was pining for change and upward mobility, and India's corporate leaders backed Modi as the administrator needed to revive industrial sector growth.

The involvement of corporate money power in Indian politics today is a result of the liberalisation of the Indian economy in the 1990s. It led to the abolition of the "License Raj" and the phenomenon of states competing with one another to bring investors on to their side. Narendra Modi's "Make in India" has given a fresh impetus to this competitive federalism with states now vying with each other in reducing red tape to attract business and industry. It also shows that India strives to be a leading service-driven economy while, at the same time, evolving into a strong competitor against China for a share of the manufacturing industry as well.

The changing composition of the Indian Parliament since early 1990s also reflects the strength and capacity of democracy to accommodate competing interests within the political system. The transition from a ‘one party dominant model’ to a multi-party coalition-model is the most significant change in India in the past quarter-century. Under a one-party-dominant model, a ‘*patron-client relationship*’ existed between the Union and the states. Today, a ‘*mutual dependency relationship*’ between the national parties and the regional parties has emerged and has been institutionalised in the form of coalition governments at the Centre. The survival of the coalition at the Centre warranted maintaining a very accommodative relationship with the regional governments. An unintended institutional outcome was the strengthening of the federal principles.¹⁶

Another important element that reinforced the federal principles in India in recent years is the institutional restraints imposed by the judiciary through some high-profile constitutional cases. Through the historic judgment of the Supreme Court in the *S R Bommai versus Union of India* (AIR 1994 SC 1918) case, the court has drastically curtailed the discretion and power of the Union government in imposing President’s rule in the states under Article 356 of the Indian Constitution. Since the early 2000, the number of cases of imposition of President’s rule has come down drastically. These principles were upheld by the court in two cases concerning Uttarakhand and Arunachal Pradesh in 2016. Earlier, the Sarkaria Commission Report of 1988 on Centre-state relations had also recommended that Article 356 must be used “very sparingly”.¹⁷

From the above, it is clear that what goes on inside the states in India today as politics and governance, is to be understood in terms of the new dynamics of Indian federalism. In other words, Indian federalism defines, determines and shapes, to a considerable extent, the tone and tenor of politics and governance in each state. At the same time, the state specificity with a set of problems and issues turns out to be a constant factor in Centre-state relations. As India globalises, the strategic role of the states has assumed special significance. At the same time, we ought to keep in mind that the states in India are not a homogeneous and uniform entity but distinct ethno-regional identities ruled by political parties that do not always toe the political line of the Centre (Antony 2016). Historically, the region-based parties and movements in the

¹⁶ Personal communication by Dr P J Antony, Director, Lok Sabha Secretariat, India. 16 June 2017.

¹⁷ Ibid.

states have most often been successful in mobilising social and cultural cleavages as resources (or, identity markers) to press their demand for creating separate new states out of the existing ones. The peculiar constitutive element of Indian federalism under Article 3 of the Constitution provides for such a potentiality.

Measuring Regional Governance Today: Next Step

As one considers governance in contemporary India with reference to India before economic liberalisation, the emergence of the service sector as a leading sector of the economy, and before FDI and corporate governance with links to multinational companies started playing a salient role, one realises that there has been a major shift in the context of governance, which calls for a comprehensive revision of the analytical model that past research had relied on. The expanded model of governance, however, continues to have at its core the three main variables that affect governance, namely, law and order management, social and economic reform, and institutional articulation of identity that are largely the responsibility of the federal states, though the central government maintains a careful watch over them, particularly with regard to the third variable. The central government also plays a role in coordination and policy planning and can take its own initiative to maintain law and order by dismissing the regional government and imposing direct central rule under Article 356. But new variables such as deeper and more comprehensive federalisation, power-sharing and constitutional reforms affect governance in Indian states in a major way. These manifest their effect in Bihar, West Bengal and Tripura in different ways. It is not often realised that enhanced governance has been an unintended consequence of liberalisation of the economy and the spread of global norms of corporate governance to the Indian context, through the agency of multinational corporations investing in India. Rahul Mukherji explains the links between liberalisation, globalisation and governance in his succinct analysis with reference to the slow build-up to a ‘tipping point’ through the long years of what we have called conventional governance.¹⁸

¹⁸ See, Rahul Mukherji, “Governance reform in a weak state: Thirty years of Indian experience”, *Governance*, vol. 30, (1), (2017), pp. 53-58. He explains why 1991 became the ‘tipping point’ for deregulation and globalisation, though the technocratic view favouring globalisation and deregulation was substantially entrenched by then”.

If there was a growth/development imperative in the policy of radical liberalisation of the early 1990s, there was a parallel process of legitimacy-and-vote-bank-driven imperative for welfare policies as well. Mukherji captures this argument in his explanation of what led to the enactment of policies such as the Mahatma Gandhi National Rural Employment Guarantee Act.¹⁹ As we look at governance in contemporary India, especially since the early 1990s when India decided to liberalise the economy and make the transition from a state-controlled, ‘license-permit-raj’ to a neo-liberal regime with greater freedom of market, we realise that at the macro-level, the policy has paid off. India’s growth rate far transcended the so-called Hindu rate of growth, and the past decades have sustained this growth rate, currently the highest in Asia. However, national growth has not been distributed uniformly across the Indian population or among the federal units of India, and that has affected levels of regional governance. These are issues that deserve to be investigated at greater length and depth.

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¹⁹ Mukherji (Ibid) argues that the role of the state in initiating legislation remains salient, even in the age of globalisation and liberalisation.

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