AN ALTERNATIVE PERSPECTIVE ON INTERNATIONAL RELATIONS IN SOUTH ASIA: STUDY OF INDO-NEPAL RELATIONS (1990-2009)

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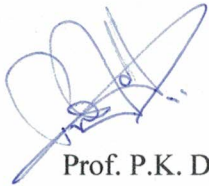Date:

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DECLARATION

I declare that the thesis entitled "An alternative perspective on International Relations in South Asia – Study of Indo-Nepal Relations (1990-2009)" submitted by me for the award of the Degree of **Doctor of Philosophy** of Jawaharlal Nehru University, is my own work. This thesis has not been previously submitted for the award of any degree of this University or any other university.

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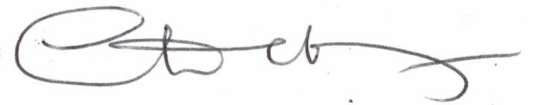
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CERTIFICATE

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I dedicate this thesis to the memory of my departed niece, Akshara.

ABSTRACT

Existing paradigms of International Relations – Realism, Liberal Internationalism, Social Constructivism and Classical Marxism – cannot explain the dynamics of foreign policy relations in South Asia between India and her neighbours. There are methodological and epistemological inconsistencies in these paradigms that necessitate a historical-sociological approach to study IR in South Asia.

This approach will rely on a study of social property relations – relations between classes and antagonistic forces that will result in changes in the nature of the State and therefore its domestic and foreign policies.

Using such an approach, this thesis delineates the changes in social property relations in India and the Indian nation-State from the Mughal period to the colonial period, followed by the post-Independence *dirigiste* period and later the neoliberal period. These changes in social property relations impinge upon India's foreign policy during these respective periods as well resulting in subtle variations and emphasis besides some continuity. The changes also saw the Indian foreign policy establishment grappling with aspirations to become a world power and a hegemon within South Asia, but at the same time cognisant about the democratising priorities of the post-colonial Indian State.

The same historical sociological approach is utilised to trace changes in social property relations in Nepal as the Nepali State transcended from a patrimonial monarchic rule in the 18th century to feudal rule in the 19th and 20th centuries by the Ranas to absolute monarchy and gradual democratisation and later from constitutional monarchy to a republic in the early part of the 21st century. These changes impacted Nepal's foreign policy dynamics as well – as the social changes in Nepal culminated in a contradiction between forces in favour of democratisation and those, moored in nationalism, in favour of a unitary nation-State.

The dual emphasis in the foreign policy perspective in India and the contradictions in Nepal drove Indo-Nepal relations and explain the various actions between political actors

in the period of democratisation in Nepal as the country transcended from a constitutional monarchy to a republic.

INTRODUCTION

Any conventional reading of "Indo-Nepal" relations would focus on the following–bilateral visits by state leaders, regular treaties and agreements for economic and political cooperation, border arrangements, financial aid, political consultations, engagements in multilateral fora, bilateral trade, investments and so on.

But are relations to be studied only in these formal and static terms? What about the role of the Indian establishment in engagements with Nepali political actors which go beyond formal political contacts allowed within the ambit of diplomatic norms? What is to be said of the society-to-society relationship – inter-migration of people, civil society engagements, political linkages and relationships etc?

Do these not figure under the gamut of "Indo-Nepal relations"? And if they do, are all of these adequately explained by paradigms of International Relations theory. By adequate explanation, we mean if aspects of "Indo-Nepal" relations are logically constructed and cohere with broad tenets of the theories in place. If they do not, we would have to attempt to address the failures of the theories in themselves and even perhaps construct or adopt a new paradigm.

That is the purpose of this doctoral dissertation, which focuses specifically on a period of Indo-Nepal relations that saw massive changes in the political economy of both nation-states ("geopolitical units"), and attempts to draw insights even as it engages with different strands of IR theory.

The period 1990-2009 saw India shift almost inexorably into a nation-state pursuing the politico-economic model of neoliberalism - moving away from a *dirigiste* form of

political economy[1] – and consequently expanding its economy thereby resulting in profound changes in class configurations in society.

In other words, a major shift in the nature of the Indian state occurred during these years that overhauled not just its political economy but its manner of engagement with other states and geopolitical units across the world. This change profoundly affected relationship with its neighbours as well with newer geopolitical considerations, radical changes in both state-state and society-society relationships and engagements.

Nepal was no less affected by change; rather, it had experienced much more. At the dawn of 1990, Nepal had just witnessed a major political movement involving hitherto banned political actors - but who had a significant social standing and support – which resulted in the transformation of the nation-state from a monarchy to a constitutional monarchy[2]. Since then, there have been major changes in Nepali society, as it has transited slowly into a republic[3], seeing even stronger mass movements for truer democracy and social change – throwing up newer and more radical political forces. Nepal has in the last seven decades, seen multiple transitions in the nature of the regime in power - from feudal aristocracy in the form of Rana-rule to three decades of patrimonial monarchy to a decade and a half of a period of constitutional monarchy before finally becoming a republic after a decade of civil war.

The years in question - 1990 to 2009 - has seen political turbulence, a civil war pitting the Nepali Maoists against the civilian government, a period of absolute monarchy leading to reconciliation between the civilian forces and the Maoists. The conjuncture that brought

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1 Both Marxist economists and others have accepted that 1991 marked a structural break in Indian political economy at the policy level and resulting in substantive macroeconomic changes. Patnaik and Chandrashekar (1995) termed this a shift from *dirigisme* to an economy characterised by structural adjustment in line with the globalisation, liberalisation and privatisation prescriptions by international monetary agencies which provided loans to India, while others such as Kohli (2004:277) suggested that 1991 marked a "pro-business drift" in the macroeconomic environment.

2 Hoftun et al (1995) provide a detailed picture of this transition in their important book, "People, Politics & Ideology…". This book highlights the changes in Nepal's polity from the 1950s from a Rana aristocracy to constitutional monarchy to absolute monarchy to democratic changes in the late 1980s to a controlled democracy in the 1990s.

3 Ramani (2008) charts out the political dynamics at play during Nepal's transition into a republic following historic elections to a Constituent Assembly.

these forces together through a Comprehensive Peace Accord that ended the civil war also worked towards the abolition of the monarchy in epoch making changes. A popular Constituent Assembly was elected through universal adult franchise that sought to combine the process of legislation with Constitution writing. In its very first sitting it near-unanimously declared Nepal a republic but it was soon mired in differences over further democratisation in the form of State Restructuring of Nepal.

The role of the Indian establishment in these changes has also to be underlined and explained as an important feature of the relationship that we would strive to study in this dissertation.

Has the Indo-Nepal relationship changed corresponding to the aforementioned changes in the politico-economic system in the respective nation-states? Do conventional IR theories adequately explain the features of the Indo-Nepal relationship, over the course of the period of our study?

We intend to answer these questions by first trying to establish them from within the paradigms of IR theory. We study these paradigms first to see if they are internally consistent and whether they best explain international relations. We then suggest an alternative to the paradigm itself if necessary and then explain the subject of our study within that alternative framework.

Research Questions

1. Do traditional IR theories – Realism, Neorealism and Liberal Internationalism explain the operation of international politics within South Asia?
2. What would be the contours of a normative framework that would explain the operation of international politics and IR through an understanding of social property relations?
3. What kind of social property relations persist in the Indian state and in Nepal which has in turn governed the kind of relations that the Indian state has with its neighbours and vice versa in south Asia?

4. What exactly is the nature of relations between India and Nepal and how has it been modified over time since end of colonial rule in India and in particular between the years 1990-2009.

Hypothesis

A historical-sociological approach will establish the political, the economic in the domestic and also the international relations of the state in post-colonial South Asia – including India and Nepal.

Research Methods

The proposed study involves qualitative theoretical research that is empirically grounded. It seeks to study various theoretical paradigms that constitute IR today and to critically examine them. It then seeks to arrive at a historical sociological and economic approach that will in turn establish the nature of social property relations and therefore the political economy and international relations of the Indian and Nepali states. The study would then reference primary sources that establish empirically the effect of such social property relations in the respective states and hence correspondingly the nature of foreign policy and state-to-state relations. The constructed approach shall also provide alternative policies to the status quo in the normative vein.

The study would rely on published secondary sources as well as primary sources. Important historical accounts of Indo-Nepal relations and changes in the political economy of the societies in the states would be treated as main secondary sources. Primary sources would include select and relevant portions from the Indo-Nepal treaties, interactions with retired/serving officials in the foreign ministries and diplomatic corps of both the countries, and excerpted works of scholars and political figures within the respective countries. Press reports of visits, bilateral meets would also form the primary sources for the study. To ensure feasibility of the project, the reliance on primary sources would be selective but consistent.

Setting the framework

International Relations (IR) theory in (independent) India – despite its supposedly "homegrown" ideas of multilateral emphasis – is deeply influenced by contemporary IR perspectives on realism, neorealism and liberal institutionalism. Indian IR, as a field, has revolved around the "Nehruvian consensus" privileging "strategic autonomy and self-reliance" as cornerstones of Indian foreign policy and has therefore constructed theorisations via realist, neorealist and liberal institutionalist notions around and apropos the Nehruvian consensus. Arguments for and against the "consensus" - which included the Indian emphasis on "Non-alignment" as a strategic imperative – have been mediated through the traditional IR paradigms, privileging various forms of the notion of state's self-interest.

India's relationship with its neighbours – including Nepal – have also been conceived and executed no differently, despite claims of distinctiveness of its "non-alignment" based international relations strategy. If in the 1950s, driven by a commitment towards democracy in Nepal – as an extension to what was happening already in India – the Indian government provided support to the various democratic forces led by the Nepali Congress initially, this emphasis was soon caught up in Realpolitik.

India's later (relative) dis-engagement from active to passive support for the Nepali democratic forces after the signing of a largely favourable Indo-Nepal Special Treaty, flowed from a combination of a Realist understanding of self-interest, along with the claim of being motivated by a different concern and approach that drew from the Indian nationalists' struggles for independence and democracy in the freedom struggle.

Eventually this mixed approach was to endure for years in the Indo-Nepal relationship, as much as similar emphases in other relationships in the neighbourhood, as it was clear that statecraft and diplomacy in India, buttressed by a limited strategic affairs and IR community in the country – was driven by a perspective that was no different from

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traditional IR conceptions that were developed in the West. Even if it was claimed that such was not the case.

A powerful critique of the traditional IR approaches of Realism, Neorealism and Liberal Institutionalism has meanwhile emerged in the West itself. These critiques are based on the ideas that these paradigms – neorealism and neoliberalism - flow rather similarly from a perspective of "Neo-utilitarianism" (Ruggie 1998) or that they take the states as a given (Rosenberg 1994), and that they do not clearly understand the internal dynamics of the constitution of the state and power, and therefore its behaviour in the international arena (ibid).

We examine these critiques and try to reinforce them from the purview of Indian IR. We also try to normatively suggest as to what alternative approach is therefore most suited for an IR exercise and whether this is relevant to the Indian and Nepali IR context. We then elaborate the alternative approach for what it stands for, identify principal components of the approach which provide us with conceptual tools for evaluation of IR, situate Indian and Nepali strategic thinking and relations within this framework and then proceed to subject our primary study , i.e Indo-Nepal relations to this approach.

Chapter 1 shall discuss a broad critique of the prevailing and mainstream IR theories of Realism, Neorealism, Neoliberal institutionalism and the new alternative paradigms that have been developed over time – such as Social Constructivism and Political Marxism (deriving from historical sociology). These mainstream IR theories have been developed over years, with a preponderance of Western ideas that privilege and presuppose the nation-State as a given. In Chapter 1, a critique of the methodological reductionism of Realism, Neorealism and Neoliberal Institutionalism will be presented.

Alternative and newer frameworks of IR theory will also be evaluated and empirically examined to see whether these explain the complexity of the state-state, state-society and society-society linkages that seem to determine India-Nepal relations for example and relations in South Asia in general. These alternative theories include Social

Constructivism, historical sociological approaches such as Political Marxism, "combined and uneven development" among others. The internal consistencies, and debates within some of these paradigmatic theories will also be presented as an evaluation.

Following the evaluation of these paradigms, it shall be argued that Marxist historical sociology and the Political Marxism paradigm offers a viable methodology for the study of IR without the deficiencies present in the other paradigms. The historical sociological approach studies changes in "social property relations" - political and social relations that are not reduced to abstract economic class differences. This will be shown to be a viable method to evaluate changes in time – the emergence of newer political forces, newer social and economic contradictions. We will rely extensively on the work of Benno Teschke (2003, 2008) to elaborate this method.

"Social property relations" unlike a narrow class analysis shall look at the class forces that constitute the power structure of the State, the dominant mode of production, the politically situated roles of various class and even ethnic groupings, and how these constitute and purpose the nature of a regime in a geopolitical unit – the nation State. The analysis of changes in social property relations over time will help construct a theory of the domestic besides a theory of how this impacts how the geopolitical unit conditions its external relations.

It will be argued that there is a certain independence of constitution of the international world as Realists argue, but that this needs to be theorised as well, through a historical method. The simultaneous evaluation of the domestic and the international will lead to a dialectical understanding of the conduct of IR and therefore a more complete and well theorised IR as opposed to the reductionist Realist, Neorealist and liberal internationalist theories. Depending upon "social property relations" will also yield a more thoroughgoing understanding of historical process as opposed to the narrow identarian approach envisaged by the social constructivism paradigm.

Chapter 2 shall utilise the historical sociological method to understand and situate changes and transitions in Indian state and society through a study of social property relations over time from the colonial era to the initial periods of Indian Independence – i.e. till the stabilisation of the post-colonial Indian state. This shall also establish the changes in foreign policy and strategic thinking during that specific periods.

Chapter 2 would begin with social property relations in the pre-colonial Indian state and under Mughal rule. It will expand upon the changes in these relations over time, the pre-existing social and regime contradictions and which will be used to explain foreign policy during that period. This analysis will largely draw from the works of medieval and early modern Indian historians. It will also ask and answer the question as to how the colonial influence of British rule resulted in the unraveling of these contradictions and brought about newer changes in social property relations in Indian society over time. An elaboration of the foreign policy changes drawing from the different priorities of the colonial period besides changes in social property relations over time, will also be made.

Chapter 2 would then go on to elaborate the changes in social property relations and its impact upon foreign policy thinking following the demise of colonial rule and India's Independence, leading up to the Nehruvian period – the initial two decades of Independence.

This period was of great significance to Indian history and foreign policy making as the contours of the "Non-alignment" strategy and the emphasis on strategic autonomy became the cornerstones of Indian strategic thinking which would then last for decades. What kind of new social and political relations were unleashed in this period that resulted in changes in the nature of the post-colonial State? How different were these from the colonial era and how did this impact upon changes and constants in foreign policy thinking from the colonial and post-Independence era? This question will also be answered through a historical-sociological approach.

Chapter 3 shall utilise the same approach to understand and situate changes and transitions in social property relations and the Indian state from the mid-1960s to the present period of "neoliberalisation". It shall establish the changes in foreign policy corresponding to changes in the International System as well as domestic changes in social property relations.

Post-independent India since the 1960s underwent substantive changes in social and political relations following democratisation and an expansive participation in the democratic process. This process unleashed substantive changes in the power centre and mobilisation of newer sections withing the democratic mainstream, while the socio-economic policies of the state also impacted upon social property relations.

The chapter will look at changes in the Indian polity from a "command polity" in the Nehruvian era to a "demand polity" in the 1960s and 70s as theorised by Rudolph & Rudolph (1987:225) and its subsequent changes in the regime; how these impacted foreign policy thinking over the years. This will then be followed by an analysis of the transition of the Indian state from *dirigisme* to neoliberalism and the moves undertaken by the Indian nation-state to posit itself as a great power.

The chapter will ask as to how the changes in the social property relations over time in post-Nehruvian India saw the emergence of a dual emphasis in foreign policy over time. How did this dual emphasis play itself out in India's foreign policy in the neighbourhood and Nepal in particular? This question will be sought to be answered in the chapter and expanded upon in a later chapter on India-Nepal relations.

Chapter 4 shall utilise a similar method to understand the changes and transitions in Nepal through a study of social property relations in that geopolitical unit. It shall also study foreign policy and strategic thinking over time from the period of Ranacracy to the present day state of affairs – where a constitutional democracy with sovereignty vested in the people is undergoing the process of realisation.

It would be argued, both in Chapter 2, 3 and 4 that the changes and transitions in the Nepali and Indian foreign policy are consequences not only of the changed international circumstances but also the outcomes of profound changes in the political economies of the respective nation-states, themselves a consequence of changing social property relations over time. These three chapters will explore the specific changes in the social property relations in these respective geopolitical units as well as understand them in the context of the changes in the international political economy and the power structure.

Chapter 5 will specifically study Indo-Nepal relations in the specified period between 1990 and 2009 as being mediated by the foreign policies that have been constructed as a consequence of the social property relations extant in the respective nations. This chapter will dynamically analyse the motivations behind engagements between the respective state establishments, trade and economic ties, and also study the relationship between political and civil society actors in the respective nation-states.

To conclude, it would be argued that a unified theory of the domestic and the international is required to evaluate the conduct of International Relations in South Asia. And that an understanding of the dynamics of both the internal and the external relations in the geopolitical units in the region cannot be arrived at without studying them in unison. The historical sociological approach allows us to do that.

Specifically to India and Nepal, this approach will yield greater insights into the strategies and concerns of regimes over time and how these evolved as a consequence of domestic relations as much as they adjusted to epochal international events and changes. It is with an understanding of these strategies and concerns would a truer examination of India-Nepal relations made possible, and that is the hypothesis that we shall set to prove in the chapters that follow.

CHAPTER 1

Chapter 1: Paradigms and Methods in International Relations – Choosing the Right Approach

A conventional study of Indo-Nepal relations and its normative analysis generally considers these relations from the vantage point of "national interest" of the respective states. This "national interest" is almost taken as given for the nation-state as an entity. And the "state-centrism" of the conventional IR theorising limits it to a structural and static reading, in which the "domestic" is of no concern and the international is reified in terms of "anarchy".

Concerns abound among scholars that the discipline of International Relations (hereafter the field of study is referred as IR) in south Asia, suffers from problematic epistemological, pedagogical and theoretical foundations. In particular there is the reliance on "givens" – modeling nation-states after the Westphalian nation-state, internalisation of the philosophy of political realism and positivism. The study of IR therefore is not originally formed on the basis of South Asian specificity, but is foregrounded entirely on the bases provided by Anglo-European thought, uncritically. Key concepts in IR of "nation-state", "nationalism", "sovereignty" and "territoriality" have been explained and adopted by the positivist discourse inherent in Realism and the various traditional pasts in South Asia as it experienced its liberation from colonialism have been to a great extent, given the short shrift.

Kanti Bajpai (2009:32) argues for the need to

> reconstitute an "international" history for the subcontinent, a history that affected, and was affected by, other international histories. It is therefore to reinterpret critically the international history of the world *which appears overwhelmingly as a Westphalic history, that is, a story leading up to the constitution of the nation-state system in 1648 and then moving on the incorporation of everyone else into that system* (emphasis mine).

Expanding upon such an assessment, Bajpai (2005:2), in his introduction to a volume on IR in India, makes the following remarks about the "structuralist [Realist] assumptions, analyses and prescriptions" in India:

> Foreign policy and security analysts, in the academy as well as in think tanks and the media, work within structuralist frames of reference and certainly within the broad ambit of realist thought. The self-regarding, lonely existence of states, the unbending and jealous attachment to boundaries and territories, the fragility of inter-state cooperation and institutions in a cooperative international system, the tendency towards power balancing, the centrality of military strength, and the reliance on force to regulate international relations, all these are the staples of Indian thinking on international affairs.

Yet, his take on "critical alternatives to IR theory" is cautionary: he argues that there is a disjuncture in Indian IR. While there are political realists who look at the world of international affairs in rather simplistic, realist terms; there are skeptical theorists who view such theorisation with suspicion and yet have not thoroughly engaged with "international life" as it persists in "negotiations, international legal constraints and remedies, treaties and agreements and trade and cultural ties" and in the dynamics of "power and territory" to come up with an alternate universe that is not simplistically theorised. In other words, it would not suffice only to be critical in trying to come up with an alternative explanation of IR theorisation. The "alternate" should match and even surpass the mainstream in the understanding of the mundane world of the conduct of international affairs.

A theoretical excursus is made in the beginning of our thesis in order to flag off the fact that there can indeed be a theoretical understanding in IR that merges the "domestic" and the "international" and perhaps the "international" can indeed be explained by the complex interactions and changes in the "domestic". After all, that is precisely what critics such as Kanti Bajpai -of the dominant paradigms of IR have sought to pinpoint as

the major weakness with these paradigms. The work done by IR theorists such as Jayantanuja Bandyopadhyaya (2003) is also illuminating in this regard[4].

But before embarking upon that "ideal" paradigm, it is necessary an overview of the critiques of the dominant paradigms and evaluate those criticisms in light of the subject in hand – IR in South Asia.

1.1 A critique of mainstream IR

Realism and its epistemological "successor", "Structural Realism" or "Neo-Realism" has been a predominant mainstream paradigm, especially in American academia. And to say that this has had an effect in Indian IR itself would not be off the mark. Structural Realism made its mark in academia following Kenneth Waltz's (1979) seminal work, "Theory of International Politics" which made the observation that the international system is characterised by the ordering principle of "anarchy". In this system the states are "functionally equal", but are forever trying to maximise their security in the anarchic order and are differentiated only by their relative military capabilities. Benno Teschke's (2003:14) comment on structural realism and Waltz reads thus –

> Kenneth Waltz pegged the absolute limits of international politics to the overriding imperatives of anarchy, the fundamental structural principle of the international system. From this perspective, qualitative transformation of the system shrank to an alternation between two structural principles: anarchy and hierarchy (Waltz 1979: 114-16). This had the doubtful advantage of subsuming history under two rubrics. As long as the states-system comprises of a multiplicity of functionally undifferentiated actors, anarchy prevails; as soon as empires or other forms of central authority are identifiable, hierarchy reigns. Although Waltz allowed for alteration within a system due to changes in the distribution of power

4 Bandyopadhyay (2003) identifies the determinants of India's foreign policy in its institutions, the processes of making such policy and in its personalities; the constitution of international relations through its constituents which include components that would be called, "domestic". Even so, he recognises the autonomy of the "international" while being skeptical about claims of the thesis on "balance of power" and "anarchy".

among its units, they are relevant only to switches from multipolarity to bipolarity, leaving the deep logic of anarchy untouched. In such a system of survival, units are forced to behave according to the tenets of self-help and power maximization....Although acknowledging the domestic causes of variations in power capabilities, Waltz's structuralist model – with the exception of the persistence of anarchy itself – is completely indeterminate in its predictive and retrospective, that is, historically explanatory, capacities. It depends upon 'exogenous variables' to explain why an actor opted for alliance-building in a specific situation while another took to war (Waltz 1988:620). Both extreme potentialities (and an infinity of intermediate solutions) are covered as long as the systemic end of equilibrium is preserved by the balance of power. The survival of the system overrides the survival of any of its components.

In other words, Waltz suggests that the "notion of balance of power as a self-regulating mechanism of the international system which imposes itself as a rational 'logic' independent of any individual state's intentions and therefore, structurally coerces them into applying rational power politics" (Hoffman 2010).

John Ruggie (1998) in his essay, "What makes the world hang together..." argues that Waltz's notion of anarchy and the international order is greatly influenced from microeconomic theory:

Waltz's model is the microeconomic model of the formation of markets transposed into the international political realm. The international system, he stipulated, is individualist in origin, more or less spontaneously generated as a by-product of the actions of its constituent units, "whose aims and efforts are directed not toward creating an order but rather toward fulfilling their own internally defined interests by whatever means they can muster" (Waltz 1979:90). Likewise, just as "market structure is defined by counting firms, international-political structure [is defined] by counting states. In the counting, distinctions are made only according to capabilities" (ibid.: 98–99). From that analytical base, Waltz

derives some generic features of the international system, and he specifies the key differences between multipolar (oligopolistic) and bipolar (duopolistic) competition.

Finally, Waltz's turn to microeconomics provided a methodologically compatible depiction of the international system for game theoretic models of nuclear deterrence and other aspects of military strategy...

Specifically, Ruggie argues that both neorealism (what will be termed as structural realism) and neoliberal institutionalism (to be discussed later) are world views that adduce a instrumental understanding of the world system and the state:

Neorealism and neoliberal institutionalism have been able to converge to the extent that they have because they now share very similar analytical foundations. Both take the existence of international anarchy for granted, though they may differ as to its precise causal force. *Both stipulate that states are the primary actors in international politics. Both stipulate further that the identities and interests of states are given, a priori and exogenously—that is to say, external to and unexplained within the terms of their theories. On that basis, both assume that states are rational actors maximizing their own expected utilities, defined in such material terms as power, security, and welfare.*(ibid: emphasis added)

Ruggie's critique of structural realism therefore sums it up thus – the identity and interests of the actors in the system of anarchy - "states" - are exogenously derived and given. Interests themselves are derived from "anarchy" - which itself is a "slippery" (ibid: 13) concept. Teschke (2003:16) too questions the Waltzian construct of "anarchy" as a "transhistorical given":

The fundamental fallacy of Neorealism is its affirmation of anarchy (in the absence of world government) as a transhistorical given. Anarchy poses as the unexamined historical condition for its transformation into a theoretical principle. *Anarchy as history and anarchy as theory are conflated, leaving only tautology:*

anarchy prevails wherever the conditions for its existence are met. Consequently, the natural starting point for a critique of Neorealism is a shift to the historical conditions of anarchy, i.e., a theory of the formation of the modern system of states. This research-organizing shift readmits history as a legitimate and necessary field of inquiry for IR theory. Simultaneously, it destroys Neorealism's rationale as a "non-reductionist" theory in which the burden of causality for state behaviour falls exclusively on the system as the primary level of determination. Anarchy must be historicized.

Ruggie argues that neoutilitarianism (structural realism and neoliberalism) provide no answer to how territorial states "came to acquire their current identity and interests that are assumed to go along with it" (ibid14); and that "neo-utilitarianism has no analytical means for dealing with the fact that the specific identities of specific states shape their perceived interests and, thereby, patterns of international outcomes." (ibid); besides, neoutilitarianism simply does not "encompass" the fact "that normative factors in addition to states' identities shape their interests, or their behavior directly" (ibid: 15). The other critique of neoutilitarianism, shared by Teschke as well is that because it is concerned only with the "international system" and "exogenous variables", it does not explain much to offer on the "subject of systemic transformation: doing so would require them to problematise states' identities and interests and to have some concept of constitutive rules" (ibid: 25).

Teschke offers an even stronger critique:

> The key to unlocking the Waltzian theoretical tower lies in questioning Neorealism's hermetic, self-referential, and self-sufficient epistemological nature, which is predicated upon an *a priori* definition of legitimate IR theory. Waltz specifies his appropriate field of inquiry (the international system) by marking it off from all other spheres of human action, introduces one macro-*explanans* (anarchy), deduces international politics from the constraints it imposes, and faults all other approaches for not conforming to his definition of 'scientific' IR.

The eviction of human volition (consciousness, choice, policy) and the negation of the very possibility of variable outcomes constitute the criterion of Neorealism's status as a science. On this basis, Waltz's often-cited comment that 'the enduring character of international politics accounts for the striking sameness in the quality of international life through the millenia' (Waltz 1986:53) appears less the result of historical observation than the consequence of a theorem super-imposed on, but not checked by, historical evidence. Since human behaviour is deduced from the anarchical logic of the system, imposing a rational-choice problem, non-compliance does not falsify Neorealism; it is rather branded non-systemic, non-rational and therefore extra-theoretical behaviour. The system penalizes deviance, but deviance does not penalize the theory. This, of course, inverts the scientific protocols of validation and logic. 'Behavioural anomalies' do not prompt Waltz to reformulate Neo-realism so as to accommodate 'irrational' but purposive behaviour; they rather fall outside its scope, leaving its validity intact. No number of empirical cases could ever refute or validate its theorems; the whole argument becomes circular, self-referential, and self-validating. International politics is objectified, history is frozen, and theory is reified; *mors immortalis*.

Such a stinging critique of the paradigm of structural realism/Neorealism (and its various variants over the years) is valid in the case of IR in South Asia as well. Achin Vanaik (1998) in his treatise, "India in a Changing World: Problems, Limits and Successes of its Foreign Policy" argues that the "strategic affairs community" in India is highly influenced by structural realism and that

> most members of [the] foreign policy establishment – diplomats, politicians, journalists, defence personnel and experts, policy oriented academics – do not possess a self-conscious awareness that they operate within a distinct, let alone, flawed paradigm. They see their 'world-view as natural and commonsensical. The technical name for this flawed but dominant paradigm of International Relations is Political Realism.

Vanaik (ibid) goes on to argue that

> Political Realism ignores the very nature of this international system. The fact that it is *capitalist* and that the international system as we know it over the last hundred and fifty years itself emerged out of the global expansion of capitalism is ignored as any kind of important factor for understanding politics, or inter-state behavior.

Vanaik's other stinging criticism of "Political Realism" – also termed here as structural realism – is that it has a limited, misleading, and a self-serving construct of "national interest" which does not explain theoretical basis for "nationalism" as there is no space for such a thing in the paradigm. The conflation of the "international system" with the "interstate system" and considering analysis to be limited only to the behaviour of the states conditioned by the "international system" of anarchy reduces Structural Realism to be incapable of theorising or properly deal with "the domesticization of international conflicts nor with the internationalization of domestic conflicts" (ibid: 9). As Vanaik argues, "state power and state interests..., always exist in complex interaction with, and are in part constantly constituted by, ..interaction with *the innumerable forms of social power i.e. power in, and of society.* Yet again, [Political] Realism's conceptual inflation of the state into a 'national territorial totality' prevents the possibility of any fruitful investigation on this terrain as well. *Its treatment of state power/state interests is necessarily crude and unproblematic*" (ibid, emphasis added).

Hoffman (2010) adds,

> The end of bipolarity [since the end of the Cold War] and the accompanying resurgence in ethnic violence [across the world, particularly eastern Europe and west Asia] shed doubt on Neo-Realism's ahistorical, positivist and structuralist understanding of world politics. With its empirical textbook illustration collapsing, Realism was faced with the major 'embarrassment' of not being able to explain change (Ashley 1984; Kratochwil 1993). The demise of the certainties of bipolarity, thus triggered a wave of criticism of Realism and similarly

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structuralist and path dependent approaches in IR. In response, realists usually point to the prevalence of anarchy in international relations as an irrefutable transhistorical systemic characteristic of world politics. This, they argue, means that change in realist terms remains a non-problem: as long as political rule is fractured into separate 'units', anarchy and all associated assumptions prevail.

Another empirically inspired source of contention with Realism was the increased attention to culture, identity and the constitutive ideology of modernity of nationalism. This criticism was motivated by the emergence of ethno-nationalism and new national movements after the end of the Cold War, exemplified by the breakup of Yugoslavia. However, *like change and transformation, problems of culture and identity have not only become relevant to IR due to recent events, but constitute important a priori building blocks for explaining the diversified nature of the modern international system.*

Again, the lack of problematizing these and other supposedly missing elements like culture, identity politics or ethnic violence is not thought to constitute a problem for Realism since, as Waltz argues, "[t]heory has to be about something. It can't be about everything" (Halliday and Rosenberg 1998: 379).

Hoffman's critique of structural realism holds true for South Asia as well. As Chatterjee (2008:179) argues,

Understanding foreign policy behaviour of South Asian states requires us to go beyond alliance structures and capability matrices. They invite investigation into the historical formation of modern state structures in the subcontinent, the making of territorial nationalism, and the claims of ethnic communities to redefine their political status.

It is Chatterjee's argument that the paradigm of Realism and its variants is "virtually silent" on the above and is incapable of addressing the empirical setting of South Asia, therefore.

What do these critiques of structural realism tell us? It suggests that the ahistoricity, the flawed epistemology, the self-reifying nature among other issues with structural realism renders itself unsuitable as a paradigm to understand International Relations. This is particularly, as Vanaik suggests, true in the case of the Indian subcontinent or South Asia. What would be the alternate paradigm therefore that steers clear of the issues with Structural Realism and offers a thoroughgoing basis for studying IR, particularly for this topic of study – IR in South Asia?

As Hoffman (2010) argues,

> However, while the dialogue with realists themselves can be characterized as somewhat fruitless [in its inadequacy to explain or engage with various issues]... the debate in general led to some productive theoretical innovations, as a rich variety of critical approaches in International Relations developed out of this critical engagement with Realism. *The main subject of these approaches was consequently to probe the sources of change and transformation. This caused a 'historical' as well as a 'sociological' turn in IR.* These new 'turns' could, therefore, equally contribute to explaining the disjuncture between the universal and cosmopolitan outlook of European capitalist modernity and the multiple and territorially fractured inter-state system that seems to contradict it. (emphasis added)

Benno Teschke, the IR theorist working in the Political Marxism paradigm, successfully attempts at doing what the neorealist theorist Kenneth Waltz[5] believed to be near impossible – unifying the explanation of the domestic and the international in

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5 See Keohane (1986:340). Waltz is quoted thus – "Students of international politics will do well to con-centrate on separate theories of internal and external politics until someone figures out a way to unite them"

International Relations – in his opus on the "the Myth of 1648" (Teschke 2003). Using constructs of historical sociology and a theory of social property relations, Teschke attempts to go where Karl Marx and Frederick Engels and many in their tradition couldn't necessary traverse towards – explain the existence of the multinational state system even as they relate to the national and transnational reproduction of capital (the central concern of Marxists the world over). In doing so, Teschke managed to energise a new paradigm of international relations, moving beyond the critiques of the dominant paradigms that constituted the study of IR – realism and its "upgraded" variant, neorealism, (neo)-liberalism, and even the more popular and new paradigm of social constructivism. This approach shall be studied a little later. A similar kind of study for the purposes of this IR study as well will be evaluated.

1.2 Neoliberalism and Social Constructivism

It has already been discussed that Neoliberalism, as Ruggie pointed out, also derived from a neoutilitarian understanding and was thus related to neorealism. Neoliberalism or neoliberal institutionalism also "takes the existence of international anarchy as granted", that "states are primary actors in international politics", " that the identities and interests of states are given, a priori and exogenously—that is to say, external to and unexplained within the terms of their theories." (Ruggie 2002:9). What differentiates Neoliberalism from Neorealism is that, while "both assume that states are rational actors maximizing their own expected utilities, defined in such material terms as power, security, and welfare",

> Stephen Krasner describes the most significant [difference] (1997:16): "for neorealism the basic issues are survival and distributional conflict while for neoliberalism they involve the resolution of market failures." What Krasner means is that neorealists and neoliberals are likely to stress two different effects of anarchy. Neorealists are likely to focus on the fact that the potential use of force is ever present in international relations and affects the calculus of states; for the same reason, states are obliged to worry about not only how much they gain

from cooperation in absolute terms, but also how much they gain relative to others, who may become tomorrow's foe (see Grieco 1988 on this latter point). *Neoliberals, on the other hand, are more likely to explore the impediments that anarchy poses to states' reaching and keeping agreements even where common interests to cooperate exist, which may reduce potential benefits all around unless means can be devised to overcome these institutional defects.* (ibid: 9,10) (emphasis added)

In other words, the same problematic vis-a-vis Neorealism in the ahistoric and reified assumption of "anarchy" in the international system holds true for Neoliberalism as well.

Thus articulating the flaws that these paradigms – Neorealism and Neoliberalism – suffer from, Ruggie, argues for a different paradigm – social constructivism, that has since Ruggie's writing on the subject gained substantial recognition in IR study today.

The paradigm of Social Constructivism, as Chatterjee (2008:186) mentions, can be explained thus:

> The social world is inter-subjectively constituted; they are made by the people who live in it, for themselves and in a manner intelligible to them. The social world is based on the material entities, which become meaning-bearing forms/concepts through the ideas and beliefs about these entities. In the domain of IR, for example, security consists of weapons, army, territory and other physical assets. However, it is the ideas or beliefs according to which these assets are constituted, organized and employed that matters ultimately to human consciousness. Thus, the material attributes defining capability are no doubt important to security, but what is unquestionably prior are the thoughts about such capabilities, that is, the subjective understanding that people have about the nature, purpose and the use of security assets (Jackson and Sorenson 2003: 254-55).
>
> …

For Chatterjee (ibid: 189), in the purview of the social constructivist paradigm

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States are unitary sectors bearing anthropomorphic attributes such as identities, interests and intentionality. States are self-organizing entities whose internal attributes endow them with the capacity for institutionalized collective action. The self-interested or power seeking character of states, however, is contingent and socially constructed.... The states articulate/define interest on the basis of identities and these interests are endogenous and changeable. Identities evolve by two basic social processes – natural and cultural selection.

To sum it up, social constructivism does attempt to steer IR from a "narrowly defined political science into a wider social science that identifies the broad social forces that constitutes and reproduce political communities and geopolitical systems" (Teschke 2003: 28). However, does social constructivism as a paradigm live upto its own criticisms of Realism and its variants, i.e. that they provide little insight into international relations and behaviour?

As explained above, social constructivism is either exclusively (in what is termed as "hard constructivism" [Hoffman 2010:18]) or otherwise ("soft constructivism" [ibid:17]) concerned "with the social, inter-subjective construction of meaning and social reality". Thus the characterisation of the international system as "order" or "anarchy" is dependent upon how the states inter-subjectively construct norms and rules and the international structure thence. The emphasis on "inter-subjectivity" therefore allows the social constructivist to study concepts such as "nationalism" through the study of identity, culture etc and the "historic specificity of actors and structures and the need to uncover their social roots" (Hoffman: 24) - concepts that are ignored by Realism and considered to be "apriori" (Hoffman:20) and as a given. But are the international structures and its dynamics simply a product of inter-subjective interactions of individual actors – state units, human individuals etc? Or are there other forces beyond merely political elites, that "drive political and geopolitical change in conflictual, often violent, domestic and international processes" (Teschke 2003:31)? Does not social constructivism therefore come up short of its own ambitions to "construct" the international system and the

structure, when it relies only inter-subjective interactions? The thesis will argue that it is indeed the case, just as Teschke elaborates.

Let us take for example, Chatterjee's (2008: 177-209) use of the social constructivist paradigm to understand Indo-Pakistan relations. Chatterjee makes a qualitatively improved argument over the typical (structural) Realist reading of the relations between these two countries who have gone to war twice post their respective independence (and a few "proxy" wars since then). Chatterjee cites the realist reading of the often conflictual and hostile relationship between these two countries as having derived from exogenous reasons and incommensurate interests:

> India, as an aspiring great power is likely to make more enemies in the international system, which impels India to invest heavily into its military budget not only to build highly sophisticated and effective war machine against Pakistan, but also matches each other militarily. Aggressive intentions, militaristic policies, threats and counter-threats would therefore continue to characterize their relationship, and attempts to fundamentally alter this dynamics are bound to fail, *given the absolute certainty of the logic of anarchy and inter-state rivalry for power/positionality.* (Chatterjee 2008:191) (emphasis added)

As opposed to this reading, Chatterjee argues that the constructivist reading of the India-Pakistan relationship

> would not deny enmity, they would explain it as a form of cultural interpretation and argue that their respective policy-making elites have engendered a set of norms and beliefs acquired through a long-term process of socialization. It is because of successful sedimentation of such *cultural norms that India-Pakistan relations have acquired certain stability through this stability may be characterized as that of fear, hostility and contestation.* (ibid: 192) (emphasis added)

Chatterjee further elaborates the social constructivist understanding of the respective world-views of India and Pakistan as being engendered from an "essentially communitarian reading of the [respective] nation-state".

In this worldview, India and Pakistan have become enemies by the nature of definition of their mutual interests. If India's experiment of secular nationalism is successful, it questions the *raison d'etre* of Pakistan defined in terms of two-nation theory, which stipulated that Hindu and Muslim communities could not co-exist in a single nation. On the other hand, if the two-nation theory is correct, then how does India engage with its Muslim population, which more than 50 years after Partition exceeds that of entire Pakistan.. The conflict between Hindu and Muslim communities within the undivided Indian sub-continent was externalized into the confrontation of sovereign nation-states in the post-colonial phase. As the enmity and images of binary confrontation got deeply socialized into the culture of their statecraft, it became impervious to change emanating from both within the respective states in terms of different political parties being in power and to changes taking place elsewhere in the world... *The paradox of a territorialized state identity not reconciled with the idea of a common cultural past is constitutive of the enmity and hostility between India and Pakistan, rather than any mechanical product of an invariant anarchical structure.* (Chatterjee 2008: 192-193) (emphasis added)

This mode of analysis of India-Pakistan relations by Chatterjee is a definite qualitative advance over the "mechanical" and self-reinforcing theorising by Realists on the issue. But is this analysis fully convincing? Is the geopolitical intrigue between India and Pakistan a consequence only of serious differences on the essence of the nationalisms that brought about the formation of the respective nation-states? And even if it is so, what is the social origin of these differentiated nationalisms – a cultural nationalism in Pakistan and a largely secular nationalism in India? Chatterjee argues that the differences between the Indian Union Muslim League and the Indian National Congress during the freedom struggle were externalised into the differences between the respective nation-states that were formed on the basis of the two parties' (largely) respective visions.

But was it merely a "Hindu-Muslim" conflict (between communities) that pervaded the differences between those demanding a separate state of Pakistan and those adhering to a

unitary and a secular India? A closer look at the social forces that determined the demand for a separate Pakistan will indeed suggest that the above is not the case.

Pakistani sociologist and Marxist thinker Hamza Alavi (2002) wrote this:

> Even people with a secular outlook [in Pakistan], have begun to wonder whether it was not religion, after all, that really brought about the creation of Pakistan. Some of them assume that there must have been a mass movement. How can a mass movement get off the ground without a powerful religious ideology driving it. What other explanation could there be, they ask. *All this is mere conjecture. No one has as yet examined the social forces that were actually responsible for the creation of Pakistan.* Our true past has been snatched from us and lies buried where it cannot be found. We have to disinter it. (emphasis added)

Alavi (2002:5120-24) makes a compelling case for the Muslim League to be never motivated by religious ideology but by the interests initially of the "Muslim Ashraf" (upper-middle class) "salariat" (salary drawing professional classes in the erstwhile United Provinces in particular) and later, following various vicissitudes, dominated by the interests of the Muslim feudal classes in Punjab in later West Pakistan and Bengali Muslim feudal classes in East Pakistan following independence. Alavi's argument, based on empirical facts, is that the Muslim League proved a vehicle for feudal and sectional interests which were threatened by the Congress' liberal ideology – even though there existed earlier periods when its interests when articulated by the dominant salariat classes sought the League to cooperate in a working relationship with the Congress.

The long and short of this explanation is that, contrary to the simplistic "cultural" and "inter-subjective" explanation for the origin of a conflictual relationship that later expanded into an international relationship between the two nation-states of India and Pakistan, the excursus on the "social origins" of the Muslim League and indeed that of Pakistan reveals a very different and deep picture. This deep picture reflects a conflictual relationship sustained by interests of the feudal classes – still in thrall in Pakistan – with that of the liberally minded bourgeoisie that constituted the primary section of the ruling

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class in India. This explanation of dominance of feudal interests in Pakistan thus also provides as to why Partition of Pakistan into the present day western territory and into independent Bangladesh – for the apparent *raison d'etre* of religious unity never played itself out in the actual reasoning for the formation of Pakistan in the first place. The concentration of power in the feudal classes of Punjab in Pakistan in particular, buttressed by military power, has not still changed in Pakistan which has increasingly used Islamist ideology to consolidate its rule – as a "military-mullah-feudal" cocktail still calls many shots in present day Pakistan, despite substantial democratisation owing to mass movements over the years. Anti-India rhetoric has been a weapon in the hands of this "cocktail" in order to further its consolidation through the use of nationalism, and this has been simultaneously buttressed by India's own handling of the Kashmir issue and Indian nationalism's failure in accommodating or subsuming "Kashmiri nationalism" - a weakness which shall be studied later in this thesis.

This nationalism – generated antipathy combined with the vagaries of the international system, characterised during the years of the Cold War by a competing duopoly between the "First – Capitalist" and the "Second – Communist" world, heightened the conflictual relationship, with Pakistan initially taking a very strong pro-"first world" position – through the aegis of its membership in the Central Asian Treaty Organisation (CEATO) initially and later through explicitly strong ties with US as the latter attempted to weaken the USSR's influence in neighbouring Afghanistan and even later through the US utilising Pakistan as a buffer state against the "global war on terror". In all these periods, India – through its own aegis of formulating a "third world consensus" via the Non-Aligned Movement, its strategic closeness with the Socialist Bloc from the 1970s onwards and differentiated interests in the "Af-Pak" region owing to its own compulsions on the issue of "cross border terrorism", modulated its relationship with Pakistan from periods of high conflict, to the present day, limited antipathy and balancing.

What is claimed here, therefore, through the above excursus on India-Pakistan relations is that, social constructivism does provide a qualitative leap from Realism, away from a mechanical explanation of relations flowing from the logic of anarchy, toward a more

"bottom-up" perspective of the origins of the conflictual relationship. But in its emphasis only on "inter-subjectivity" and "cultural/ideational" explanation, it shows itself as having limited explanatory power, apropos evaluating the social origins of the relations, and relating it to the structural issues that are not necessarily, readily or otherwise, given by simple "inter-subjective" interactions and motivations.

As Teschke (2003) argues,

> We cannot simply read changes in system-structure, innovations in regime formation, or the very formation of the sovereign modern state off a series of intersubjective negotiations and agreements among political elites, be they domestic in origin or the result of a chain of international peace congresses. We must instead identify broader social forces with antagonistic interests that drive political and geopolitical change in conflictual, often violent, domestic and international processes. Constructivism's depolitized theoretical grasp and explanatory scope do not exhaust the empirical and theoretical issues at stake. To address these issues, we need to abandon Neorealism, Realism and Constructivism and turn instead to a theoretical tradition in which property – conceived not as an abstract juridical category but as a social relation – is at the heart of social inquiry.

And that is precisely what this thesis would turn towards in this enquiry of Indo-Nepal relations as well. But firstly, the various "critical theories" of IR that also are concerned with change and transformation shall be examined to study the international system and international relations on the basis of social property relations a la Karl Marx.

1.3 Marxism and International Relations – A Critical Evaluation

Among the many critical theories that have studied "change and transformation" in IR has been the rejuvenated paradigm of "Political Marxism". As Teschke (2008:162) suggests,

Today, after the removal of the intellectual strictures imposed by the geopolitics of bipolarity and released from doctrinal party lines, Marxist international relations presents a vibrant and rich subfield that produces some of the most trenchant challenges to mainstream international relations theory and general social science.

Before this paradigm is elucidated, the many strands of Marxism – over the years – and their understanding of IR will be critically evaluated.

Despite persisting as a paradigm on international political economy, over the years, and "originating" in the thought of Karl Marx and Frederik Engels in the 19th century culminating in a number of works in that period on international policy economy, the nature of capitalism, "historical materialism" etc; it has been stressed, as Teschke (ibid) suggests (quoting Berki 1971; Soell 1972;Kandal 1989; Harvey 2001) that Marx and Engels could never systematically resolve "the question of the spatial and interspatial dimensions of social processes over time on a universal scale" (ibid). That is to say, Marxian thought was characterised by the

> absence of an explicit theorization of relations between spatiotemporally differentially developing political communities exposes a fundamental deficiency that pervades their conceptions of world history in general and their theory of capitalism in particular. This deficiency underwent several permutations in the intellectual trajectories of Marx and Engels without ever receiving a definitive resolution.

Early Marxist thought did have a strong theory of "universalisation of capitalism" - wherein driven by the need for expanding markets for their products, the

> The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country ...In place of the old local and national seclusion and self-sufficiency, we have

intercourse in every direction, universal interdependence of nations ...The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian nations into civilisation (Marx and Engels 1967, 39). (ibid)

Yet, in this theorisation, the role of states was only to assume an exploitative character in the favour of dominant classes – particularly the bourgeoisie and to act for these interests in order to change the world in the "image of the bourgeoisie". Teschke (ibid) argues,

They rather imputed an automaticity to a transnationalizing process that discounted domestic class conflict (resistance) and geopolitics (war). *This pristine conception extrapolated directly from the national to the universal, eliding the international as the mediating instance that frames the national and fractures and disables the universal to this day.* (emphasis added)

Over time, as Marx and Engels went on to report on world events in the role of journalists, they did signify the "unevenness" in the transnationalizing process. Still, Teschke (ibid) argues

..the growing recognition of "unevenness" and of force as an integral component of an expanding capitalist world market (India, China, American Civil War, Ottoman Empire, etc.) generated only a series of tergiversations that never resulted in *an encompassing praxis-guiding theory that properly accounted for the relation between world-market formation, revolution, and geopolitics*. More fundamentally, the move toward "unevenness" relied on a *taken-for-granted prior determination: the existence of a system of states that was the precondition for regionally multiple differential developments; hence, the precondition for unevenness.* However, as this spatial fragmentation of the total historical process was captured only in its results—differences between separately existing entities —"unevenness" as a central category of analysis discounted both, an explanation of this geopolitical pluriverse and the causative dimension of cross-regional geopolitical dynamics. (emphasis added)

In other words, while early Marxist thought focussed on the universalising tendencies of capitalism and the role of states in that process, the "unevenness" resultant in the same, it took for granted, the existence of geopolitical units, did not theorise their own presence and the reasons for the existence and flourishing of "geopolitics" beyond what construed "world market formation".

It was only in later expansion of Marxist thought and theory that these questions were reasonably addressed.

1.4 Theories of Imperialism

The classical theories of Imperialism propounded by Marxists such as Nicolai Bukharin (1972) and Vladimir Lenin (1973) and political economists such as Rudolf Hilferding (1981) offered an advance over the classical Marxist theory of the "universalisation of capitalism". Their theories coincided with a period in the "metropolitan capital regions" between the 1880s and the 1900s where a transition occurred from "from the era of free competition to the centralization and concentration of capital, leading eventually to national monopolies (trusts and cartels)" (Teschke 2008:167).

They theorised the hegemony of "finance capital" as mediating the "fusion between industrial and banking capital, uniting previously fractured capitalist monopoly profits" (ibid). Teschke summarises the theories of imperialism as saying thus:

> Both the concentration of capital and the reliance on the state were rooted in tendencies of overproduction and overaccumulation (underconsumption), thought to be generic to capitalism's long-term dynamics, especially in the age of industry. Domestically, protectionism (high tariffs and quotas) restricted foreign competition, allowing price-setting above world-market levels in home markets and controlled overseas areas. Internationally, *the quest for raw materials, the search for new export markets, and the export of capital demanded the*

territorialization and politico-military control of colonies, leading to empire formation, the regionalization of the world market, and the formation of rival national blocs. According to Bukharin and Lenin, "super-profits" reaped from colonial exploitation were central for the integration of working classes into their "fatherlands" through the prospect of higher wages and social welfare (social imperialism). These "bribes" nurtured a metropolitan "labor aristocracy" rooted in national contexts that betrayed the causes of internationalism. The direct role of the state in the national and international promotion of "finance capital" implied the transformation of private economic competition between firms into public politico-military competition between states, encapsulated in the notion of "inter-imperial rivalry." Intensifying inter-imperial strategic competition over the territorial redivision of the world was bound to lead to world war, increasing the chances that bourgeois power could be broken in defeated states that formed "the weakest link" in the chain of capitalist states. Thus reformulated, the classical expectation that socialist revolution would occur first in the most advanced capitalist countries received a geographical dislocation toward the least developed —Russia, in particular. *Through this reversal of the original Marx-Engels position, the transnationalizing tendency of capitalism was renationalized, the relation between the world market and interstate conflict rearticulated, the relative impotence of working classes in the capitalist heartland rendered plausible, while socialist revolution in Russia received a theoretical justification.* (emphasis added).

Seen in themselves, the theories of imperialism articulated a powerful critique of the capitalist tendencies extant in the nation-states of (western) Europe in particular and provided an understanding as to how the transitions in capitalism in these nation-states ultimately resulted in geo-political conflict that was later to become the World War I.

The classical theories of imperialism, especially in Vladimir Lenin's scheme envisaged, "Imperialism as the highest stage of capitalism" and inter-imperialist rivalries on account of search of colonies for raw materials and markets drove geopolitical conflict and wars.

These theories have continued to hold sway among Marxist intellectual circles and leftist academia the world over.

In India, economist Prabhat Patnaik has been among the most foremost proponents of the theory of imperialism, albeit updating Lenin's understanding of imperialism to contemporary world political economy.

The present day theorists argue that Imperialism – "characterised by an oligarchic structure of an international system which results in dominance and dependence between the small centre and vast periphery" (Bandyopadhyaya 2003) - continues to predominate the international system even today. But it is of a different form and nature than that existed during the times when Lenin wrote the tract on Imperialism.

As Marxist political-economist Prabhat Patnaik [6]suggests,

> ..While Lenin had talked about the "coalescence" of finance and industry and had referred to finance capital as capital "controlled by banks and employed in industry", which tended to have a national strategy for expanding "economic territory" that would also serve the needs of its industrial empire, the new finance capital is not necessarily tied to industry in any special sense. It moves around the world in the quest for quick, speculative, gains, no matter in what sphere such gains accrue...

> ...we can talk of an international finance capital, which, no matter where it originates from, has this character of being detached from any particular national interests, having the world as its theatre of operations, and not being tied to any particular sphere of activity, such as industry.

> ..such uninhibited global operation requires that the world should not be split up into separate blocs, or into economic territories that are the preserves of particular

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6 See Patnaik (2010)

nations and out of bounds for others. The interests of international finance capital therefore require a muting of inter-imperialist rivalry. If this process of muting of inter- imperialist rivalry began in the post-war period as an outcome of the *overwhelming economic and strategic strength of the U.S. among capitalist powers*, it gets sustained in the current phase by the very nature of international finance capital. [emphasis added]

The role of present day international finance capital is its free flow across nation-states – what is termed financial globalisation – and the subsumption of the nation-states to the interests of finance capital. Financial globalisation requires a "globally integrated market where" finances have "unfettered freedom of movement". The bellwether among the capitalist powers in the firmament of international finance capital is therefore, the United States which has united other such powers to eliminate any threat to international finance capital and financial globalisation.

The role of militarism in this system of imperialism is therefore explained as to subserve the interests of international finance capital by protecting imperialist interests – control over energy rich regions such as in West Asia, containment of any perceived threats to US-led imperialism – i.e any nation-states that are seen to impede the flow of international finance capital by instituting strong controls over it are seen as legitimate threats to the firmament. It is therefore that Marxist political economists also argue for multi-polarity in international relations, "South-South" cooperation and anti-imperial tie-ups between countries of the "global periphery". Strategic alliances and economic ties between nation-states are seen as a way of countering imperialism and its influence in these nations.

1.5 Evaluating the Classical Theory of Imperialism

Teschke (2008: 168) argues,

> In a wider theoretical perspective, classical Marxist theories of imperialism are self-limiting by their attempt to explain a particular juncture (c.1873–1917) of capitalist international relations. They cannot be expanded to provide a general theory of capitalist international relations. Even the partial character of theories of imperialism is open to a range of powerful theoretical criticisms. *The attempt to present a particular phenomenon—with huge variations within specific advanced capitalist countries, in their respective imperial—colonial relations, in the rates of intra-colonial development, and in inter-imperial relations—as a necessary byproduct inscribed in the dynamics of a particular phase of capitalism objectifies its rise, reproduction, and fall. Especially Lenin's interpretation of imperialism as "the highest stage of capitalism" reifies this juncture as a definite and necessary stage (the monopoly stage) intrinsic to the overall development of capitalism, rather than understanding it as a particular (and reversible) outcome of the conflicts between nationally differentially developed societies.* (emphasis added)

This critique of contemporary theories of imperialism is expanded in this thesis as well. The theorisation of the role of the state in the system of imperialism pervading the world economy, is mechanistic and very functionalist, reiterated merely as being representative of the class interests of finance capital. Other realms of state activity in international relations – diplomacy, alliances, and geopolitical issues – are theorised not on the basis of various socio-political interests at the national level for these respective nation-states but just as in the case of structural Realism from a economistic given – the hegemony of finance capital. While the concept of Imperialism is very useful in analysing hegemony and the structure of the international system, the behaviour of its respective geopolitical units, the states remain under-theorised and the internal makeup of the various nation-states – what Teschke (ibid: 168) calls, "the differential development of political constellations of social forces in imperialist core countries in their implications for

interimperialist as well as core-periphery relations" or indeed the active role of social forces within the periphery or the "new colonies" in mediating their interests apropos the imperial order or even otherwise, remain either discounted in these theories or under-explained.

As Teschke (ibid) argues, "social forces in the colonies are generally portrayed as passive recipients, rather than active participants in specific geopolitical encounters with diverse results, raising the charge of Eurocentrism. These criticisms are ultimately grounded in the failure to address social and political agency more generally."

Extrapolating this argument, one can suggest as to how the theory of imperialism, while useful in normatively assessing relations between developing countries and the developed ones in an international order dominated by the hegemony of finance capital, is not fully explanatory when it comes to inter-relationships between countries in the periphery – say Indo-Nepal relations, the subject of the thesis. And since it's understanding of the role of the state is more or less functionalist – as having to play a role dictated by the interests of finance capital, it under-theorises the autonomy of the state, the dynamics of social and political forces that undergird the functioning of the state, bring about influences that determine strategic actions by the nation-state and conditions its international behaviour and geopolitics. Indo-Nepal relations, for e.g., and as shall be explained in the later parts of the thesis, involves a significant role of the Indian establishment in "intervening"/ "influencing" Nepali society and politics and the dynamics of the same cannot be merely expressed in the limiting understanding of these relationships on the basis of the core theories of imperialism alone.

1.6 The Historical Sociological Approach and Social Property Relations

What then could be an ideal paradigm to analyse international relations, free from the limitations offered by Realism and its variants, Neoliberalism, Social Constructivism, and that expands upon the theories of classical Marxism and contemporary theories of Imperialism to offer a more robust explanation of the international order, geopolitics, and

provides a dialectical understanding of what constitutes the domestic as well as the international by deriving one from the other and vice versa?

In his opus ("The Myth of 1648"), Teschke (ibid: 272) argues how "international relations are internally related to politically instituted class relations (social property regimes) and how geopolitical pressure affects the course of socio-political development". The methodology adopted by Teschke in *The Myth of 1648* is clearly influenced by historical sociology but Teschke specifically rejects Neo-Weberian historical sociology and instead adopts a Marxian approach, while eschewing the narrow, mechanistic, deterministic versions of Marxism. Teschke constructs the historical picture of social property relations in pre-capitalist (and pre-existing) nation-states of Europe realising their geopolitical behaviour and also simultaneously resulting in changes and transformations in the nature of their respective economies and polities – culminating in the formation of the modern nation-state forms in Europe.

Thus, Teschke's work and methodology demonstrates that the "economic and the political, the domestic and the international, are never constituted independently of each other" and that the "core of their interrelations resides in social property relations... be they feudal, absolutist, or capitalist". Teschke's work is thus a definite advance over other paradigms in IR and it is an ambitious effort in realising what Waltz termed impossible.

Teschke (2008: 183) argues,

> *The challenge* [for IR theory] *remains to develop an understanding of different types and patterns of geopolitical competition and cooperation that is not held hostage to the structural functionalisms of a desocialized "logic of anarchy" or a depoliticized and de-geopoliticized "logic of capital."* In line with its critical vocation, Marxism needs to reconceptualize how balances of social forces affected the historical evolution of political communities in their internal and external aspects, to reconstruct the changing dynamics of their interactions and interpenetrations, and to specify the full range of spatial orders (within the capitalist epoch as before) devised by them in order to reproblematize the variable

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relations between domination and exploitation—and chances of resistance to them. (emphasis added).

The current study of Indo-Nepal relations (restricted to a timeline between 1990 and 2009) will precisely attempt to do so what Teschke argues above, albeit both for India and Nepal. Insights from Teschke's approach that was adapted by him toward arriving at a "new theory of the making of modern international relations" (Tesche 2003: 42) will be taken in this thesis to attempt a similar methodology for its purposes.

This thesis will operate on a similar premise – the primacy of "social property relations" and adopt a similar methodology to analyse the interactions between the geopolitical units in India and Nepal. It will study the transitions in their respective nation-states over time owing to significant changes in social property relations, the role of the external in the same and how these impacted on the relations between India and Nepal over time.

The schema for our work as elucidated in the forthcoming chapters would first explain the coming to being of the modern independent nation-state of India and the changes in social property relations over time, impacting upon the nature of policy making, foreign policy, economic policy, of the state itself. A similar exercise shall be done for the transitions in Nepal as well. The final chapter will then focus on the inter-relations between these two nations over the course of the years between 1990 and 2009 – a period marked by significant transitions in both nations.

CHAPTER 2

Chapter 2: The Indian-Nation State: Change and Transformation from Colonial Rule to Post-Independence

A non-Realist and critical theory of IR, in its analysis of "India in a Changing World", argues Achin Vanaik (1995), would,

> deal in great depth with the domestic roots of Indian foreign policy making. But even here it would go well beyond Realism or its sub discipline of "Foreign Policy Analysis" in showing – the how and the why of foreign policy decisions. This would mean a strongly sociological study of the full panoply of contending social forces operating in Indian society and their interaction with the state apparatuses, as well as the investigation of intra-state/ intra-governmental pluralist contentions and their effects on foreign policy making and implementation. All this would properly demand in-depth treatment.

In our endeavour to situate the "how and why of foreign policy decisions" in India, we shall attempt to do the very same as above argued by Vanaik. This should set the stage to understand our core case study – that of Indo-Nepal relations (even as we do a similar exercise for Nepal as well in the forthcoming chapters).

Before embarking upon understanding the changes in India's foreign policy-making – if at all significantly – as a consequence of the dynamics of social property relations within *and* that of international political economy externally – it must be understood as to how the idea and the nation-state of India came into being. This enquiry would then lead us to the pre-Independence period, which was when under colonial rule; the territorial idea of an Indian nation-state came into being, both through colonial manoeuvres as well as a consequence of the Indian nationalist movement for Independence.

The apogee of British colonial rule was achieved in the late 19th century, after dominion over India passed directly into the hands of the British government (and therefore the British Parliament) following the 1857 Indian Civil War, from the hands of the East India Company that had been legioned by the British to run the political affairs in India.

It would therefore be fair to say that foreign policy in India in this period *was entirely subsumed* to British colonial interests, as much as the political economy was subjected to colonial interests as well. What kind of social property relations were engendered in colonial India? How did these relations impact upon the colonial state? What kind of motivations of security, "colonial national interest" pervaded the colonial nation-state in light of the then international scenario in the late 19th and the early 20th century? What kind of changes and continuities happened in foreign policy and the domestic economy as India was liberated from colonial rule? What were the transformations in the social property relations as this process of decolonisation happened and how did this impact upon the foreign policy and domestic policy making in post-colonial India? These are the questions that we shall strive to answer.

2.1 India in the colonial period

2.1.1 Colonialism and its impact on social property relations in India

Many social historians of the colonial period – British rule in India – have argued that this period saw tremendous changes in India's political economy. Colonialism was buttressed by rapid capitalist development in Britain with the growth of industrial capital over mercantile capital in the early 19th century. British rule resulted in significant changes in India's political economy from being one dominated by the interests of the landed gentry (zamindars) and the noble/military elite (mansabdars) and a form of feudalism under pre-colonial Mughal rule. Bhadra (1984:489) argues, "there is little doubt that pre-colonial India was "not a unified nation but a geographical unit". Despite having a rudimentary indigenous set of classes in the form of artisanry and merchantry that could herald capitalist development, Indian political economy under Mughal rule was characterised by a kind of feudal domination that was oppressive towards these classes and subsumed them within an economic system that shackled capitalist development (ibid). As Bhadra (ibid: 490) argues,

The political and ideological ineffectiveness of the indigenous bourgeoisie meant that the dominant class in the Mughal social formation was comprised of *those who appropriated the agrarian surplus: the ruling class.* As a matter of fact, it is rightly stated by Raychaudhuri that "the state power and the ruling class were essentially indistinguishable". The contradiction between the indigenous bourgeois elements and the ruling class continued to find resolution in the favour of the latter through state power.... The continued domination of the Mughal ruling class that *only represented centrifugal, rather than centripetal tendencies of feudalism was by itself a formidable constraint on pre-colonial India's social change to capitalism... The consequences of the continued domination of the Mughal ruling classes were also fateful from the point of view of the further development of the indigenous capitalist class structure at a time when colonialism, itself a product and a promoter of metropolitan capitalist development and accumulation, was already in the process of consolidation.* (emphasis added).

The Mughal state, a "feudal state ... centralised, militaristic and hierarchical, with power vested in the hands of the Mughal ruler and his nobility" (Hussain 1979:20) was "dominated by the nobility whose strength, in the last instance, lay in the successful extraction and appropriation of agrarian surplus" (Bhadra 1984: 482).

The colonial intervention by the British - a consequence of the rise of metropolitan capital in Britain – in India was to intervene in a way that created the basis of a "dependent capitalism in India" which severely affected its developmental prospects while at the same time resulting in a rudimentary indigenous bourgeoisie. In many ways, as Bhadra (1984: 1-79) argues, the intervention of British colonialism in India resulted in a dependent form of capitalist development that engendered *and* destroyed development at the same time in India.

Bhadra (ibid:11-12) says,

In a sense, seen from the positive aspects of the effects of the intervention by metropolitan capitalism and colonialism, there is little doubt that pre-capitalist India experienced modernization or rather industrial capitalist development during the period of colonialism. In a very real sense, colonial India was an India in

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transition to modern capitalism. As commodity production increased, village communal structures declined, the economy was monetized, peasants and artisans were displaced, factory establishments were set up, new towns and cities emerged, internal and external markets expanded, the social division of labor grew, and the processes of capitalist urbanization, industrialization and production emerged, the specifically capitalist mode of production gradually developed in the colonial Indian social formation. The developments of a capitalist class structure (viz. industrial bourgeoisie, industrial proletariat, and new middle classes comprising various occupational and/or professional groups) and of a capitalist state, that stood to secure rights to life, liberty and property of the individuals, on the one hand, and guarantee necessary conditions for capitalist production and accumulation by the (metropolitan as well as indigenous) bourgeoisie, on the other, were two other natural accompaniments of colonial India's social change.

Yet, he also notes (ibid:14-15)

The different forces that arose from the structural contexts and effects of capitalist development and accumulation in the metropolis and of colonialism in India, themselves set severe limits on and retarded colonial industrial capitalist development as well. As a matter of fact, the colonial social formation in India came to be burdened with new obstacles generated by metropolitan capitalism and colonialism that both destroyed the productive forces that grew in Mughal India, and simultaneously retarded or altogether blocked the growth of new productive forces, conducive to, indigenous or colonial capitalist development.

Quoting A G Frank, Bhadra (ibid:15) says, "Indian societal transformations during the British rule had constituted, as Frank rightly suggests, "the most classic case history of the development of underdevelopment".

This thesis by Bhadra is corroborated by other social historians (for example Sarkar 1983) and economic historians (Bagchi 1982). Bagchi (1982:82) suggests that India, under

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British rule, "ceased to be a leading manufacturing country of the precapitalist era and was reduced to the position of a supplier of agricultural goods and raw materials to the industrializing economies of the West, particularly Britain". Even the massive modern infrastructure built by the British – the railway and telegraph system in India in particular – were done for commercial reasons, so as to aid in the process of converting India

> into a major supplier of raw materials and foodgrains for Europe and many of its colonies overseas. The route alignments and rate structures of railways were always as such to make it cheaper to transport goods form the ports to the interior and back rather than between points in the interior. India was opened up to the inflow of manufactures, primarily from Britain; in return, she supplied raw cotton, jute, indigo, hides and skins, oilseeds and wheat to western countries, to South America and later on, to Japan. The large scale irrigation works in western Uttar Pradesh, Punjab and Sind were particularly important in supporting the exports of raw cotton and wheat... Besides constructing railways, irrigation works and port facilities, the British in India opened up coal and mica mines, tea plantations and coffee plantations and, from the 1850s onwards, they also began to build up a large jute mill industry...

Clearly, as the arguments made by the social and economic historians point out, colonialism's legacy in India was to buttress the interests of the dominant ruling class in Britain, the metropolitan bourgeoisie. Bhadra (ibid) argues that these interests were not set in stone, and were themselves a consequence of class conflict featuring other classes in Britain and mediated by the British ruling classes. So much so, that British colonialism's intervention in India led to changing outcomes over time – from exclusively dependence over and tying up of the Indian economy to the British till the period of the First World War to later being exposed to the globalising world economy. Maintaining its suzerainty over India was very important to the British Empire and to its dominance in the world economy. The persistence of the Raj was vital for the British economy and therefore articulating a clear vision of colonial Indian foreign policy was important for the British. As Sneh Mahajan (2002:2) argues,

> It was vitally important for Britain's policy makers to maintain Britain's standing as a great power. It is generally said that Britain's great power status was based on

three things: its industrial and commercial strength, its maritime supremacy and its worldwide empire. It may, however, be pointed out that trade and the navy by themselves did not confer greatness on Britain. These were enabling factors, or mere instruments of power. They cannot be evaluated in any context other than that of determining to what extent these fulfilled the objectives for which these existed. It was Britain's empire which was the most visible expression of Britain's standing in the affairs of the world.

Mahajan (2002:4) continues,

In the age of new imperialism after the 1870s, when the acquisition of colonies itself became a status symbol irrespective of their value, it became imperative to ensure control over India. By 1902, in official circles, it became a doctrine of astonishing persistence that in fighting for India, Britain would be fighting for its imperial existence.The determination to hold and manage this empire decisively influenced Britain's relations with the continental powers. James Joll aptly comments: 'It was imperial questions and especially those arising out of the possession of India and of the need to control the route to the East which conditioned British Foreign Policy'.

In other words, the persistence of the imperialist hegemony of the British Empire was predicated upon the continuation of the Raj, in the perception of the metropolitan ruling classes. The security of the Indian colonies was therefore paramount and its borders had to be protected from perceived threats – other colonial powers or any other power that was seen to threaten invasion of the Indian territory. The British therefore over a long period of time since establishment of colonial rule, attempted to build "buffer zones" in the neighbourhood of India. As Mahajan (ibid: 20-21) points out -

The government of India made efforts to create territorial buffers from one end of India to the other. The coastal region of the Shan State in Burma was annexed after two wars in 1823–6 and 1852. The entire kingdom was annexed in 1886 when a threat was seen from the activities of the French government in South-East Asia. An expedition was sent to Tibet in 1903. Efforts were made to control the Central Asian khanates like Chitral, Gilgit and Hunza. Events in Afghanistan were very closely watched. An expedition was sent to Persia in 1856. Germany's activities in

Batum and in the direction of Baghdad were closely watched. Though great expanse of desert and mountains separated the Indian Empire from Russian possessions, the British government monitored every move made by Russia in the direction of India.All these negotiations were conducted and bargains were struck in complete indifference to the wishes of the governments or natives of these places.

One can thus imagine a fully fledged colonial enterprise that had a clear cut principle of economic policy-making attuned towards the extraction of raw materials from the colonial economy and the import of (and what some call "dumping of") finished goods from the metropolitan economy[7]. As Bipan Chandra (1999: 62-70) in his theoretical study of aspects of colonialism points out, colonialism in India had distinct stages – the first stage (during the hegemony of the East India Company) involving, the

> 5.   the monopoly of trade with the colony vis-a-vis other European merchants and the colony's traders and producers and (2) the direct appropriation of revenue or surplus through the use of state power. Whenever craftsmen or other producers were employed on account of the colonial state, corporation or merchants, their surplus was directly seized, not in the manner of industrial capitalists but that of merchant-usurers....

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7 Nationalists in India viewed this as the "drain" of resources from the colonial economy and the gradual deindustrialisation of it. Sarkar (1982:27) contextualises this thus -

> With the rise of tariff walls around the other developing capitalist economies in Western Europe and America, Britain was running into major problems of deficits, as she still required heavy imports of agricultural products while her manufactures found markets difficult to obtain in an increasingly protectionist world. India proved vital in two ways. The forcible maintenance in India of what Strachey described as 'a nearer approach to complete freedom of trade ... than in almost any other country' (Ibid., p. 101) meant in practice the preservation of a captive market for Lancashire textiles. Secondly, India's constant export-surplus with countries other than Britain through massive outflows of agricultural products and raw materials counterbalanced British deficits elsewhere. Apart from military and strategic advantages, these were the solid gains from the Indian Empire for Britain as a whole.
>
> (The drain theory had its severe critics right from the beginning, and certainly some nationalist formulations of it appear crude and exaggerated today. The drain, it has been argued, was greatly exaggerated by nationalists, since foreign trade and export surplus could amount to only a small part of India's national income. But surely [Dadabhai] Naoroji had a point here when he argued (before the Welby Commission in 1895) that the amount being drained away represented a potential surplus which might have raised Indian income considerably if invested properly inside the country...)

While the second phase featured the dominance of the interests of industrial metropolitan capital which had more distinct interests than that of the mercantilist interests of the earlier stage. As Chandra (ibid:65) points out,

> Thus the essence of the second stage of colonialism was the making of the colony into a subordinate trading partner which could export raw materials and import manufactures... The colony could not be exploited to meet the new requirements within its existing economic, political, administrative, social, cultural and ideological setting; this setting had to be shattered and transformed all along the line. This transformation was actively undertaken under the slogan of development and modernization. In the economic field, this meant integration of the colonial economy with the world capitalist economy, and above all, the metropolitan economy... Major changes occurred in the administrative field. Colonial administration had now to become more detailed and more comprehensive as well as to permeate deeper if metropolitan products were to penetrate the interior towns and villages and the agricultural produce was to be drawn out of them. The legal structure of the colony had to be overhauled... the second stage of colonialism generated a liberal imperialist political ideology among sections of the imperialist statesmen and administrators... [it was believed that] this stage of colonialism could be perpetuated even if metropolitan power was to withdraw direct political and administrative control.

In order to secure this regime, it set about a strategy of securitisation and geopolitical control that set a clear strategic principle of protection of its most immense asset – the Indian colony. This inevitably set stage for a strategic worldview for the slowly emerging nation-state of India, as its citizens set out to imagine themselves as constituents of a colonised and exploited nation-state.

Seen as a regime of exploitation therefore, how did this colonial regime manage to stay extant in India for over 200 years? What facilitated the endurance of the regime despite the severe contradictions that it was imposing in India's class structure, the exploitation of its economy and the many lives inter-linked to it and the manner it established its

hegemony through means which included blatant "racism" and imperialism? What resulted in the later fraying away of this regime and in Independence?

It is imperative to explain the nature of the colonial state and the relations it had to the indigenous class structures to understand the impact of colonial rule on social property relations in colonial India and vice versa.
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2.1.2 The colonial state and social property relations

As mentioned before the end of the civil war in 1857 heralded "direct rule" over India by the British Parliament. Even so, real power did not vest in the British Parliament but in the Viceregalty and the Secretary of State who ruled India. As Sumit Sarkar (1983:12) says,

> Till well into the twentieth century, British Government in India was basically an autocracy of hierarchically organized officials headed by the Viceroy and the Secretary of State, while the ultimate Parliamentary control was spasmodic and largely theoretical. Developments after 1858 had in fact considerably enhanced the personal role of the Viceroy-Secretary of State combine, while bringing them into much closer contact with each other through the communications revolution symbolized by the submarine cable and the Suez Canal (1865-69). The East India Company's affairs had been live political and economic issues in England, and renewals of Charter Acts had provoked intense debates in Parliament. After 1858, the routine annual presentation of Indian financial statements and 'Moral and Material Progress Reports' usually quickly emptied the Commons. The Court of Directors had remained influential through its patronage functions; the Council of India set up by Lord Stanley's Act as a check on the Secretary of State never acquired much importance, as it could be overruled on most matters and by-passed through 'urgent communications' or 'secret orders' to the Viceroy. In India, too, the railway and the telegraph brought local governments closer to Calcutta, while Coupland reminds us that there was 'no trace of the federal idea' before 1919. (Constitutional Problem) The Indian Councils Act of 1861 had also strengthened the Viceroy's authority over his Executive Council by substituting a 'portfolio' or

departmental system for corporate functioning. The Imperial and local Legislative Councils enlarged or setup by the same Act included a few non-official Indians but were essentially decorative. Being entirely nominated bodies till 1892, they even lacked, before the reforms of that year, any statutory powers of discussing budgets or putting questions. *The political structure thus concentrated enormous powers in the hands of the Viceroy and the Secretary of State..* (emphasis added)

This structure had close ties with the landed elite – the zamindars and big landlords in rural India whose power was enhanced following the imposition of the Permanent Settlement – besides the traditional feudal elite, the rulers of the princely states, and so on. As Sarkar (ibid) explains,

> Indian collaborators were obviously indispensable for the day-to-day running of a huge country. What contributed greatly to British self-confidence was the ease with which such dependent allies seemed obtainable. The post-1857 years had seen the renewal and consolidation of links with princes, zamindars and a variety of urban and rural notables, and the 662 Indian native rulers in particular were to remain the most loyal of bulwarks till the very end.

In Britain itself, the British state had gradually transited from monarchy buttressed by feudalism in the 16th century into a state that "became the instrument of the capitalist landed classes from the joint management of their common affairs" (Teschke 2003: 255) in the 17th century into a "military-fiscal state" based on a parliamentary system and "was sustained by a productive capitalist economy, an increasingly rationalized state apparatus, and the ultimately consensual national policies of a unified ruling class" (ibid: 263).

The colonial version of the British state in India on the other hand retained emphasis on a coercive structure that was tasked with accumulating revenue surplus from "semi-feudal" agricultural production, create a state run infrastructure that facilitated the sustenance of markets catering to metropolitan produce and goods; and replicated the "military-fiscal" but highly exploitative state that was buttressed by a colonial bureaucracy.

In many ways, this "modern, rationalised" colonial state apparatus set the stage for a modern Indian nation-state with many Indian sections disenchanted with the exploitative character of the colonial apparatus, seeking to replace the British power with indigenously and democratically elected Indian rulers.

Certainly, post the civil war in 1857 and the maturation of the colonial state, sections of the rudimentary Indian bourgeoisie, the newly educated middle classes and Indian representatives of the colonial apparatus began to articulate the need for significant changes in the exploitative character of colonial power. Over time, these classes were further organised by political forces such as the Indian National Congress, which rapidly assumed a mass character as it soon led a freedom struggle against colonialism[8].

The industrial bourgeoisie, which grew particularly after the end of the World War I, on the other hand, had an ambivalent relationship with the colonial state. Before World War I and beginning in the mid 1850s, a rudimentary Indian bourgeoisie had started to emerge – primarily concentrated in the cotton textile industry and later owning coal and mica mines and tea, coffee plantations (Bagchi 1982:86). The same period was also one of "stunting" of Indian industrialisation, due to British imperial policies related to "free trade", wherein India was a major market of import of British goods, and surpluses generated in the Indian economy were "mop[ped] up ...in order to transport, feed and equip the white settlers of the temperate-region colonies" (ibid). "In the absence of domestic industrialization, Indian producers of primary commodities became extremely vulnerable to international business cycles..." (ibid).

It was only following the weakening of British imperial power following World War I that the slow multilateral dependence on the advanced capitalist countries, as opposed to the unitary dependence on Britain began to take shape. Owing to pressure from the nationalist movement, Britian had to grant some concessions to the Indian capitalists, with

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8 This thesis will not go into further details on this, but it will suffice to say that the Indian National Congress' mass character enabled it to take on the mantle of the post-colonial state's leadership. We would however be concerned with the how and why of the post-colonial nation-state's foreign policy-making and how the social property relations in post-colonial India impinged upon IR thinking.

some fiscal autonomy afforded to the Indian government apart from protective tariffs to safeguard Indian industry against foreign competition. This enabled a short period of spurring Indian capitalism through rudimentary import substitution policies, which lasted till the Great Depression but created a new form of dependence of Indian capital on advanced capitalist countries. By the time Independence was achieved[9], and by the end of the Second World War, while there indeed existed a domestic bourgeoisie,

> India lacked the base for autonomous technological development or for successful imitation of techniques developed abroad. With a poor population and a social structure dominated by a weak and far from homogeneous capitalist class, the market for the better types of consumer goods, particularly durables, remained extremely restricted. *The state apparatus precariously balanced the interests of the landlords, monopoly capitalists, professional classes, and colloborationist elements in the upper classes.* Here government policy was never radical enough to release agriculture from conditions of semi-feudal bondage, and lay a firm base for assured growth. India had in effect made a transition from the demand constrained stasis of colonial times to a multiply-constrained three legged race of a neocolonial, retarded society. (Ibid: 94, emphasis added)

The ideology and logic of the nationalist movement very much focussed towards replacement of the colonial state with a nationalist government that was democratically elected by the people of India – transcending and elite interests – and this gained the nationalist movement led primarily by the Indian National Congress apart from other revolutionary sections, immense public support.

The Indian National Congress in its policy of aggregating a multi-class support base saw to it that the interests of the landed elite – the big landlords and rural elite – were not particularly compromised. The brief period of rule by Congress governments after

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9 Independence from colonialism was a consequence both of the powerful nationalist movement which had wrested degrees of self-rule already by the colonial government granting elections to provincial and national legislators in the 1930s as also the significant weakening of colonial power following the devastating effect of the Second World War. We will not go into further detail on this as this is not the subject of our topic. For our purposes, it would suffice to say that the political structure of the Indian nation-state - a constitutional democracy – was set in motion in the period when the Indian nationalist movement managed to secure a form of self-rule following the elections in the 1930s.

provincial elections in various parts of India in the late 1930s is testimony to this. As regards the interests of the domestic bourgeoisie were concerned, it was clear that the indigeneous capitalists required that the state played an active role in garnering investments for expanding the domestic market and to curb labour action. Sections of the landed elite were keen that the Congress did not undertake any radical land reform policies that went against their interests. The Congress ensured that these interests were managed and consequently this set the stage for both the indigeneous bourgeoisie as well as the landed elite lending support to the nationalist cause.

The powerful Indian nationalist movement which enjoyed a mass popular support cutting across various classes, castes and regions managed to upend colonial rule not only through the dint of the struggles it launched against colonialism but also because the British Empire itself collapsed under its own weight of internal contradictions. The imperialist wars – World War I and World War II had significantly weakened British power (Mukherjee 2010) and wrought in new internal contradictions within British society itself. The contradictions between finance and industrial capital[10], the drains in the economy due to the world wars, the rise of labour classes that de-emphasised colonialism – were also reasons for the decline and ultimate collapse of the British Empire.

The Indian state underwent many changes in its structure and the interests that it primarily represented following Independence and the shift of state power from colonial hands to that of representatives of the nationalist movement that accelerated the transition to independence. The most significant consequence of this was the decoupling of interests from metropolitan capital and the greater autonomy for the Indian state to mediate the interests of the domestic bourgeoisie, sectional interests and that of the Indian people. That said, large features of the organisation of the colonial state were retained in the post-Independence period. We shall discuss changes in social property relations over time post Independence and its impact in changes in Indian society, polity and also in the nature of

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10 Mukherjee (2010) points out as to how the ravages of World War I and later the Great Depression heightened the contradictions between finance and industrial capital in Britain.

the Indian state. These changes would later inform us about policy transitions in both foreign and domestic policy in independent India.

2.2 Social Property Relations post India's Independence

The withdrawal of colonial power from the Indian subcontinent had a profound effect on social property relations in the nation-state of India, and therefore on the nature of the state itself. The fledgling Indian state just after Independence inherited – as discussed above – many aspects of the colonial structure in the manner it was structured. It retained the bureaucratic apparatus, the military organisation but the ideology and purpose of state power underwent massive change from that in the colonial period. As Atul Kohli (2004:259) points out,

> The roots of Indian democracy and its fragmented-multiclass state ... need to be understood in terms of institutional continuities, including the British political inheritance, and in particular, a relatively centralized and coherent state, with its well-developed civil bureaucracy, its limited but real experience of elections and of constitutional, parliamentary government, and its traditions of independent media and freedom of such associations as labor unions...Besides colonial inheritance, therefore, one must underline the constructive political role of India's nationalist movement/party, the Indian National Congress, and of India's leaders in the evolution of the democratic state. In its quest for freedom from British rule, the Congress not only brought together a variety of Indian elites but also established numerous links between elites and the masses, which defined the framework within which Indian democracy advanced....

As regards social property relations, the liberation from colonial domination meant greater prospects for indigeneous capitalist development – albeit under what economists called a "dirigiste" regime[11] –for sections of the monopoly capitalists in particular, the retention of the tenuous alliance between the bourgeoisie and the agrarian land owning elite and the

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11 Patnaik and Chandrasekhar (2007:218) describe "Dirigisme" thus - "...state-directed economic development. Not only was the state highly interventionist, but the economy came to acquire a sizeable public sector, especially in areas of infrastructure and basic industries."

state having a relative autonomy and exercising it to foster the dirigiste model of development.

As economists CP Chandrasekhar and Jayati Ghosh (2002: 1-3) write,

> Going behind the socialist rhetoric of the 1950s, it is clear that there were a number of features of India's post-Independence growth strategy that structurally limited the potential of the system. To start with, despite talk of land reform, of providing land to the tiller and curbing the concentration of economic power, little was done to attack or redress asset and income inequality after Independence. The worst forms of absentee landlordism were done away with, but the monopoly of land remained intact in most of rural India. And while some monopolistic practices were curbed, asset concentration in the industrial sector was never challenged. Rather, India's monopolists were able to use state intervention as a device to consolidate and expand their monopolistic positions....
>
> ...The economic policy regime erected in the 1950s had its roots in the freedom struggle itself. *The economy had been dominated by metropolitan capital and metropolitan commodities in the pre-Independence period. Freedom meant freedom from this domination;* and this could not be ensured without giving the state in independent India a major role in building up infrastructure, expanding and strengthening the productive base of the economy, setting up new financial institutions, and regulating and coordinating economic activity. This was necessary even for building capitalism itself, although it was proclaimed by some to be also a means of transition to socialism. *State capitalism and state intervention were essential instruments for the development of a relatively autonomous Indian capitalism, displacing metropolitan capital from the pre-eminent position it had occupied in the colonial economy.* (All emphases added)

In a nutshell, the indigenous capitalism engendered in the later years of colonial rule were protected and burgeoned through active state intervention. It is also the case that a large set of indigenous capitalists requested such an interventionist role by the post-colonial state. The state was therefore invested with a degree of autonomy while acting in the interests of indigenous capital and was vested with a purposive ideology of development.

This ideology of development – *dirigisme* – expressed itself in the running of foreign policy as well. In the Nehruvian period (the period of governance under prime minister Jawaharlal Nehru of the Indian National Congress), the Indian state followed a dedicated principle of *dirigisme* buttressed by a foreign policy that experts call a combination of idealism and pragmatism[12]. So much so, that most strategic analysts in India have always focussed on 'strategic autonomy' and 'self-reliance' as motifs that have pervaded Indian thought since the formation of the Indian nation-state liberated from colonialism in 1947. Motivated and established as the "Nehruvian consensus", strategic thought and affairs conducted in India have generally revolved around these two themes.

Our reading of social property relations would argue that these two were inter-related. The interests of self-reliance, motivated by that of indigenous capitalism required a strategic thrust from the Indian state that required it to conduct policy both in the domestic and international sphere with a degree of autonomy that resulted in the best possible implementation of *dirigiste* development. No longer was state policy predicated upon a *laissez faire* approach in favour of metropolitan capital as was the case in the colonial state but adhered to a developmentalist approach that did favour indigenous capital by enhancing the domestic market, improving infrastructure by collating investment into productive areas and laid the foundations of a modern India. At the same time, the state did not overplay its hand, and sought to balance the interests of the multi-class alliance that had been developed during the course of the freedom struggle and propelled the Indian National Congress to power. Thus while the worst forms of the zamindari system and absentee landlordism were done away with, in the earlier years following independence, land reforms and securing the rights to ownership of land by sharecroppers and tillers were minimal. This was done in order to continue to privilege the interests of the rural elite. The consequence of this was the inability of Indian capitalism to unleash growth and development that was seen elsewhere such as in East Asia (in South Korea for

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12 Mitra (2009:20) suggests that Nehru's foreign policy was a "mix of liberal internationalism and a 'norm-driven' realism".

e.g.) where the state had a strong disciplining role vis-a-vis big capital and also implemented land reforms significantly.

The relative autonomy of the Indian nation-state and its interventionist role, while at the same time acting in a manner that was not atypical of other liberal democratic states elsewhere, led some analysts such as the Marxist economist Michael Kalecki to term the Indian state as governed by an "intermediate regime" (Kalecki 1972:162-69). As Baru (1988:146) notes,

> Kalecki's concept of an 'Intermediate Regime' is inspired by the situation he encountered in the 1950s in such post-colonial countries as India, Indonesia and Egypt – all characterised by a *large state capitalist sector, a strong 'nationalist' leadership comprising various social classes and exhibiting anti-imperialist and anti-feudal tendencies*. Kalecki postulates the case where, due to the nature of the national liberation struggles, the 'intermediate classes' comprising lower middle classes and the rich peasantry, come to power rather than the big business or landlord classes. *Such classes stand opposed, on the one hand, to the big business and landlord class and are thus anti-imperialist and anti-feudal respectively (since big business is regarded as "predominantly foreign controlled" and the absence of any radical land reform has left the feudal landlord class still well entrenched); and on the other hand, stand in opposition to the rural and urban workers and the poor including poor peasants. However, these 'intermediate classes' have as yet, a narrow economic base and so utilise their 'political power' gained as a result of their leadership of the national liberation struggles, to gain "independnece from foreign capital", "carry out land reform" and "assure continuous economic growth". While the first two are aimed at weakening the 'dominant antagonistic' classes, the last is aimed at consolidating the position fo the 'intermediate' classes.* (emphasis added)

Various Marxists have disputed Kalecki's characterisation of the Indian state as an "intermediate regime", arguing that big business and monopoly capital played a vital role in setting the agenda for the state and that its interests were paramount (Namboodiripad 1973). However, Marxists in the same tradition have also noted that despite the

controversial characterisation of the Indian state as an "intermediate regime", "the method of this analysis, rather than the analysis itself, serves as a useful inspiration to other assessments of the process of development, which look for explanation towards political economy and class configurations to understand both economic policies and their effects. This is in sharp contrast to the purely "technocratic" assessments... which abstract completely from the basic politics of development or view it only in terms of rather limited "interest groups"" (Ghosh 2011).

Economist Prabhat Patnaik (2010) argues,

> Michael Kalecki's (1972) proposition that these regimes constituted "intermediate regimes" where the petty bourgeoisie constituted the ruling class was no doubt an exaggeration, but the relatively autonomous *bourgeois State* which apparently acted in the interests of society as a whole (even to the point of institutionalizing "planned development" and calling itself "socialist") certainly acquired its specific character, its *distance* from the capitalist class, by drawing its personnel from the ranks of the petty bourgeoisie, both urban and rural. The State personnel drawn from the ranks of the petty bourgeoisie were generally skeptical about, and even to a degree hostile to the capitalist class and were committed to State capitalism which they also saw as a means of self-advancement in the new situation of de-colonization. The State was a bourgeois State, laying the foundations for capitalist development. But the motivation, the ideological inclinations, and the class background of the State personnel ensured that the State had a degree of autonomy both vis-a-vis imperialism and also vis-a-vis the domestic capitalists.

Political economist Pranab Bardhan, in a way, reconciles the view of Kalecki and Marxists in India such as Prabhat Patnaik. His argument is that the Indian state was indeed autonomous and did not necessarily at the behest or on behalf of the "proprietary classes" – the indigenous big bourgeoisie and the landed elite – but did little to overcome the constraints offered by these classes. In Bardhan's (1984:38-39) words

> The state elite that inherited the power at the time of Independence enjoyed enormous prestige and a sufficiently unified sense of ideological purpose about the desirability of using state intervention to promote national economic development; it redirected and restructured the economy, and in the process exerted great

pressure on the proprietary classes. This led to considerable complexity and fluidity in the composition of the proprietary classes and their relationship with the state. But while the state elite from its commanding heights formulated goals and pointed policy directions, neither at the behest of nor on the behalf of the proprietary classes, it could not ignore the serious constraints on the framework of policy actions and certainly on their effective implementation posed by the articulated interests of those classes; and as the aura of special legitimacy of leaders derived from their participation in the freedom movement and from serving in British prisons waned in the wheeling-dealing of day-to-day post-Independence politics (and as some of the widely respected figures of that generation passed away), they could get away with fewer and fewer of the autonomous policy directives, and the constraints became binding. Furthermore... the plurality of these constraints and the complexity of their mutual interaction in a noisy open polity have generated pressures which have seriously interfered with the accumulation and management functions of the public economy. As a consequence, the autonomy of the Indian state is reflected more in its regulatory (and hence patronage-dispensing) than developmental role.

Bardhan goes on to explain the role of the "proprietary classes" – the industrial bourgeoisie, the rich farmers and the "professionals (both civilian and military) including white-collar workers" (ibid: 51) in framing state policy to their relative benefit in post-Independence India. While the first two proprietary classes influenced the states to advance specific class interests – the industrial bourgeoisie and rich farmers (not many absentee landlords) – the "professional classes" were not necessarily "classes by itself" in terms of their origins. As Bardhan (ibid: 52) explains, "Except at the lower rungs of the bureaucracy, at the level of local administration, the class origins of officials from families in trade, industry or arming do not directly determine their policy actions". Bardhan goes on to write,

By managing to direct educational investments away from the masses, they [professional classes] have been able to protect their scarcity rent, and by acquiring licence-giving powers at various levels of bureaucracy some of them have increased their capacity to multiply this rental income. It seems the old

rentier class in Indian society, deriving its income from absentee landlordism, has now been replaced by the new rentier elements in the privileged bureaucracy, and not infrequently they both belong to similar social status groups and castes.

We therefore get a sharp characterisation of the Indian state based on social property relations that determined it and were affected by it post Independence. These social property relations underwent significant change over the course of the years following the early Nehruvian period.

Based on the above assessments, we can conclusively say that the Indian state since Independence, atleast in the earlier years marked an entity that enjoyed a high degree of relative autonomy apropos various classes. As Rudolph & Rudolph (1987: 21) argue, the Indian state as "the most dominant producer interest in the organised economy" effectively regulated the polity to such an extent that traditional class politics with differences between sections representing capital and labour was marginalised in India. That did not mean that the state did not act in the interest of certain classes; it did and the evolution of these classes and its position vis-a-vis the Indian state, ultimately did matter in the change and transformation of the Indian state itself beyond the Nehruvian period.

2.3 Determinants of Indian Foreign Policy and International Relations in the Nehruvian Period

Bandyopadhyay (2003:53) while discussing the "basic determinants" of foreign policy, suggests that "foreign policy and domestic policy are inseparably interlinked" and that, "foreign policy... is decisively conditioned by domestic factors". Bandyopadhyay (ibid) elaborates on the basic determinants from geography to state structure, to international environment, political institutions and so on. Our assessment is that these determinants – geography apart, are also detsermined by the nature of social property relations and their interactions.

2.3.1 State Structure:
As explained in the previous sections, the early period of post-colonial India involved the preponderance of a state that enjoyed a high degree of relative autonomy apropos the dominant classes in Indian society, as explained above. As regards foreign policy,

'strategic autonomy' and 'self-reliance' as motifs have pervaded Indian thought since the formation of the Indian nation-state liberated from colonialism in 1947. These were in line with the *dirigiste* state's functioning – the state was responsible for various aspects of development. Rudolph & Rudolph (1987:21) suggest, "... a reason for the Indian state's being autonomous... [was] its superordinate relationship as a "third actor" to the historic adversaries of class politics, private capital, and organized labor. The state as third actor began its autonomous career in independent India as a creature of Nehruvian socialism."

In this superordinate position, the Indian state was able to articulate a powerful autonomous notion of foreign policy and endeavoured to continue the implementation of the ideals that the nationalist movement had sought. This explained the recourse to "self-reliance" and "strategic autonomy" as its motifs and the construction of the philosophy of "Non-Alignment" in response to the realignments in world power following the end of World War II. While the preponderance of the state in economic development – *dirigisme*, "self-reliance" and "strategic autonomy" as avowed and practised goals in foreign and domestic policy was common to other countries that had overcome colonialism as well, what was specifically and unique to India post-Independence was the robust institution of the practice of liberal democracy. This included the setting up of a constitutional democracy – through the aegis of a multi-representative Constituent Assembly – and robust democratic institutions that held periodic elections to the executive including universal adult franchise and separation of powers. In many ways, the legitimacy that the ruling Indian National Congress party gained during the Indian freedom struggle was sustained in the early years after Independence due to the establishment of a robust liberal democracy.

This superordinate status of the "state" – which had a relative autonomy above class interests – and the super-majority enjoyed by the Indian National Congress in the national legislature accorded the executive government under Prime Minister Jawaharlal Nehru – which lasted 17 years from 1947 to 1964 – a great degree of say in setting and implementing foreign policy in its own terms. Under Nehru's regime, the ideology of "Non-Alignment" – what Bandyopadhyay (2003: 51) classifies as a mixture of "idealism"

and "pragmatism"- took shape. Non-alignment was a strategy that sought to maximise the interests of the fledgling republic and independent nation-state in a bipolar world. While many Realists have termed the policy and ideology of "Non-Alignment" as being "idealist" and not in tune with the changing realities of the world post the Nehruvian era, it must be said that all things considered, this flowed from the worldview of the inheritors of the state who were participants in the anti-colonial struggle and believed (rightly) that the post-colonial nation-state stood not to benefit by any kind of bandwagoning with the two world systems led by the two superpowers of that time. It was therefore a calculated strategy to keep options open of seeking aid and support from both the superpowers if and when required.

The Nehruvian period was one when the Indian nation-state received aid in development – not just in capital, but technical knowhow, industrial help and so on – from many developed nations both from the Western "capitalist" bloc as well as from the Socialist bloc led by the USSR. Internationally, the Indian nation-state sought to emphasise the voice of the "Third World" - that of the newly independent nations and also to emphasise multilateralism, peace, anti-imperialism and anti-racism, pan-Asian and South-South cooperation and solidarity.

The explanation for the adaptation to a unique model of engagement with the world – that was later replicated and adopted by other post-colonial nation-states as well – must lie in the nature of social property relations that persisted in India post-Independence and the high degree of autonomy that the Indian state enjoyed.

Apropos neighbouring states as well, India attempted to develop peaceful and close relations – the initial bonhomie with the emergent revolutionary state in China, the attempts at entente with Pakistan despite issues with it related to the Kashmir issue and so on. With smaller nation-states, the Indian regimes encouraged and supported democratic efforts – such as what transpired in Nepal against the practice of Ranacracy, but at the same time, did not go beyond its remit in opposing the monarchy despite good relations

with the democracy advocates in the country[13]. In many ways therefore, Indian foreign policy flowed from a "pragmatic" approach that was suffused with the ideological worldview of the Indian nationalists who had "democratically" achieved liberation from colonial rule.

In many ways, the Nehruvian approach to internal governance and development – emphasis on "scientific rationalism ...principled, purposeful politics ...procedures of parliamentary democracy and federal constitution(alism)" was carried forward to, in its conduct of international relations as well to a large extent[14]. The Indian Civil Service, which was largely a force that was subserviant to the British government and acted in the interests of British imperialism – was relegated to a subordinate position in setting and implementing India's foreign policy by the Nehru regime.

There were several changes in social property relations over time in India and this per se affected India's foreign policy as well. We shall discuss this in the forthcoming chapter.

2.4 Conclusions

The chapter argues that the change in social property relations from the colonial period – from being driven by the interests of metropolitan capital to that of an autonomous state –

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13 We shall further explain Indo-Nepal relations following the "social property" approach in a later chapter. While the period of study of this will be the post-liberalisation period in India and the post-democratisation period in Nepal, the relations will be established through a historical-sociological approach and an introduction to the earlier periods of engagement – including the one right after India's Independence will be provided.

14 That however, did not mean that there were setbacks to this approach. Faced with a border resolution issue with China for e.g., the Nehruvian state couldn't manage to overcome internal contradictions and arrive at a workable solution with the Chinese nation-state. Instead, forced by internal contradictions in India's polity to articulate a belligerent position on the border issue, and confronted by a similar Chinese "nationalist" reciprocation, the Indian state finally had to go to war with China in 1962, when Chinese forces made incursions into its North East sector before finally withdrawing. The Nehruvian state's handling of the Sino-Indian relations has received immense criticism from various quarters – with hyper-Realists arguing that the "idealist" and peaceful emphasis resulted in the under-preparedness of the Indian state to deal with Chinese belligerence, while on the other hand, others have argued that the Indian state did not do enough to allay concerns over the border or seek to arrive at a compromise solution because of its inability to rise above narrow Realist considerations of territoriality. It is amply clear that the "hybrid" and unique nature of the Indian state's worldview on international relations which inherited the colonial legacy of thinking based on "security" along with its own conception of "idealism" reflected its behavior in the Sino-Indian border crisis.

had a bearing over domestic and foreign policy in India. If, in the Mughal period, the landed aristocracy and feudal classes had preponderance over state policy and indeed the state was dependent upon them; in the colonial period, it was metropolitan capital that dominated and guided the Indian nation-state's policies and governance.

Significant changes were wrought out in the colonial period as the movement for Independence – such as the emergence of new classes, the expansion of a rudimentary capitalist class and making of a new Indian ruling class that sought to build legitimacy through a multi-class alliance. Post-Independence, a state emerged that was relatively autonomous apropos various classes, but still acted predominantly in the interests of the emerging bourgeoisie, while not upsetting the interests of the rural landed elite.

The relative autonomy afforded to the state and the legitimacy derived by ruling Congress party made it possible for the state to significantly dominate foreign policy, shifting it substantially from that in the colonial period. Yet, the inheritance of the structures of the colonial state and the inevitability of factors such as geography ensured that various aspects of foreign policy during the colonial period were continued during the post-Independence phase as well.

At the same time, there were significant changes in social property relations during the early post-Independence period. This shifted domestic and foreign policy heralding new changes in these respective spheres. Post the Nehruvian period, the nation-state itself transited from a "command based political economy" to a "demand based political economy" (Rudolph & Rudolph 1987:212). Rudolph & Rudolph (1987:212-13) distinguish these "heuristic constructs" thus -

> In our model of a command polity, "autonomous" states are sovereign. Extractive and allocative decisions reflect the preferences of the elected and appointed officials who choose and implement policies. They favor, repress, license or co-opt classes, interests, communities, and elites... The demand polity is oriented toward short-term goals; toward competitive processes for determining policies and the public interest (e.g. Voting, distribution, and bargaining); and toward the provision

of private goods. It is constrained and directed by the imperatives of electoral victory and by pluralist and class influence on public choice... A necessary condition for the command polity's ability to formulate goals, strategies, and policies is the state's ability to free itself from the constraints of societal demands through leadership, persuasion or coercion...Jawaharlal Nehru's Congress governments exemplified the possibility of combining command politics with a democratic regime... 1966 [marked the onset of] the first period of demand politics (1966-75)...

The next chapter will discuss this and more.

CHAPTER 3

CHAPTER 3: The Indian-Nation State: Change and Transformation in Social Property Relations and Foreign Policy from the Nehruvian Period to the "Neoliberal Period".

Significant transitions occurred from the Nehruvian period to the post-Nehruvian period till the early 1980s in social property relations in India and from the 1980s to the early 21st century in India. These transitions entailed changes in the nature of the state, the configuration of classes vis-a-vis the state and power, and also resulted in major changes in the conduct of state policy and therefore foreign policy as well. This chapter shall chart out these transitions from the Nehruvian period onwards by adopting a study of the changes in social property relations and the nature of the state. A cursory look at the changes occurring in the international system that, in a way, determined the trajectory of foreign policy at the state level in India will also be made.

In the previous chapter, it was discussed as to how the relative autonomy of the state, over and above class interests was established due to the particular characteristics of the nationalist movement that led to Independence. The emergence of new classes, the expansion of a rudimentary capitalist class and the making of a new Indian ruling class that sought to build legitimacy through a multi-class alliance were discussed. It was concluded that Post-Independence, a state emerged that was relatively autonomous apropos various classes, but still acted predominantly in the interests of the emerging bourgeoisie, while not upsetting the interests of the rural landed elite. The relative autonomy afforded to the state and the legitimacy derived by ruling Congress party made it possible for the state to significantly dominate foreign policy, shifting it substantially from that in the colonial period. Yet, the inheritance of the structures of the colonial state and the inevitability of factors such as geography ensured that various aspects of foreign policy during the colonial period were continued during the post-Independence phase as well.

We shall briefly start off with an explanation of the international system during the post-Independence phase in India and it impacted upon foreign policy of the Indian state

before setting out to understand the internal processes – changes in social property relations – that affected and resulted in the policies of the Indian state during the period.

3.1 The International System: The Start of the Cold War

Following the devastation of the Second World War, the world was clearly organised into two camps led by two victorious superpowers; one, the capitalist bloc, led by the rapidly industrialised and developed United States and the other, the socialist bloc, led by the highly industrialised but war ravaged Soviet Union. The "third" bloc of countries included the newly independent, decolonised nations, such as China and India among many others. Some of these countries chose to adopt a foreign policy of close alignment with either of the major blocs, while some professed the need for equidistance, prioritising internal development and world harmony. India squarely fell into the third bloc and also led the Nonalignment movement. A clear understanding of the two blocs is in order as the changes in political economy and transitions heralded inside them had a bearing upon the foreign policy and overall political-economic strategies of the individual countries among the Non-aligned bloc of countries as well, including that of India.

In the first bloc of countries representing the capitalist world, significant changes in macroeconomic policies post the World War heralded a period of growth and high employment which many characterise as the "Golden Age of Capitalism". The end of the World War resulted in a situation where the United States of America emerged as the sole nation-state that had its industrial production capacity and development capabilities significantly enhanced at the end of the War. This automatically catapulted the country into a leader of sorts of the capitalist world – albeit capitalism itself undergoing significant changes within the US following the vagaries and difficulties of the period of Great Depression.

The US and its allies (primarily the United Kingdom) had carefully drawn a "new international economic order" after the World War. As Glyn et al (1991:18) say,

The 'new' international economic order which came into being after the war was not a spontaneous development. It was carefully planned, mainly by the governments of the US and the UK, while World War II was still in progress. *It rested on the view that an expansion in the volume of international trade would be essential to the attainment of full employment in the US and elsewhere, to the preservation of private enterprise, and to the development of an international security system.*

Moreover, the international economic system would need effective leadership by the US if a liberal international economic order along these lines were to be established.. Action required would include the following:

1. An International organization for the maintenance of exchange stability and to deal with balance-of-payments problems.
2. An international organization to deal with long-term international investment.
3. An international agreement on primary-commodity price control.
4. International measures for the reduction of trade barriers.
5. The international organization of relief and reconstruction
6. International measures to maintain full employment.
...The first two points of the programme were implemented by the establishment of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). (emphasis added)

The authors (ibid) go on to say,

The macroeconomic structure of individual countries during the golden age was founded on and reproduced by a particular system of production, was regulated by a set of co-ordinating rules, and functioned within a particular international order. Such a structure could be undermined by problems originating in one or more of these spheres which then threw the others out of synchronization.

This international economic system that sought to preserve capitalism had sufficiently served the United States' purpose of "leading the free world" even as the country aided in the economic integration of the European Union and the recovery of Japan (through the Marshall plan – ibid(25)). The features of this international system built upon Keynesian principles of demand management and managing the domestic market to maintain full employment (as much as possible) and to work out an international economic system based on free trade and lowered tariff in a form of division of production functions across the various capitalist countries.

This period (from 1945 to the late 1960s), what is called the Golden Age of capitalism saw the unprecedented rise in living incomes of people living in these advanced capitalist countries, rising per capita productivity per worker and overall prosperity.

The enhancement of the US' economic power and that of its allies coincided with the rise of the US as a global military superpower as well, as the nation sought to intervene militarily in geopolitical matters in various areas of the world. Alongwith the US' role in aiding the post-war economic recoveries of western Europe and Japan, the country also played a major role in building a military alliance called, the North Atlantic Treaty Organization (NATO) in 1949 effectively to counter the "communist threat" from the Soviet Union.

The rise of the US as a superpower was concomitant with the Soviet Union's rise as a major superpower as well since the Second World War. The US had adopted a strategy of "containment" entailing support for liberal democracy based nation-states in western Europe (and later on in other parts of the world) as a bulwark against the spread of communism and in doing so, turned to a world economic system governed by Keynesian demand management and free trade. In contention, the Soviet Union had formed its own international bloc of communist nations – essentially a group of Eastern European nation-states that acted as "satellites" in the USSR dominated bloc. The Soviet Union focused its energies and strengths in heavy industry to subsidise and aid the development and "protection" of these satellites within the bloc. The geopolitical competition between the

US and the USSR that began in the late 1940s and endured until the collapse of the Soviet Union is what has been termed the "Cold War".

3.2 Indian Foreign Policy and the Cold War

As explained in the previous chapter, with the relative autonomy afforded by the state and somewhat independent of the interests of the incipient big bourgeoisie in the country, the Nehruvian regime sought to address a planned and well thought out developmentalist strategy. This development strategy was not unique to India alone as the conjuncture of various nation-states emerging from colonialism (following the weakening of the colonial countries after the devastation of World War II) saw many newly formed post-colonial nation-states adopting a similar strategy. The strategy entailed the following: an economic emphasis that privileged the role of the state to play "an instrumental role in resource procurement, production and allocation. In practical terms, this meant direct intervention by the government in providing and regulating basic services and creating industrial infrastructure through a strong public sector." (Acharya 2009). In order to aid in this approach, the Nehruvian foreign economic policy paradigm focused on keeping "India's developmental concerns above other ideological considerations while shaping bilateral relations with other countries...Nehru was keen on cultivating economic relations with other countries irrespective of the ongoing Cold-War power bloc politics... Under Nehru, India's economic diplomacy was meant to be premised on a rational assessment of the existing situations".

The Nehruvian regime recognised the potential of utilising a planning model akin to the Soviet Union that ensured that the state would occupy the "Commanding Heights" of the economy and build India's state apparatus whose chief aim, unlike the colonial period was not to serve the interests of metropolitan bourgeoisie but to independently build its own capacities and to march towards a developing economy.

In favouring such an approach – which critics have likened to socialism, but which is more accurately a *dirigiste* model – Nehru's foreign policy naturally thought of the Soviet Union as a friendly nation. As it happened, the Soviet Union had also helped in providing technical assistance to newly born nation-states (out of colonialism) and this mutuality was useful in cementing close ties with the Soviet Union for India.

That said, Nehru's foreign policy endeavoured to maintain close ties with the capitalist world as well, which was particularly pronounced following American foreign policy which emphasised better ties with the developing world as part of its own containment strategy against the Soviet Union in the Cold War.

This meant India took liberal help from the United States for its developmental purposes in the form of economic aid even as it adopted an import substitution strategy. The success of the developmental strategy or the lack of it has been well documented in hindsight by many scholars but what goes without saying is that the immense growth in the capacity of the state and state institution building during the initial years of the Nehruvian era had much to do with the aid provided by the West, in particular the United States as also the help provided in industrialisation by the USSR.

In international fora, India avoided taking positions that bandwagoned with either of the two international poles led by the USA or the USSR. As Bandyopadhyaya (2003:245, 246) argues,

> Nehru had realized, in other words, that nonalignment was a logical necessity from the point of view of India's economic development...The diplomacy of the big powers, the logic of nuclear weapons, the United Nationas, the emergence of Asia and Africa, and the rise of Pakistan and Communist China, all combined to make it imperative for India to play an independent role in international relations for promoting a better world order which would serve not only India's national interest, but also the operations of the international system as a whole. In the given international milieu, the policy of nonalignment was the most rational foreign

policy strategy for the avoidance of war and nuclear annihilation, strengthening the United Nations, promoting the solidarity of Afro-Asian countries and the opening up of a third area and dimension of world affairs, safeguarding India's national interest against the actual and potential threat from Pakistan and China, and the assumption of India of a leading role in world affairs in spite of her being a new state without much economic or military strength.

In Nehru's own words (Bandyopadhyaya 2003:247),

..so far as India was concerned, placed as she was historically and geographically, it would have been astonishingly foolish to fall into this business of the cold war, either on the grounds of principle or on the grounds of expediency.

This distinctive foreign policy adopted by the Jawaharlal Nehru led government formed a pattern which was adhered to, by other developing nations as well, in what was called, "NonAlignment". Non-alignment in many senses was a Realist response – it made sense for a developing nation to seek the best recourse of relations with both the "camps" in the Cold War, so as to benefit from relations with both. But it was also an outcome of the specific correlation of class forces in India in particular, which afforded the formation of a state with a high degree of relative autonomy and which sat above the interests of the dominant classes.

3.3 Nehru's neighbourhood foreign policy

While a global vision of non-alignment governed India's foreign policy, aided by a state that acted relatively autonomous of class interests; the very same conjuncture allowed Indian foreign policy makers to adopt specific neighbourhood policies. India's neighbourhood policy was largely determined in the aftermath of its Independence by the event of Partition, which had created a state that straddled the western and the eastern neighbourhoods of the country. Pakistan's formation, through a bloody saga of Partition, affected the Indian state so much so that relations with the newly formed state formed the

central axis of India's foreign policy for long years – and persists even now – since Independence.

The relations with Pakistan had to take a security predominated approach following the initial skirmishes in Kashmir in 1949 between Pakistani irregular forces and the Indian Army and the "institution" of the "Kashmir dispute". While social property relations played a vital role in the dispute leading up to the Partition, internal domestic variables have not played as much a role in India's foreign policy apropos Pakistan[15]. There have been differences among various political forces (representing different arrays of class interests) in India over the tenor and tone of India's foreign policy towards Pakistan and how it would react to issues that have concerned it over time – "border issues", territorial disputes, water sharing etc – but on the issues themselves and at a higher plane, there has largely been a political consensus that straddles the Left, the Right and the Center of the political spectrum.

That said, in the Nehruvian period, while Pakistan deliberately adopted a position that brought it closer to the Western world – through its membership in the Central Treaty Organization in the mid-1950s directly pitched against and supporting the "Containment policy" against the Soviet Union – India's position had been clearly rooted in Non-Alignment. This pitched India and Pakistan apart from each other and the non-ending disputes over territorial claims resulted in the second Indo-Pakistan War in 1965.

We will not be detained by the study of Indo-Pakistan relations as it would require a separate chapter in itself. But it will suffice to say that Indo-Pakistan relations and the security aspects of the relationship had an early impact on India's relations in the neighbourhood; especially its relations with Nepal and later in China.

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15 Although one could say that a large part of Pakistan's foreign policy towards India is determined by a specific set of class relations in that country that has enabled securitisation of not just its foreign policy but the state in toto over the years since the formation of that country

3.3.1 Indo-Nepal relations in the Nehruvian period

India's relations with Nepal were marked with some amount of continuity and a large amount of change from that of the pre-Independence period. While colonial India treated Nepal as a security outpost and a "buffer zone" preventing Russian and international (through China) influence in India, post-Independence Indian foreign policy in the Nehruvian period was marked sea change even as it retained some aspects of the colonial period.

Pre-Independence Indian foreign policy in Nepal therefore emphasised the sustenance of feudal and Ranacratic rule, which enabled close ties between the British Raj and the Nepal rulers. Nepal's rulers – the feudal Ranas – had paid careful attention to British India's security concerns and had even taken part in the British quelling of the 1857 Sepoy Mutiny by fighting against the renegade Indian soldiers who had taken part in the first major battle against British imperialism.

Independent India's foreign policy in Nepal emphasised support for the pro-democracy movement in Nepal. This yielded in support for the pro-democracy movement led by the Nepali Congress – which had been built on the same lines as the Indian National Congress – and which saw the restoration of the monarchy and end of Ranacratic rule in Nepal in 1951 (merely four years since India's Independence).

Without sufficient support – moral and logistical – provided to the Nepali Congress, the transition from Ranacracy to a promised constitutional monarchy in Nepal would not have taken place. It was the Nehru government's staunch support to the Nepali Congress and its leader Birender Koirala that ensured that the Ranas allowed for a transition to power to the monarchy who in turn promised a Constituent Assembly as was the demand by the Nepali Congress.

That said, in the Indo-Nepal special treaty signed between the two governments just prior to the handover of power to the monarch by the Ranas, the Indian government ensured

that the security relationship extant during the British rule in India, was retained. Clauses which explicitly called for Nepal to rely solely on India for military supplies for e.g. showed that India wanted to retain aspects of its security relationship that was engendered during the British period. The logic behind this security relationship in the colonial era had much to do with geopolitics and the strategic location of Nepal. This was to safeguard British colonial interests which clearly wanted to retain Nepal as a "buffer zone" against possible Russian and Chinese influence.

That foreign policy apropos Nepal during the Nehruvian era retained aspects of this thinking had much to do with the priorities of the Nehruvian regime. A combination of "idealistic and realistic" thinking informed Nehruvian foreign policy as much as it did with India's economic policy during the period. Just as goals of creating a new nation-state that were clearly tuned into creating an egalitarian republic were reconciled with pragmatic positions on not to disturb caste-class hierarchies through structural reforms, so too, foreign policy was a cohabitation of idealistic interests of creating a moral universe with adjusting to a Realist vision of the world. This was true of neighbourhood foreign policy as well.

For example, in Nepal, following the establishment of absolute monarchy – in contravention to assurances of setting up a constitutional monarchy that provided for democratic elections to positions of power – in the early 1950s, India's foreign policy in Nepal did not favour an interventionist nature of support to "democratic forces". This was despite the obvious solidarity between sections of the ruling party, the Indian National Congress and the Nepali Congress. India played a largely neutral role in the transition from Ranacracy to absolute monarchy and as long as the special relationship entailed in the Indo-Nepal Friendship Treaty was not disturbed, Indian foreign policy remained intact. That said, there was significant erosion in the features of the Indo-Nepal Friendship Treaty during the Nehruvian period with the regime unable (and unwilling) to treat its relations with Nepal on the same lines as the imperial British. Much of the factors related to the "erosion" of the Treaty had to do with Nepal's foreign policy vis-a-vis India

(to be discussed in next chapter). But it suffices to say that Indian foreign policy apropos Nepal was not interventionist during the Nehruvian period.

Ironically, it was the resilience of colonial era thinking on foreign policy that affected Sino-Indian ties in the Nehruvian period for e.g. We will not be detained by the discussion of these ties, but suffice to say that the non-resolution of the border issues between both post-colonial China and India had much to do with security perceptions that emanating from the British colonial thinking. While India was loath to offer any concessions on borders, wanting to retain the colonial era demarcations on the Sino-Indian border, the Chinese state also increasingly took a hostile position, culminating first in border skirmishes and later in the Sino-Indian war in 1962.

3.4 Changes in Social Property Relations in India: the Indira Gandhi period.

As mentioned briefly in the earlier paragraphs, in the Nehruvian period, the very fact that the state was seen as above the interests of specific classes did not enable it to undertake the structural reforms that addressed class inequality or the transformation of the rural countryside in India in particular. Land reforms, which had the potential of unleashing productive forces in the stagnant countryside (rural areas) were not implemented with any fervour by the Indian state and the low emphasis and focus on issues such as education and health and general welfare as opposed to the impetus on state building and infrastructure development, resulted in the maintenance of a large degree of the status quo in class hierarchy within the country during the Nehruvian period.

Rudolph and Rudolph (1987:225) determine that the Nehruvian state as one characterised by a "command polity". By this they mean that

> The Nehru era was characterized by a democratic regime and non-authoritarian command politics. Nehru-led Congress governments were able to invest in the future because they could rely on Nehru's persuasive leadership, the effectiveness

of the Congress party's organizational wing at the center and in the states, and autonomous and authoritative state institutions. They benefited from the residual consensus of the nationalist era and a less mobilized, more dependent society and electorate....

In other words, despite characterised as "command polity", the Nehruvian regime was "democratic" as the Congress party formed a "big tent coalition" that allowed for consensual resolution of various issues pertaining to different segments of the population – classes, occupations, castes etc.

The practice of a command polity and the gradual empowerment of various sections of society – regulated through what Rajni Kothari terms, the "Congress system" – allowed for newer sections of the Indian population to be relevant as political actors. There were also changes in social property relations during this period from the 1940s to the mid-1960s.

Economist Pranab Bardhan (1984) identified three specific classes as those representing "the dominant proprietary classes" by the end of the 1970s. These included, "the industrial capitalist class, the rich farmers and the professionals in the public sector – all belong(ing) roughly to the top two deciles of the populations, and the social and economic gulf between them and the bottom half of the population leaving in abject poverty is deep indeed" (ibid: 54). These three classes were the beneficiaries of a series of policy steps taken by both the Nehruvian regime and later the regime represented by Prime Minister Indira Gandhi.

The industrial capitalist class, which had burgeoned during British rule, further benefitted from import substitution policies and selective prioritisation and development provided by the Nehruvian regime. They were in conflict with the public sector bureaucracy, particularly during the Indira Gandhi period, where the regime had adopted leftist populist policies, but sections among them benefitted out of a clear crony-capitalist nexus. Newer contradictions in the regime, after the Emergency, altered relations

between the governments' bureaucratic organs and the industrial classes. This, eventually, paved the way to a move towards Neoliberalism later in the early 1990s.

Another section that grew and burgeoned during the Nehruvian period was that of rich farmers, who benefitted from minimalist land reform measures that

> accelerated the already on-going process of the transfer of land from non-cultivating, absentee, often upper-caste landlords (who had been moving into the professions and services for several decades) to enterprising rich farmers often belonging to the middle castes, and in some cases, the erstwhile landlords now found it profitable to convert themselves into big farmers with the sue of hired labourers and sharecroppers. The Government.. assured for these rich farmers substantial price support for farm products (particularly since the mid-sixties) and liberal provisions of subsidized inputs of water, power, fertilizers, diesel, tractors, etc.) and institutional credit. Agriculture is in the constitutional domain of the State Govenrments, but with the power of rich farmers being more of a direct constraint on them than on the Central Government, there has been hardly any significant taxation of agricultural income and wealth. (ibid: 46).

The other segment – that of the professionals and middle classes who had largely found employment in the public sector – were also beneficiaries of the projects of institution building and industrialisation set by the Nehruvian regime and later continued by the Indira Gandhi regime.

What distinguished both these regimes was the nature of the state and government. As Rudolph & Rudolph argue, the Nehruvian regime was characterised by "command politics" and democratic building of consensus among various social groups and articulation of these concerns by a hierarchical Congress system. The Indira Gandhi regime, on the other hand, was initially characterised by a "demand polity" that featured a regime dependent upon populism in order to win support from diverse sections of the population and polity and gradually metamorphosed into a centralised, near-authoritarian

"command politics" regime by the mid-1970s. Much of these were due to the changes in social property relations and in the external environment.

When Indira Gandhi first came to power in 1966, she had inherited an India that had suffered a humiliating war against China in 1962 and a war against Pakistan in 1965, had suffered significant food production losses due to drought like situation in 1965-66 and which had resulted in high prices. Dependent upon food aid, the regime had, in order to live upto US & World Bank diktats (they were providing foreign aid to the country), devalue the Indian rupee , resulting in further poor economic performance.

All these had hurt the coalition of classes that had forged a degree of consensus that sustained the Congress system and the Congress party suffered deep losses in the 1967 elections which later resulted in a split within the party in 1969. This in turn gave rise to "demand politics", with each of the classes, including among the domineering proprietary classes, resorting to "demands" from the government. This in turn fostered a "left turn" by the Indira Gandhi led Congress, which sought newer allies in the political spectrum and a clear populist positioning on economic and foreign policy. As Rudolph & Rudolph mention:

The events of 1969 through 1972 suggested that under Mrs. Gandhi's leadership, the Congress could restore the party's credibility and government's authority and perhaps return to the democratic regime/command politics of her father's time. In 1969, she split the party, purged the old guard state bosses, and began to advocate progressive and populist measures, such as the nationalization of the fourteen largest commercial banks, and in 1971, the eradication of poverty (*gharibi hatao*).

3.5 Foreign Policy during Indira Gandhi's initial period of rule (1967-1974)

As mentioned earlier in this chapter, external factors were also responsible for the rise of the "demand polity". The devaluation of the rupee was a direct consequence of the need to retain foreign aid; the decision to accelerate efforts at enhancing the Green Revolution

(basically enhance market based agriculture with technological inputs) was a consequence of the food aid policy ("from ship to mouth") followed by the United States.

Just as Indira Gandhi's regime relied upon new allies in the Left-populist political spectrum in order to stymie the challenge from the conservative sections of the Congress party, the regime also adopted changes in its foreign policy in order to adjust to the changed external environment.

The external environment – a hostile neighbourhood that had seen two wars with Pakistan in 1965 and China in 1962 – necessitated a shift towards a more calibrated policy that was different from the more "idealistic" non-alignment approach that was engendered in the Nehruvian period.

Indira Gandhi's regime took a calibrated position to support the liberation movement in East Pakistan in the late 1960s and the early 1970s, driven both by humanitarian and instrumental considerations– a swelling refugee problem following war crimes and atrocities by the Pakistani regime against the Bengali population in the East– as well as by geopolitical considerations – weakening of the Pakistani state by supporting the liberation movement in its East. With the international community led by the United States refusing to acknowledge India's concerns for intervention following the war crimes and the burgeoning refugee problem, the Indira Gandhi regime decided to overtly support the liberation movement in East Pakistan. This was followed by the Indian government getting into a friendship treaty with the USSR – then engaged in the Cold War against the US – that guaranteed that the latter would help with counter-measures in case China or the US intervened against India in the operations in East Pakistan.

Hostilities between Indian and Pakistani forces took the shape of a war after pre-emptive strikes by Pakistani armed forces in the western parts of India. Following a 13 day war, Pakistan suffered several casualties and losses both in the eastern and western sector decimating its armed forces' strength. The Indian victory in the Bangladesh war (resulting in the liberation of East Pakistan as Bangladesh) significantly enhanced Indira Gandhi's prestige and her regime's legitimacy in the eyes of the Indian electorate. It also

pushed India's foreign policy to be much more closely with the Soviet Union and its axis rather than the US led axis, markedly different from what was the case with the Nehruvian regime.

In essence, the exposition of an assertive foreign policy that was shorn off any degree of idealism that was extant in the Nehruvian period, characterised the Indira Gandhi led regime in its earlier part of her tenure. India's clear and unequivocal signing of a Friendship treaty with the Soviet Union, its pushing towards the annexation of Sikkim into the Indian state were all aspects of a Realist foreign policy, which also led to the dismantling of yet another tenet of Nehruvian foreign policy – the opposition to nuclear weaponisation. Indeed, India under the Indira Gandhi regime went on to undertake its first nuclear weapon test in 1974, ostensibly to send a signal to its "hostile neighbours", China and Pakistan. While this move resulted in significant isolation of India's nuclear programme internationally, this conveyed that India's foreign policy had now taken strong Realist undertones, seeking to establish itself as a power in the Great Power Game, unlike the Nehruvian period which sought to exclude India from this "Game". The latter form of "Realist" foreign policy would undertake a different undertone in terms of what kind of Great Power that India sought itself to be, in the post-Indira Gandhi period (which entailed economic reforms and integration of India into the world capitalist system). But Realist foreign policy took precedence under an Indira Gandhi regime that had taken recourse to left-wing populism and rule through personal charisma domestically. We could establish these as a result of both the changes in the external environment of India as well as changes in relations between the various proprietary classes in the country (as result of changing social property relations).

3.6 The Emergency, Post-Emergency and Changes in Economic and Foreign Policy

The Emergency was a consequence of rising authoritarianism in the Congress party and the centralization in the party which militated against its decentralised, democratic structure. By the mid-1970s, the Indian polity had reverted to "command politics

intertwined with authoritarianism" with economic and policy decisions being made by the Indian central government devoid of consensus building with various classes, sections of the population as was the case in the Nehruvian regime.

Cronyism, rentier capitalism marked economic policy making during the period between the early 1970s till the end of Emergency in 1977. In foreign policy, the Indira Gandhi regime had decisively shifted to a "Realist" positioning, getting closer to the Soviet bloc, in order to further strengthen the "hegemonic" position of the country in the South Asian region following the victory in the liberation of Bangladesh war.

The Soviet Union supported and expanded ties with the Indira Gandhi led Indian government for its own means and ends (following the Sino-Soviet split and in order to retain support in the Asia region as a hedge against the US-China detente). It even supported the Emergency and greatly enhanced aid in the form of commodities and goods to India. For the Indira Gandhi led regime, on the other hand, it was imperative that the Soviet Union remained a friendly nation for purposes of aid and arms supplies, but it was always necessary to not become a "client nation of the Soviet Union in Asia".

3.6.1 Post-Emergency developments

The Emergency in itself was a response to the inability of the centralised state (due to the changed role of the Congress party) in living up to its promises of addressing structural inequalities in the Indian nation-state as the polity increasingly became a "demand polity" in the late 1960s, early 1970s as explained above. The Emergency converted the polity back to a "Command polity" with the incarceration and placing under detention of various opposition figures and government antagonists. The "command polity" this time – unlike the Nehruvian period – was characterised by authoritarianism, cronyism and centralisation.

The Indira Gandhi regime over-estimated the support for the government and sought elections to be held in 1977 after nearly two years of Emergency. The elections featuring the Congress party in contestation with the Janata Party – a party formed out of the agglomeration of various political outfits – saw the unprecedented defeat of the former and the election of the latter to power marking the first time any party other than the Congress formed the government in India.

The victory of the Janata Party marked the return of the "demand polity". The key forces part of the Janata Party included the right wing and largely petit bourgeois Jana Sangh (which was also part of the Sangh Parivar, the Hindu right wing grouping that included the social organisation, the Rashtriya Swayamsevak Sangh), the various parties representing the peasant proprietor parties (later forming the Lok Dal and other parties such as the Janata Dal), and sections of the old Syndicate Congress that represented the interests of the "national bourgeoisie" and generally supported more market friendly policies. The Janata Party was supported from outside by the Communist Party of India (Marxist) which was particularly strong in the states of West Bengal and Kerala and had rallied support from sections of the rural poor and the urban working classes in these states (and others beyond).

The Janata Party government – headed by former Congress Syndicate leader Morarji Desai – sought to subsume various interests under one umbrella. This was an onerous task as there were interests working at cross purposes. The peasant proprietor parties were pushing the state to provide for greater subsidies to agriculture and for development to be refocused with centrality given to agrarian issues. This was in direct contrast to the statism favoured by the other proprietary classes – the middle classes and the bureaucracy – that sought to maintain the status quo inherent in the state's spending on the public sector. This was also in cross purposes with the interests of the bourgeoisie who favoured a liberalisation programme that significantly eased the cost of doing business, reduced direct and indirect taxes and reduced the role of the state in regulating the market. Eventually these contradictions resulted in the fraying of the alliance that bound the various sections within the Janata Party and the government collapsed yielding initially to

a temporary alternate government led by Lok Dal (and peasant) leader Charan Singh in 1980.

Apropos foreign policy, the Janata Party led government sought to better relations with the West and China (foreign minister Atal Behari Vajpayee visited China to seek to mend relations) while forging a degree of continuity apropos relations with the Soviet Union. Apropos neighbourhood policy, the regime sought to better ties with Nepal (including granting concessions on a trade and tariff treaty in 1978), and with Pakistan.

The collapse of the Janata Party government and the later short-lived tenure of the Lok Dal led government paved the way for the return of Indira Gandhi's Congress party to power.

3.6 The Congress' return to power and the path toward Neoliberalism

The Changes in the World System

The beginning of the 1980s and the return to power of the Congress in India coincided with significant changes being wrought out in the international system. In the West, among the advanced capitalist countries, in the United States and the United Kingdom in particular, major shifts in the economic system away from Keynesianism and a regulated market economy were afoot by the mid-1970s. As we explained earlier in this chapter, the "golden age of capitalism" in the West entailed,

> Internationally [post-the Second World War], a new world order was constructed through the Bretton Woods agreements, and various institutions such as the United Nations, the World Bank, the IMF [International Monetary Fund], and the Bank of International Settlements in Basle, were set up to help stabilize international relations. Free trade in goods was encouraged under a system of fixed exchange rates anchored by the US dollar's convertibility into gold at a fixed price. Fixed exchange rates were incompatible with free flows of capital that had to be

controlled, but the US had to allow the free flow of the dollar beyond its border if the dollar was to function as the global reserve currency. This system existed under the umbrella protection of US military power....A variety of social democratic, Christian democratic and dirigiste states emerged in Europe after the Second World War. The US itself turned toward a liberal democratic state form.... What all of these various state forms had in common was an acceptance that the state should focus on full employment, economic growth, and the welfare of its citizens, and that state power should be freely deployed, alongside of or, if necessary, intervening in or even substituting for market processes to achieve these ends. Fiscal and monetary policies usually dubbed 'Keynesian' were widely deployed to dampen business cycles and to ensure reasonably full employment. A 'class compromise' between capital and labour was generally advocated as the key guarantor of domestic peace and tranquillity. State actively intervened in industrial policy and moved to set standards for the social wage by constructing a variety of welfare systems (health care, education, and the like)...This form of political-economic organization is now usually referred to as 'embedded liberalism'... (Harvey 2010:10-11)

This form of political-economic system in the "capitalist" world was not to last. As Harvey (ibid:12-13) argues,

By the end of the 1960s embedded liberalism began to break down, both internationally and within domestic economies. Signs of a serious crisis of capital accumulation were everywhere apparent. Unemployment and inflation were both surging everywhere, ushering in a global phase of "stagflation" that lasted throughout much of the 1970s. Fiscal crises of various states (Britain, for example, had to be bailed out by the IMF in 1975-76) resulted as tax revenus plunged and social expenditures soared. *Keynesian policies were no longer working.* Even before the Arab-Israeli war and the OPEC oil embargo of 1973, the Bretton Woods system of fixed exchange rates backed by gold reserves had fallen into dis-array. The porosity of state boundaries with respect to capital flows put stress on the system of fixed exchange rates. US dollars had flooded the world and escaped US

controls by being deposited in European banks. Fixed exchange rates were therefore abandoned in 1971. Gold could no logner function as the metallic base of international money; exchange rates were allowed to float, and attempts to control the float were soon abandoned. The embedded liberalism that had delivered high rates of growth to at least the advanced capitalist countries after 1945 was clearly exhausted and no longer working. Some alternative was called for if the crisis was to be overcome... *The capitalist world stumbled towards neoliberalization as the answer...*(emphasis added)

In other words, a profound shift from the liberal democratic-social democratic system was set in motion following various economic crises (due to the crisis in capital accumulation) in the advanced capitalist world. The shift resulted in what many call the phase of "neoliberalisation". Increasingly the liberal-democratic/social-democratic state that played a regulatory role in a market economy gave way to the "neoliberal state". Prabhat Patnaik (2010) defines the neoliberal state as thus:

> [The shift to the neoliberal] State, which is sometimes mistakenly called the "retreat of the State", is manifest in the shift that occurs from its being a spender, an investor and a producer, to its new role in carrying out "privatization" and "disinvestment" (all of which benefit finance capital) and undertaking State expenditure deflation (which accedes to a perennial demand of finance capital).

The second obvious feature relates to the fact that since finance capital in the contemporary era is not exclusively tied to any particular national domain (and its imperial adjunct), but has an international character, to protect and promote it on the global plane where it operates, a surrogate global State necessarily has to come into being; *and this role is performed by the major capitalist States acting in unison under the leadership of the most powerful State, the U.S., and enjoying the support of the less powerful nation-States whose own large capitalists and financiers are in favour of such an arrangement.* The so-called "unipolar" world where all nation-States "adjust" to the leading role of the US is in fact the coming into being of a surrogate global State to protect the interests of international finance capital.

The countervailing force/ bloc formed by the socialist countries meanwhile collapsed due to its own contradictions and succumbed to protests against the authoritarian regimes in various countries such as the Soviet Union (and its "satellites" in Eastern Europe) among others. The collapse of the Soviet Union by the late 1980s and in the early 1990s resulted in the breakup of the country in various constituents (the largest of which was Russia). Many of these countries undertook rapid market reforms to shift from a planned socialist economy to a capitalist economy.

In other words, in the capitalist world, there were shifts from Keynesian, liberal democratic and social-democratic models to neoliberalism while the socialist bloc collapsed and they undertook what was termed, "shock treatment" in its transition to capitalism. An unprecedented financialisation and globalisation of the economy occured between the late 1980s and the following decades even as the world was now having only one superpower - the United States following the collapse of the Soviet Union.

Military and strategic arrangements that were part of the Cold War era such as the North Atlantic Treaty Organisation however persisted as NATO sought to incorporate more and more countries of the erstwhile Warsaw Pact into its fold and to extend itself as an arm of the lone superpower. We shall not be detained by what entailed to the "world order" following these dramatic changes but will shift to understanding changes in the Indian strategic thinking and foreign policy during this period.

3.7 India post-liberalisation

The Indian government under Congress rule post the Emergency reacted to the financialisation of the world economy by embarking upon its own set of liberalisation measures. As Chandrasekhar & Ghosh (2002:9) suggest:

Three new features characterized the 1980s, which allowed the [Indian] economy to escape from the growth impasse of the earlier period. First, there was a big increase

in the fiscal stimulus to the economy provided by government spending. Second, there was substantial liberalization of imports, especially of capital goods and components for manufacturing. Third, associated with both of these, there was a shift to relying on external commercial borrowing by the state to finance the increases in consequent fiscal and current account deficits.

These measures were encouraged by international financial institutions such as the IMF. These set the stage later for India's balance of payments crisis as the stark increases in current and fiscal account deficits were never compensated with increases in taxes (of the rich) and "other measures aimed at mobilizing additional measures, [even as high government expenditure] was financed through borrowing" (ibid: 17). The doubling of India's foreign debt to GDP by the end of the 1980s and the decision by international creditors to "shut off such credit at the end of the 1980s" resulted in India encountering a balance of payments crisis of 1990-91, "which provided the ground for advocates of [neoliberal] reform to push through an IMF-style stabilization and adjustment strategy." (ibid: 16).

The balance of payments crisis provided the pretext for India's Congress government led by Prime Minister Narasimha Rao and Finance Minister Manmohan Singh to embark upon a slew of economic reforms that heralded a deeper version of liberalisation, privatisation and globalisation in the country. These were begun first with the acceptance of a IMF package to tide over the balance of payments crisis and of IMF conditionalities that specified a "structural adjustment" policy. The aims of "structural adjustment" were

1. [the doing away with] or to substantially reduce controls on capacity creation, production and prices, and let market forces influence the investment and operational decisions of domestic and foreign economic agents within the domestic tariff area;
2. to allow international competition and therefore international relative prices to influence the decisions of these agents;
3. to reduce the presence of state agencies in production and trade except in areas where market failure necessitates state entry; and

4. to liberalize the financial sector by reducing controls on the banking system, allowing for proliferation of financial institutions and instruments and permitting foreign entry into the financial sector. (Chandrasekhar and Ghosh 2002: 22)

The aftermath of these set of policies was the unleashing of new economies – the development of India's software export sector for e.g - greater access for the big bourgeoisie to capital through foreign direct investment and financialisation of the economy. Rapidly there was a sudden spurt in the increase in incomes of the middle classes exposed to newer jobs both in the private sector and in the international global economy. The communication revolution across the world also spurred India's software boom, as major Information Technology companies emerged as global leaders in software services. Incentives to businesses in form of tax breaks, creation of Special Economic Zones, rapid measures for disinvestment of major public sector enterprises which led to further growth of major monopoly capitalist enterprises also dominated the post-1991 economic reforms initiative. A new capitalist class emerged over and beyond the traditional monopoly capitalists which had been engendered during the late colonial period and risen through protections and privileges accorded in the post-Independence period.

India's economic growth that began in the 1980s endured in the 1990s and showed further increases in the 2000s[16]. Neoliberal reforms had fundamentally changed macroeconomic policy and India's economy, especially its external profile, impacting upon its strategic affairs and foreign policy. As Baru (2002: 336) points out,

The 1990s witnessed a gradual imporovement in the external profile of the Indian economy. India's current account deficit has been kept within the manageable limit of 1-2

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16 "The intensification of reforms after 1991, including especially the external liberalization, was expected to push the economy to a distinctly higher growth path. It appeared to do so initially, as GDP growth averaged 7.5 per cent per year between 1994-5 and 1996-7...Growth slowed down in the second half of the 1990s and the average growth rate for the 1990s was not very different from that in the 1980s. More recently [early 2000s], the growth rate has accelerated to around 6.5 per cent bu tthis is still well below the growth rate targeted" (Ahluwalia 2005)

per cent of GDP. India's external debt to GDP ratio has declined over the 1990s and the debt-service ratio has improved as well...

Also Nayar (2002:366:368) says,

> ..indicators on India's relationship with the world economy ... showed improvement. The data bank of World Development Indicators shows that foreign debt as a share of GDP rose after 1981 and reached its peak in 1991 at nearly 35 per cent as a result, initially of commercial borrowings and then of IMF loans. But later, it began to fall gradually, and in 1991, it had come down to 21.1 per cent. In 1991, India was the third largest debtor in the world after Brazil and Mexico, by 1999, its position had changed dramatically to that of the tenth largest debtor after Brazil, Russia, Mexico, China, Indonesia, Argentina, Korea, Turkey and Thailand. In the World Bank's classification, India had in 1999 become a 'less' indebted country whereas as late as 1998, it was a 'moderately' indebted country and in 1991, nearly a 'severely' indebted country (Government of India 2002:159). At the same time, according to official data, foregin exchange reserves, which had been only 24 per cent of imports in 1990-91, climbed to 88 per cent in 1994-95, fell in the next year and then started rising again, reaching 81 per cent in 1999-2000. By the end of fiscal year 2001-02, foreign exchange reserves had crossed the unprecedented level of $53 billion and in September 2002 stood at over $60 billion...More broadly, the improvement in India's economic situation is reflected in its standing among the major economic powers of the world. According to the data in the World Development Indicators, India's rank in terms of GNP advanced from 16 in 1991 to 12 in 1999. Perhaps purchasing power parity (PPP) is a better measure of economic power, and here India improved its position from six in 1991 to four in 1999, the three economic powers ahead of India now [2002] are the US, China and Japan... India's improved capabilities influenced India's state behaviour, as is to be expected, in respect of the interstate system. They added to the self-confidence of the Indian elites to manage the economy in the world and to defy the world on matters touching its national security. Thus, India was able to risk going through with nuclear tests in May 1998 and to take economic sanctions in its stride.

By 2013, India's ranking in GNP and GDP (PPP) in the world had improved to 3rd position behind the United States and China. The early-mid 2000s had been years of sustained economic growth with the services sector emerging a major driver of India's economy through its linkages to the external sector via exports.

These changes in India's economic profile were not without contradictions. A reduced role for the state in determining input costs, in procurement, among others, saw to a decline in agriculture, leading to a veritable agrarian crisis by the early 2000s. Aggressive liberalisation resulted in growing inequalities, especially benefitting the monopoly bourgeoisie. Unplanned development exacerbated living conditions for the urban poor and did little to alleviate absolute poverty, although government estimates talked about drops in poverty following the two decades of economic reforms. India continued to remain a middle-income, developing economy with a large section of population living under distress conditions – some of these were exacerbated by state apathy and change in priorities following economic reforms.

3.8 Changes in Social Property Relations in the Neoliberal period

The greatest impact of the neoliberal period was the sudden implosion in the growth of the middle classes in India. Middle classes – particularly the urban section – benefitted the most from economic reforms. With the burgeoning of the private sector as a result of liberalisation, new jobs in the sector favoured the recruitment of skilled labour trained in technical, managerial skills apart from leveraging those who had been trained in the English medium. The middle classes immediately benefitted from these advantages. The liberalisation in imports and customs also favoured the consumerist sections of the upper and upper-middle classes, expanding the trading classes and creating new modes of mercantilism.

These did not necessarily affect indigenous production, but over time manufacturing in India took a major backseat to the services sector. The rise in information technology (IT)

and IT enabled services over time leveraging policies made in the 1980s to liberalise computer imports, increase computer literacy and to bring in the digital revolution – aided in the process of expanding the services sector. India soon became a major software outsourcing hub, exporting its software skills to initially work as software back-offices for metropolitan software giants, and gradually graduating to higher software skills such as consulting, knowledge process outsourcing and even product development.

The software sector soon spawned new sets of capitalist classes – who grew into the big bourgeoisie very quickly leveraging the globalisation process and the cost-differential in software production between the metropolitan and the peripheral areas of the world. This capitalist class diversified the nature of the big bourgeoisie in India, promoting a different set of relations with the state from that of the traditional big bourgeoisie in the country that had grown due to the policies of selective licensing in the *dirigiste* period and to proximity to the apparatuses of the state. A new diaspora dominated by the professional classes also emerged during this period articulating and promoting different set of values for Indian foreign policy.

The landed aristocracy and rich peasant classes had also in the meantime branched off into other ventures following the liberalisation process, into real estate, speculative finance, and to some extent, into contract farming besides partaking into the tremendous growth in the services sector. The middle peasantry and the small landed farmers were in the meantime severely affected in the agrarian crisis that differentially spread across various parts of India. Agriculture was increasingly being seen as an unviable and low growth enterprise and while significant shifts of employment away from agriculture did not necessarily happen, a large number of youth moved away from choosing it as a career choice, bulking up the urban proletariat – primarily the large unorganised sector – in large numbers.

These changes in social property relations profoundly affected the three proprietary classes in post-Independent India. The big bourgeoisie was augmented in its ranks by new capitalist classes, which helped diversify the interests of this domineering classes.

While previously, these classes were largely dependent upon manipulation of state policy and worked towards policy changes at the state level to maintain its "monopoly" positions or to be protected from foreign competition, this changed post the liberalisation period. Post the economic reforms, a veritable change occured in the relationship between the state and the big bourgeoisie. As Prabhat Patnaik (2010) argues:

> associated with the neo-liberal strategy, which is but an expression of closer integration into the world of globalized finance, there is a different set of State personnel. The "neo-liberal State" too is a bourgeois State like the dirigiste State, but the personnel of the former differ fundamentally from the personnel of the latter, not just in their ideological predilections, which are closely aligned to the views of the Bretton Woods institutions, but also in their being deeply enmeshed with the world of finance and big business. What we find in today's State personnel is not just a different set of ideologues, World Bank ideologues, as distinct from the Nehruvian ideologues that manned the dirigiste bourgeois State, but a set whose motivation is no different from that of the big bourgeoisie and financial interests and which therefore has no compunctions about being closely integrated with the latter.

In other words, the state no longer acts in the interests of the big bourgeoisie as and when required while being above their interests and instead acting on behalf of society as a whole. The state, now, is deeply enmeshed in the interests of the big bourgeoisie and questions can be raised about its relative autonomy.

This thesis argues that the relative autonomy of the state has diminished in the post-liberalisation period. But at the same time, there are remnants of the proprietary classes – those in the bureaucracy, those among the middle classes – who still retain an orientation that does not necessary tie in with the interests of the big bourgeoisie in India. This is an important observation as it helps us understand the changes in Indian foreign policy during the post-liberalisation period. This will be expanded upon later, but only after explaining the changes in the other proprietary classes – that in the agrarian sector, the "rich farmers".

Post the liberalisation period, the most drastic withdrawal of the state occurred in the area of agriculture. Here the state withdrew its pro-active role in seed distribution and procurement and also enacted policies that directly exposed many sectors of agriculture to the vagaries of the international market. This in turn, benefited some farmers initially who turned to cash crops, but hurt them when the international market situation turned against them. Others were also severely affected, particularly those who had embarked upon a cash crop strategy, in states like Maharashtra, Andhra Pradesh, etc. Agriculture as a whole, could be termed as being affected by crisis post the liberalisation period. This resulted in the reduction in the importance and role of the "rich peasantry" as a proprietary class that affected state policy. Instead the new entrant among the proprietary classes was a "neo-middle class" that had benefitted from liberalisation policies which had opened up new avenues of job creation in the services sector and had utilised the skill sets of the middle class. This middle class was also very much in favour of further neoliberal reforms and in a reduced role of the state in welfarism. Only a coalition of social forces among civil society, a vociferous (but politically diminished) leftist political forces could keep the welfarist nature of the Indian state relatively intact.

In other words, the Indian polity had shifted from a command form, democratic polity in the Nehruvian era to a demand form, authoritarian and later, command form, authoritarian era in the Indira Gandhi period. In the 1980s, the Indian state began liberalisation policies that reduced the dependence of the Indian citizenry on the state alone for employment, and for state policy to sustain its economic needs, as privatisation and liberalisation began. In the 1990s, this policy was taken to the effect of neoliberal reforms that changed the role of the state from being a *dirigiste* state to a neoliberal state which was deeply enmeshed in the interests of the big bourgeoisie. There was a certain dichotomy between affirmed state policy and what the political class promised the citizenry as it sought democratic approval for neoliberal reforms, which was more often than not, unpopular in the hustings.

The creation of a new proprietary class – the neo-middle class – and the weakening of the role of the rich peasantry in setting state policy besides the relative weakening of the sections of the bureaucracy as compared to those who favoured the interests of the big bourgeoisie was a defining feature of the post-neoliberal reforms period in India.

We shall now examine the changes in foreign policy due to these changes in social property relations in India in the post-reforms period.

3.9 Foreign Policy in the Post-Liberalisation Period

Unlike in the Nehruvian period where foreign policy followed a mixture of idealism and realism; and the following period when it relied more upon *Realpolitik* and pragmatism, which strengthened ties between India and the socialist bloc due to instrumental reasons, there was a thaw in the relations between the capitalist West and India in the post 1980s period. This gelled well with the changed emphasis on globalization, liberalization and privatization in this period and beyond.

Foreign policy in this period was driven much by the interests of the big bourgeoisie and a different vision of the Indian nation emerged as this took further shape in the late 1990s. We would seek to enunciate the changes in Indian foreign policy thinking since the post liberalisation period and focus on three specific issues – i) India's foreign policy and strategic relations with the United States; ii) India's nuclear strategy – on nuclear weapons' testing and maintaining an arsenal as a strategic deterrent; and iii) India's strategic relations with its neighbours. It is on these issues that the most distinctive changes have been made over time in India.

3.9.1 Strategic Relations with the United States

Enhancing strategic relations with the United States was something that was kick-started in earnest by the Bharatiya Janata Party led National Democratic Alliance government

during 1998-2004, following its attempts to normalise relations with the United States after experiencing economic sanctions following nuclear weapon tests in 1998. The Strobe Talbott-Jaswant Singh rounds of talks[17] created the first impetus for a strategic relationship with the US, even though the Indian government (under the Congress party's prime minister Narasimha Rao's rule) had in 1995, signed the 'Agreed Minutes on Defence Cooperation' with the US government (Samuel 2007:216).

This then led to a series of engaged steps[18] - resumption of joint military exercises with the US military forces in 2001, the Indian government's (the first international government to do so) welcoming of the 'National Missile Defense programme announced by the George W. Bush regime', offer of military facilities to the US forces in their operations in the 'War against Terror' featuring attacks on the Taliban regime (and its Al Qaeda associates) in Afghanistan in 2001, apart from a series of steps to allow for Foreign Direct Investment in the insurance sector, finally leading up to commencement of talks on the Next Steps in the Strategic Partnership (NSSP) involving cooperation in and transfer of high technology - hitherto denied because of sanctions on the Indian nuclear programme.

Clearly the emphasis by the United States establishment was to establish a forward relationship with India in order to secure its strategic interests in the Asian region. The neoconservative foreign policy establishment put in place under George W. Bush was open about its position that it had to consolidate American hegemony in the world and the unipolar status of the world system, delineated in a document titled the 'National Security Strategy of the United States' and released in 2002[19] Aspects of this strategic document which talked about 'pre-emption of threats', 'military primacy', 'new multilaterism' and

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17 Strobe Talbott was the deputy secretary of state in the United States government between 1994 and 2001. Jaswant Singh engaged in 14 rounds of diplomatic talks with him through his capacity of being the external affairs minister. Noorani (2004) in his review of Talbott's book, *Engaging India: Diplomacy, Democracy and the Bomb*, describes the content of the talks between the two

18 These steps are duly noted in the article by the CPI(M) general secretary, Prakash Karat (2007: 10-11).

19 Available at http://georgewbush-whitehouse.archives.gov/nsc/nss/2002/nss1.html, accessed on July 26, 2013.

the 'spread of democracy' (Leiber and Leiber 200:32-35) has been termed by American political scientists and journalists as the "Bush Doctrine".

Prakash Karat (2007:13) writes -

> India, as a growing economic power, given its size and military capacity, is preferred as an ally to the US, who can act as counter-weight to China and also provide access to military facilities, in the global war against terrorism and the quest to maintain US global dominance. The strategic alliance therefore encompasses a political dimension, the joint endeavours of the two world's biggest democracies; the economic dimension, which according to the US is defined as the partnership based on India moving to "economic freedom" meaning adoption of free market policies; and the military-security aspect of tying in India's strategic and military interests with that of the US in a defence partnership.

It was this view that drove the Left parties to force the removal of a reference to 'strategic relations with United States' (Karat 2007: 13) in the National Common Minimum Programme (NCMP)[20] signed between them and the United Progressive Alliance led by the Congress as the latter formed a new government in 2004.

The final formulation of the NCMP on Indo-US relations states: 'Even as it pursues closer engagement and relations with the USA, the UPA government will maintain the independence of India's foreign policy position on all regional and global issues'.

Soon, as the UPA government went on to sign a 'Defense Framework' relationship with the US government, calling for 'collaboration in multinational operations' (even outside UN auspices), 'collaboration relating to missile defence', joint security of sea-lanes among other security interests, and major sales of combat aircraft, apart from joint military exercises (Karat 2007: 15-17), the Left parties' relationship with the government experienced its first strains. Raghu writing in the CPI(M) journal, The Marxist wrote a

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20 The Left parties had provided to the minority UPA coalition, support from outside the government. This support was subject to a common minimum programme that the Congress and the Left parties worked upon.

comprehensive critique of the Defense Framework agreement, calling it as a 'significant surrender of sovereignty by India signaling its acceptance of Pax Americana' (2005: 1).

Each of the above features of the framework came under severe criticism in the article which dismissed the claims of advancement of missile defence by incorporating US made anti-missile technology, pointed to the dangers of Indian involvement in US led multinational operations outside the remit of the UN, among others. The article also denounced the attempt to bring about a de facto formal military and strategic alliance with the United States, calling into question the moves by the Indian government to agree to clauses on 'anti-missile collaboration, joint patrolling of commercial sea lanes', apart from the exclusive buying of military hardware such as multi-role combat aircraft such as the US F-16s and F/A-18 Hornets (Raghu 2005: 25).

But what later turned out to be the breaking point in the relationship between the Left and the UPA was the Indian government's signing of the Indo-US nuclear deal. The deal, initialised in a visit by the then US president George W. Bush to India - which saw major protests led by the Left parties even as it was supporting the UPA government hosting the visiting president - marked a major attempt by the US to shift its policy of isolating the Indian nuclear energy programme towards active engagement. The Indian Left's position on the nuclear deal was that this was clearly one of the various steps of the ongoing 'strategic partnership' with the US, and that the latter had expected a quid pro quo from the Indian establishment which could effectively turn India into a 'subordinate ally' (Raghu 200).

For the Indian strategic establishment, on the other hand, the Indo-US nuclear deal was bringing about a major paradigm shift. It was effectively ending India's nuclear isolation after sanctions on technology transfers were imposed in the 1970s (following India's first nuclear test). It was paving the way for nuclear trade - of fuel, reactors and technology - with the sanction of the Nuclear Suppliers Group (NSG) and the International Atomic Energy Agency (IAEA) and protracted negotiations led by Indian diplomats and nuclear scientists had ensured that India's core strategic interests vis-à-vis its nuclear programme

were not compromised. The 'India sized exemption allowed by the NSG, providing for supply of fuel and reactors to India, despite it being an acknowledged nuclear weaponised state and a non-signatory to the Nuclear Non-Proliferation Treaty, was cited by the proponents of the deal as reasons for signing it[21].

The Left's opposition to the deal stemmed from two main reasons - a) it was in line with the strategic shift in India's foreign policy from 'autonomy' to 'dependence' - i.e. from non-alignment to bandwagoning with American interests and b) it was compromising the indigenous nuclear programme by not providing a clean waiver to India to allow for fuel reprocessing[22] rights and forcing separation of its civilian and military facilities[23]. The Left parties were careful to suggest that their opposition to the deal was not guided by support for the nuclear weapon but governed by Indian foreign policy interests and requirements of the civilian nuclear programme.

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21 See reactions by former Atomic Energy Commission chief Anil Kakodkar in The Hindu newspaper – "A breakthrough" , http://www.thehindu.com/todays-paper/a-breakthrough-says-kakodkar/article1334067.ece, Accessed on July 26th, 2013

22 Fuel reprocessing is an important core of India's indigenous nuclear programme, which is contingent upon a three stage process seeking to be self-reliant on fuel and technology using a 'closed fuel cycle policy' (http://www.barc.gov.in/publications/eb/golden/nfc/toc/Chapter%206/6.pdf (Accessed on October 22, 2012). Fuel reprocessing is an important step that allows for 'breeder reactors' to use reprocessed spent fuel from India's indigenous pressurised heavy water based nuclear reactors and to prepare for the third stage - a thorium based fuel cycle reactor. With low uranium resources, the Indian three stage process expects to build reactors based on the abundantly available thorium reserves and to provide for a greater share of the energy basket by the year 2050.

23 A comprehensive outline of the Left parties' positions and the counter from the UPA is covered in the remarkable booklet titled, 'Left Stand on the nuclear deal - Notes exchanged in the UPA-Left Committee on India-US Civil Nuclear Cooperation' (CPI(M) 2007) - an outcome of committee discussions between the Left parties and the UPA. The committee was set up by the government following unrelenting opposition by the Left parties even after the 123 Agreement on the nuclear deal was inked between the US and Indian governments. The Left parties had effectively demanded that a safeguards agreement should not A comprehensive outline of the Left parties' positions and the counter from the UPA is covered in the remarkable booklet titled, 'Left Stand on the nuclear deal - Notes exchanged in the UPA-Left Committee on India-US Civil Nuclear Cooperation' (CPI(M) 2007) - an outcome of committee discussions between the Left parties and the UPA. The committee was set up by the government following unrelenting opposition by the Left parties even after the 123 Agreement on the nuclear deal was inked between the US and Indian governments. The Left parties had effectively demanded that a safeguards agreement should not be signed in the IAEA as it hurt the indigenous nuclear programme. It had also requested a pause in the sequenced steps in the deal after alleging that the Hyde Act (passed in the US senate and Congress) superseded the 123 Agreement and included clauses that bound Indian foreign policy to certain US interests as requisites for completion of the nuclear deal.

In its comprehensive debate with the UPA government, the Left parties had suggested that 'there is no convincing or valid basis for seeing nuclear power as central to our energy security' and that the deal was paving the way for expensive nuclear reactors to be imported into the country, 'hampering the pursuit of a self-reliant nuclear technology policy for peaceful purposes based in the three-phased nuclear energy programme' of the country (Karat 2007: 23). Alleging that the quid pro quo for the deal was the scuttling of a proposed pipeline project involving Iran and Pakistan and prospective 'Asian security grid' linking 'Central Asia, West Asia and South Asia' (Karat 2007: 23), - which could hamper American strategic interests in the region especially involving Iran and Central Asia - the Left parties were strident in their opposition to the deal[24].

As it turned out, the UPA managed to complete the operationalisation of the steps culminating in the nuclear deal even after the Left parties withdrew support alleging that the former had breached an agreement with them on consultation regarding the operationalisation. It is another matter that following the transition from the George W. Bush regime to the Democratic Party led presidency in the US, there has been a return of the 'nuclear proliferation' rhetoric with the US insisting on India signing the Nuclear Non-Proliferation Treaty, the NSG withdrawing its 'clean waiver' to India[25] and most importantly, the passing of a stringent nuclear supplier liability bill in India (largely due to opposition pressure), rendering trade of nuclear reactors as part of the nuclear deal far more difficult. With a 'nuclear chill' pervading the industry worldwide following the Fukushima nuclear disaster, and growing protests in the country against (French made) reactors in Jaitapur in Maharashtra and (Russian reactors brought in through agreements preceding the nuclear deal) in Kudankulam in Tamil Nadu, the expected boom in the nuclear energy sector in India seems yet to take off.

To summarise, Indo-US relations were at its best in the post liberalisation period in India. While the US emerged as the major trading partner of India, with its booming software

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24 The unified opinion on the Indo-US nuclear deal among the Left parties, constituent of the Left Front was self-evident, in the manner these parties repeatedly presented memorandums and public positions as a group.
25 See Siddharth Varadarajan's essay at http://svaradarajan.blogspot.in/2011/06/nsg-ends-indias-clean-waiver.html

and textile exports and imports of US made goods and services, there was also a great degree of forward movement in India becoming a "strategy ally" of the US. The signing of the defence framework agreement and the technology transfer waivers obtained as part of the Indo-US Nuclear Deal were the clearest indicators of the same.

While India did not abandon its longstanding policy of non-alignment apropos the United States and refused to overtly join various US led military efforts across the world, the intent to build a strategic relationship almost resulted in a major overhaul of India's foreign policy apropos the lone superpower in the world.

3.9.2 Sino-Indian relations

Sino-Indian relations have been on the mend ever since the 1980s when a thaw was made possible during the respective regimes of Deng Xiaoping in China and the Congress party government led by Rajiv Gandhi. China's own economic reforms and "opening up" to the world, which wrought major changes in Chinese foreign policy was also responsible for the changes in Sino-Indian relations.

By the mid-1990s after two decades of intense economic reforms, China had emerged as a major world economy, practising what it termed as "socialism with Chinese characteristics" but which in practical terms was a form of state capitalism under a socialist single party system. It normalised relations with the United States, soon emerging as its largest trading partner, becaming a major manufacturing hub and a surplus export led economy.

Its relations with the United States marked a dual emphasis - on one hand, the normalisation in trade relations meant a coeval economic relationship, while on the other hand, the US warily looked at China's rise and sought to politically contain the nation through various alliances in the Asian region.

Indian policy towards China has threaded a fine line. India has not necessarily formed any political alliance with US and its partners in its attempt to contain China, but it has kept that option tantalisingly open through its strong strategic relationship with the US. At the same time, Indian foreign policy has been coy about resolving outstanding differences with China - mostly related to the unresolved border issues - and has thus far not joined the political grouping that has emerged as a potential counter-balancer to US international power - the Shanghai Cooperation Organisation with China and Russia as its strongest members.

Many have also argued that while India should prepare defensively for the rise of China considering the unresolved territorial dispute with that country and China's strategic relations with Pakistan, it should also look for greater areas of cooperation internationally in both bilateral as well as multilateral - both regional and global - fora. The left leaning newspaper The Hindu's editor, Siddharth Varadarajan (2010), who was among a number of signatories of a vision document entitled, Non-Alignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century released in 2012, argues for example that, 'it is useful to flesh out the areas where Indian and Chinese interests may actually diverge or converge…India and China have more in common with each other than with other big powers' and

> ...India and China need to work closely together on issues of Asian security and the emerging security architecture, and should not leave the heavy lifting that may be required to outside powers. ... given China's critical dependence on shipping, especially energy, across the Indian Ocean, and given India's strategic location at the centre of east-west SLOCs, the two countries ought to cooperate more on broad maritime issues, including anti-piracy, marine pollution and ensuring the openness of the sea commons (Varadarajan 2010).

Yet a competing relationship between India and China persists in the periphery of India's neighbourhood despite various forms of cooperation in global issues - such as climate

change, the formation of south-south based cooperation institutions such as BRICS (Brazil, Russia, India, China and South Africa) and so on.

In fact, the continuing dissonance in the relationship and the semi-competitive nature of Sino-India relations has had its effects in the subcontinent. In Nepal and Sri Lanka, the competing strategic interests of India and China have seen their establishments adopt positions that have not favoured the interests of the people in the respective countries.

China, for example, had armed the Sri Lankan regime substantially[26] when the latter embarked upon a massive military campaign against Tamil insurgents of the Liberation Tigers of Tamil Eelam in a civil war that resulted in the deaths of many innocent citizens (Hensman 2011). Competitive relations between India and China[27] – with the increased dependence of Sri Lanka, during the civil war in particular, on Chinese and Pakistani military supplies- forced the former to lend logistical support to the regime as well during the war (Destradi 2012: 606-607). In Nepal, while the Chinese supported the erstwhile monarchy and helped arm it (Mage 2007:1838), even when it subverted democratic institutions and called for an Emergency in 2005, the Indian establishment had to recalibrate its position from supporting the democratic movement and facilitating the peace process in 2005 to a more intrusive strategy in 2008 fearing Chinese influence in the region.

Sino-Indian relations post 1990 points to the clear dual emphasis within India's foreign policy. "Neo-realist" thinking has marred any agreement on the long standing border

26 Samaranayake (2011: 133) refers to data from the Stockholm International Peace Research Institute (SIPRI) (Arms Database) and says that 'An analysis of SIPRI's data for arms exported to Sri Lanka by China reveals a substantial increase in weapons flow in 2008[[the year before the civil war ended]. Sri Lanka received US $75 million worth of Chinese arms shipments in 2008, ..significantly more than the US $10 million value in 2006... following the victory over the LTTE in May 2009... the Sri Lankan government ..[cancelled] a US $200 million weapon order from China'.
27 See Destradi (2012: 613) who says that 'the factor that arguably most impacted India's reactive policy shift on Sri Lankan affairs was Indo-Chinese competition for influence on the island and in the region'. Destradi (2012: 614) also quotes former Indian National Security Advisor M.K.Narayanan (on 31 May 2007) from www.hindu.com/2007/06/01/stories/2007060108050100.htm (Accessed on 4 December 2012) as saying: 'We are the big power in the region. Let us make it very clear. We strongly belive that whatever requirements the Sri Lankan government has, they should come to us. And we will give them what we think is necessary. We do not favour their going to China or Pakistan or any other country...We will not provide the Sri Lankan government with offensive capability. That is the standard position'.

issues (the same persists with the positions of the powerful Peoples' Liberation Army in China), and the Indian strategic establishment views the Chinese moves to build ports in India's neighbourhood as an "encirclement" strategy. At the same time, the coeval nature of interests in global fora relating to matters such as climate change, has seen some cooperation internationally between India and China.

Trading relations between India and China have never been better before and slowly but surely China has emerged as a major trading partner of India, with the latter exporting primary goods and minerals while China exporting manufacturing goods to India.

But strategically, there remains a great degree of rivalry between the two nation-states that is a product of Indian strategic thinking that has persisted in the post-liberalisation period since 1990.

3.9.3 India's Nuclear Strategy

The greatest change in Indian strategic thinking and foreign policy since the 1990s occurred on the issue of nuclear strategy. While the Congress party in its tenure between 1991 and 1996 made preparations for nuclear weapons testing, it stayed away from that path eventually, the BJP led National Democratic Alliance made the decision to overtly declare nuclear weapons capability and to undertake nuclear weapon's testing in 1998. This marked a paradigm shift in India's foreign policy that was clearly against nuclear weaponisation the world over, including its position on nuclear disarmament of the permanent five (nuclear armed Security Council members in the UN) countries.

India had consistently refused to sign the Comprehensive Test Ban Treaty (CTBT) or the Nuclear Non-Proliferation Treaty (NPT) in order to hold them as bargaining chips against the nuclear powers in order to effect global nuclear disarmament. The decision to test nuclear weapons resulted in global economic sanctions for India and changed the strategic balance in the sub-continent with Pakistan also responding with nuclear weapon tests of its own. For a period since the 1990s and the early 2000s, Indo-Pakistan relations

were at it's most hostile, as Pakistan used the nuclear weapon capability to indicate strategic parity and attempted to increase cross border tensions through support for insurgencies within the country.

Large sections among the political and strategic establishment, either welcomed the nuclear weapons testing or qualified support for the decision to hold a nuclear weapons arsenal subject to the doctrine of 'no first use'. The BJP regime in its tenure between 1998 and 2004 in fact even sought to alter India's longstanding positions on the CTBT and the NPT in order to defuse the sanctions regime that persisted against the country.

The change in US foreign policy towards India's nuclearisation has meant that there has been no need for any change in India's positions apropos CTBT and NPT but the Indo-US nuclear deal did bring in sufficient restraints in India's nuclear weaponisation programme.

3.9.4 India and the subcontinent

We shall deliberate on Indo-Nepal relations separately in the next chapter for the post-liberalisation period. Vis-a-vis Pakistan, Indian relations deteriorated as proxy wars were waged between the two nations in the late 1990s and unresolved issues remained to this day.

The political class in Pakistan continues to remain either in the hands of a "feudal" elite or dominated by the military sector during both democratic and non-democratic orders. While there have been lots of phases of dialogue between representatives of the both nation-states, progress on issue resolution has been glacial. But for episodic rhetoric from heads of government in India, there has been little emphasis on rapidly winnowing the differences between the two nations and settle them.

Differences remain on the issue of recognition of the state of Jammu & Kashmir which remains parcelled under control of both countries, demilitarisation of borders, cross-

border terrorism, and other minor issues. The Indian strategic establishment continues to view Pakistan from a distrustful perspective while there is little change in emphasis on relations with India on the other side due to the preponderance of the military/feudal elite in India-centric policy in Pakistan.

Political dialogue that was undertaken between India and Pakistan in 2006-07 has since been stalled following deterioration of relationship because of various factors, which included the terror attacks in Mumbai on 26th November 2008.

3.10 Summary of changes in foreign policy and strategic thinking post liberalisation

As seen in the preceding sections, there have been significant changes in Indian political economy over the years. This has impacted upon Indian strategic thinking as well (in conjunction with its adjustments to changes in the world political economy and power relations).

While India largely followed a principle of non-alignment and independent strategic thinking that deliberately sought to avoid bandwagoning with any of the superpowers - since 1991, there has been only one superpower, the United States - there have been some substantive changes in strategic thinking that is due to the changes in the social property relations within the country.

There seems to be a dual and contradictory impulse now in Indian strategic thinking. One impulse is to cautiously engage in a renewed form of non-alignment and independent foreign policy with a nuanced understanding of the world dominated by one superpower. This impulse therefore enjoins upon India to seek being a great power at its own terms, cognisant of the internal contradictions in a largely poor but growing economy and which is buffetted in a hostile relationship with one neighbour, Pakistan and an uncomfortable relationship with another, China (both China & Pakistan have close strategic relations). The other impulse is to seek benefits from a world capitalist system that seems to be far more integrated than ever and to therefore seek to be a new great power by

bandwagoning with the lone superpower and to emphasise commonalities between the "democratic" systems both in the United States (and others in the European Union) and India.

These contradictory but dialectical impulses now characterise Indian strategic thinking and therefore Indian foreign policy in a) India's neighbourhood and its near periphery, b) apropos the world at large and on crucial issues that are salient in the 21st century.

3.11 Conclusions

In this chapter we use a historical sociological approach to characterise Indian strategic thinking on the basis of changes in social property relations in the post-Independence period. Combining the exposition in Chapter 2, which uses a similar approach to explain changes in foreign policy & social property relations from the Mughal to the pre-Independence period, we now arrive at a clear understanding of the vicissitudes of Indian strategic thinking over many years. This places us with a historical perspective that makes it easy to understand strategic and foreign policy impulses of the Indian nation-state and is devoid of the reductionism/ ahistoricity of other approaches such as Realism among others in traditional International Relations theory.

A similar method will be used to study changes in for Nepal as well in the forthcoming chapter (Chapter 4) before embarking to use the insights gained from the three chapter (2, 3, 4) to explain Indo-Nepal relations in the chosen period (1990-2009) in Chapter 5.

CHAPTER 4

Chapter 4: The Nepali-Nation State: Change and Transformation in Social Property Relations and Foreign Policy from the Rana Era to that in "Naya Nepal".

In the previous chapters (2 & 3), a historical sociological approach was attempted to provide an explanation of changes in social property relations in India and which was then used to understand India's relations prior and post to the country's Independence. In this chapter, we shall attempt the same methodological approach to place changes in social property relations in the country of Nepal and use it to provide insights into the way the country conducted international relations over the years.

4.1 Geography & Spatiality

It is important to understand Nepal's geopolitical location and spatiality before embarking upon a study of its economic history (and therefore social property relations, explaining the formation and actions of the nation-state).

Nepal's spatial location and its "unique physiographic diversity" as Bhattarai (2003) calls it has contributed to the nature of its societal structure and political economy as well. It is sandwiched between two large nation-States in India and China and has a varied topography ranging from "tropical plains of less than 100m. altitude to alpine Himalayan mountains of more than 8800m altitude within a horizontal expanse of less than 200 km" (ibid).

MC Regmi (1971: Chapter I) explains:

Topographically, the [now erstwhile] Kingdom of Nepal may be divided into three major regions, the Tarai, the inner Tarai and the hill region. The Tarai region is a narrow strip of plain, 25 to 35 miles wide. It runs along the southern border adjoining India except at two points, Deukhuri and Chitaun. Approximately 200 feet above sea level in its southern sector, the Tarai rises gradually to about 1,000 feet at the point where it means the foothills of the Siwalik (Churia) range. The term is of Persian origin, meaning dump, and is an appropriate one in view of the hot and humid climate. the region comprises a dense forest belt. The soil is generally alluvial, and quite fertile, except at places where it is sandy or gravelly, as a result of recurrent floods and erosion. The region comprises the present districts of Jhapa, Morang, Sunsari, Saptari, Siraha, Dhanusha, Mahottari, Sarlahi, Rautahat, Bara and Parsa in the east and Kanchanpur, Kailali, Bardiya, Banke, Kapilavastu and Rupandehi in the west. The forests of the Tarai run into the Siwalik hills, a broken range of dry sandstone hills which are approximately 2,000 to 3,000 feet above sea level. This region, called the inner Tarai, contains several fairly broad valleys running east to west. It is characterized by swamps and jungles, inhabited by tigers, elephants, rhinoceros and other forms of wild life. The climate is subtropical and malarial. The region comprises the present districts of Dang, Surkhet, Nawal-Parasi, Chitaun, Makwanpur, Sindhuli and Udayapur.

Going on, Regmi (ibid) speaks of other regions into the hills:

The hill region comprises the Mahabharat hills situated north of the inner Tarai and parallel to the Siwaliks, the main Himalayan range and the areas lying betweeen. The eastern hill region comprises the areas east of Kathmandu Valley

to the Mechl River adjoining Darjeeling district in India. It has long and narrow valleys, mostly running from north to south, with poor, stony soils. On the other hand, the central hill region, situated between the Koshi and Kaligandaki Rivers, contain several broad and well-watered valleys such as Kathmandu and Pokhara. The western hill region, between the Kaligandaki and the Mahakali, is characterized by steep slopes, inadequate rainfall and excessive erosion. The over-all picture of the hill region is one of rugged terrain and poor soils. The main Himalayan range includes several mountains over 26,000 feet in height, including Sagarmatha (Mount Everest). However, the northern boundary does not follow the crest line of the Himalayas at all points. In several areas, including Mustang, the boundary juts into the Tibetan plateau to the north of the main Himalayan range.

The hill region may also be classified on the basis of altitude into the valley, the mid-hill region (3,000 to 6,000 feet above sea level) and the alpine region (above 6,000 feet). While the valleys contain fertile alluvial soils they have a malarial climate. Population is therefore concentrated in the mid-hill region. This region is important also from the viewpoint of agriculture, as it grows various types of crops, including paddy, wheat and maize. In contrast, the alpine region has a cold and snowy climate with meager rainfall, so that agriculture is not an important economic activity. However, this region contains extensive pastures, so that stock-breeding, dairy-farming and the spinning and weaving of wool are important occupations.

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Beyond the topography, Regmi (ibid) explains

> Nepal has three principal river systems: the Karnalai in the west, the Gandaki in the central region and the Koshi in the east. All these rivers emerge from Tibet and are joined by innumerable tributaries originating in the hill region before they finally join the Ganges in the plains of North India.

4.2 Introductory Political History

Nepal has had a tumultuous history, as recently as 2008, which marked the end of its longstanding monarchy. The monarchy had itself been reduced to a "shell", with the taking over of power by feudal aristocrats represented by the Ranas in 1846, which heralded nearly a century long rule by them, what is termed as "Ranacracy". Ranacracy gave way, handing over formal power to the monarchy again in 1951 when a bloodless coup against the Ranas was effected by activists striving for democracy and who believed that a constituent assembly would be constituted after power was handed back to the monarch.

The CA was instituted nearly six decades later, as Nepal drifted again into absolute monarchy in the late 1950s extending upto the 1990, when a pro-democracy movement (Jan-Andolan I) first constitutionally realised a parliamentary democratic system converting Nepal into a constitutional monarchy. This transition to a democratic system was riddled with instability as a raging civil war featuring the Nepali Maoists and the state, allowed the monarch to usurp absolute power again in 2003. Following a peace process featuring the Maoists and the democratic parties, brokered and offered support by the international community, especially the Indian external affairs establishment, peace

reigned and the monarch had to abdicate following yet another round of democratic protests (Jan Andolan II). Since 2008 - when elections to the Constituent Assembly were first conducted - Nepal has been a Constitutional Republic. This is the short political history of the last three centuries of Nepal. What we shall endure to do in this chapter is to historically map the trajectory of changes in social property regimes over these years.

4.3 Pre Rana ruled Nepal

The establishment of a rudimentary nation-state of "Nepal" with somewhat clear geographical boundaries is widely accepted to have happened in 1769, when the monarch Prithvi Narayan Shah took on the Malla kings of Kathmandu, Patan and Bhadgaon, defeated the first and thus expanded the Gorkha empire to Kathmandu as the new capital (Burghart 1984:111). Burghart however argues,

> By nation-state I mean a form of government that is seen to be an expression of the will or character of a culturally unique people and whose political boundaries are delimited with referenceto the territorial distribution of the people. Although this idea is current in present-day Nepal, there is no evidence that it existed in governmental discourse during the period of Nepalese expansion across the southern flank of the Himalayas at the turn of the nineteenth century. From 1814, however, the territorial ambition of the Nepalese government came into open conflict with that of the East India Company; a number of battles were fought in the foothills of the Himalayas which culminated in the Nepalese accepting a cessation of hostilities on the terms proposed by the Company. From the signing

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of the Treaty of Sagauli in 1815, the Nepalese rulers began to accommodate themselves to the presence of a powerful and alien southern neighbor.

In other words, another interpretation of the formation of the "nation-state" in Nepal is provided in terms of recognition of it by an already existing "nation-state" as a neighbour. While this definition of Nepal as a nation-state occurring only since the early 1800s has merit, it makes more sense to term the expansion of the domain of Shah rule beyond Gorkha and into other parts of hilly Nepal as the beginning of the process of the consolidation of the Nepali nation-state.

We shall now examine some of the social property relations in this period of consolidation and expansion of the Nepali nation state.

The expansion of the Gorkhali empire led by Prithvi Narayan Shah was aided by among others, a shrewd knowledge of the economic basis of survival and thrift of the regimes that the Gorkhalis managed to outmaneouver into accepting their suzerainty. By seeking to establish control over trade routes between India, the Tarai and Tibet, the Gorkhali regime managed to bring about blockades against the Malla kings (in the Kathmandu valley) and slowly eased control over the erstwhile Malla regimes. The conquest of new territory did not however mean the "annexation" into a new nation-state till the early 1800s (Regmi 1971: 12). Internal autonomy was granted to the regimes that had given up power and had accepted the suzerainty of the Gorkhali empire/Shah dynasty.

4.3.1 Political Economy of the Shah (pre-Rana) period

Nepal's polity and the elite has historically been dominated by people belonging to the central and the western midlands (lower hilly regions). People living in the east, belonging to the upper reaches of the Himalayas, and those in the plains (the Terai) have historically occupied a subaltern role in Nepal's polity. Nepal's economy has been characterised by a heavy reliance on agriculture and which has endured to this day. Close to 93% of the working population was dependent upon agriculture in 1961 which has come down to around 70% being dependent upon "primary forms of the economy" in 2011 according to various census reports from Nepal[28].

Nepal's geography meant that the predominance of agriculture was most concentrated in the Terai region as much of the cultivable land was present in the plains. A variety of crops were grown in this region, including paddy, oilseeds, cotton, jute, tobacco and sugarcane (Regmi 1971:15). The Terai was also abundant with forest land, providing a lot of timber and forest produce. In the hill regions, "paddy was the main crop in low-lying areas, followed by sugarcane, while lands at higher altitudes yielded maize, millet and other dry crops. Cotton..[was] the most important cash crop grown in the region" (ibid: 17). Kathmandu Valley in the mid-hills "was the most prosperous area in the hill region from the viewpoint of agriculture" (ibid:18). The intensity of agriculture was explained by the presence of abundant irrigation resources in the form of well maintained channels. The mid-hills in the west also had mineral resources, which were used for

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28 Calculated by author on the basis of census data on "economically active population" obtained from Central Bureau of Statistics, Nepal.

export to India. In the northern Himalayan region, however, agriculture was less prominent as pastoralism, animal husbandry were more dominant professions.

Trade was concentrated largely between the Terai and northern India - where a market economy had already developed (ibid:20). However, in the hill region, trade was "generally related to the needs of subsistence and was seldom an independent means of livelihood...In the northern Himalayan region, on the other hand, trade rather than agriculture, was the primary economic activity...Traders from Tibet visited these trade centres...nor was ..commercial activity restricted towards the north" (ibid) as it extended to the southern parts of Nepal into India as well.

Tenurial land ownership has characterised agriculture in Nepal since a very long time and this has persisted even into the 21st century. In the Shah era, land ownership was primarily concentrated under the state (*Raikar* ownership). The state on the other hand, bestowed ownership to select individuals (and groups) as a form of social and economic status (the *Birta* system) (Regmi 1976:17). There were other forms of land endowment, the *Guthi, Jagir, Rakam* systems which were more discretionary than systematic as compared to the *Birta* system. All in all, these ensured that Nepal's economy during the Shah regime was largely characterised by an agrarian system that depended upon state ownership and tenurial grants that sustained the power structure.

Burghart (1984:103-104) describes tenurial relations and the monarchy in Gorkha rule in the 18th century thus:

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In the administration of his possessions the [Gorkha] king saw himself as a landlord (malik) who classified exhaustively and exclusively his tracts of land according to tenurial categories and then assigned, bestowed, licensed, or auctioned the rights and duties over these tracts of land to his subjects (see M.C. Regmi 1971:209-11)...the tenurial scheme was a juxtaposition of local subsystems (such as tributary kingdom, military administration, civil administration, and palace administration), each of which was headed by the king, and in which each status related to other statuses of the subsystem but not to statuses outside the subsystem...The tenurial autonomy was the basis of the king's political sovereignty vis-a-vis neighbouring kings.

As the Shah regime began to consolidate control over various parts of Nepal and by extending its dominion over other territories in the country, it took care to retain some of the land revenue and tenurial models that were in place in these territories. In places where the aforementioned tenurial systems were not in vogue, in particular in the tribal (janajati) areas in western Nepal which followed a different, communal based land ownership model called the *kipat* system, the Shah regime sought to reconcile with the model as well, limiting itself to revenue from the land in the form of tenure to the state.

In class terms, the political economy of Nepal could be characterised as a "feudal" economic structure supporting a monarchic system. In many ways, this system was similar to Mughal rule in India and the associated political economy of the period in the neighbouring country. The importance of land holding (and the tenurial system), that of

trade routes linking Tibet and India had a bearing upon the foreign policy and strategic thinking of the Shah regime.

4.3.2 Foreign Policy of the pre-Rana ruled period

The military successes of the Shah regime, which helped in the consolidation of the Nepali nation were made possible despite minor help to the regime's adversaries from the British (the East India Company) in India. The intervention by the East India Company, while very limited, was motivated by a fear of disruption of the traditional trade routes/arrangements that the Company enjoyed with the Malla kings and Newari rulers in Kathmandu valley and elsewhere, if the Gorkhalis managed to defeat them (which eventually happened). Relations between the East India Company controlled Indian regime and Nepal under the Shah regime were therefore fraught with insecurity and tension. The Gorkhalis did not have an easy/peaceful relation with neighbouring Tibet either as the Shah regime's policy of expansion brought it in conflict with the Tibetans as well, which persisted from 1775 to 1788. It was in the latter year that the Nepali forces had evacuated occupied districts in Tibet on the promise of annual payment. In 1791, Nepali forces renewed their policy of conquest of Tibetan territories but had to halt it immediately after Chinese promise of help to the beleaguered Tibetan government.

The Gorkhali/ Shah-regime policy of land consolidation and territorial expansion to increase tenurial income from newly conquered lands and taxation of trade routes enabled it to truly create the geographical boundaries of present day Nepal. This served the purpose of regime extraction of revenue while having the consequence of politically integrating Nepal. It also inevitably set strategic thinking for Nepal apropos its two

biggest neighbours - Chinese controlled Tibet and East India Company controlled India in the north and south respectively. The policy of conquest and land acquisition had to necessarily reach a consequence of attrition with its larger neighbours (unlike the disparate smaller monarchies and territories within Nepal). If on the one hand, this resulted in tensions between the East India Company and the Nepali regime from the late 1760s to the early 1780s, on the other, the attrition with China peaked in the early 1790s forcing the hand of the regime to seek a way out.

The resulting policy of playing strategic threats of the respective neighbouring regimes (China/Tibet and India) against each other, and to extract concessions or atleast ward off threats, was something that went on to be replicated time and time again in Nepal's sovereign history extending into the 21st century. By seeking a rapprochement with the East India Company in 1792, the Nepal regime avoided a fuller confrontation with the Chinese (who were sufficiently warned of a possible British intervention in Nepal favouring the Shah regime). The resulting thaw in Chinese-Nepali relations was enough for the Shah regime to not to go full tilt in giving concessions to the East India Company and resulted in the retention of the status quo apropos commercial and trade relations between the Company and the Nepali regime.

Yet the very nature of "feudal rule" with the lack of separation in powers and the presence of a personalised polity (sovereignty and high decision making vested entirely on the monarch), ensured an instability of the regime due to "palace intrigue" in the 1790s. This opened up the opportunity for the British East India Company to utilise the

internal instability in the regime to wrest a treaty on "commerce and alliance" in 1801 (Ramakant 1968:14). Palace intrigue in the Shah regime prevented the continuation of this treaty as relations between British India and Nepal worsened for the same reasons that had resulted in tensions between the respective regimes in the late 1780s. Ultimately, the Shah regime's policy of conquest and seeking of tenurial shares from landowners in areas of their control (without disturbing land relations) was a vexed problem for the East India Company ruled Indian regime.

Soon, the policy of conquest adopted by the successors of the Shah regime (this time led by prime minister Bhim Sen Thapa) reached its logical conclusion of direct hostilities against the British regime. By 1812, tensions related to land conquest and redrawing of tenurial payment by the Nepalese brought them into direct dispute against the British who had previously held control over these lands owned by Indian Zamindars (Ramakant 1968: 22). The expansionist policy held by the Gurkha empire had ensured that their writ now extended from the Sutlej river in the west to the Teesta river in the east. This expansionist policy led to a direct dispute over territory and land with the East India Company led regime in India, eventually leading to a series of skirmishes and war in 1814 (lasting till 1816) in which the Nepalese suffered severe losses, losing close to one-third of its territory to the British. The British managed to halt hostilities following the signing of the Treaty of Sugauli in 1816 which ceded close to one third of Gorkha held territory to the British (including Sikkim and Morung in the east and Kumaon to Sirmur in the west. The Treaty also called for the appointment of a British Resident in

Kathmandu and recruitment of Nepali soldiers (Gurkha regiment) into the British India army.

British end to hostilities was also brought about by realist considerations as there was a threat of Chinese interference post the war. But the Treaty of Sugauli restricted and made the geographic boundaries of the Nepali-nation state even as the Gorkha regime sought to consolidate itself in preparation for any further attack from the British. This it did through a policy of geographical isolation and halting any further attempt to expand territory. This policy however coincided with a policy of unrestricted trade for goods that suited the needs and luxuries of the ruling classes of Nepal. As Regmi (1971:168-70) suggests,

> ...there existed a basic contradiction between measures designed to safeguard national independence and the requirements of economic development. In its efforts to preserve national independence and forestall foreign influence and domination, the government of Nepal implemented the traditional policy of isolation with greater vigour. The entire area from Kulekhani to Hitaura, through which the English had directed their final and decisive assault during the war, was planted with new forests... Similar restrictions were imposed on routes leading from Nepal to Tibet. Such a policy was hardly consistent with the unrestricted development of trade... [In contradiction to this policy]....there is evidence, however that Nepal-India trade expanded despite such hindrances....One reason for the expanded volume of trade was the growing addiction of higher classes in the society to imported goods [of English and other European commodities]... Evidence of the growing volume of trade between Nepal and India is furnished

also by the emergence of new market towns in the border areas and the increased importance of existing ones.

In other words, the pre-Rana period foreign policy of Nepal was driven through the logic of territorial expansion and consolidation of the Nepali-nation state, a primary focus of the Gorkhali rulers of Nepal into hostilities with the East India Company (British) ruled Indian regimes as well as against the Tibetan regime (under Chinese thrall). Periods of management of these relations to balance out the threats from either neighbours only led to outright hostility against them, resulting finally in the Treaty of Sugauli that brought a halt to the territory expansion and consolidation process of the Nepali state. In order to safeguard the interests of the regime, a policy of geographical isolation was embarked upon, but trade routes were facilitated to cater to the needs of the higher and ruling classes of Nepali society.

As Regmi (1971:194-195) points out,

> Prime Minister Bhimsen Thapa held undisputed sway over the administration of Nepal for an uninterrupted period of 31 yeras after the assassination of Rana Bahadur shah in early 1806. Since the administration remained military-oriented for a long period after the Nepal-British war, a regime which may be described as a military dictatorship emerged. There is not much evidence that it was responsive to the needs and aspirations of the people. The period of peace following Nepal-British war thus witnessed little progress in Nepal's economic field. Their defeat at the hands of the British might have proved a traumatic experience for the ruler; however, it had also brought in conditions of unprecedented security. It had

opened up opportunities for consolidation and development. But there is no evidence that these opportunities were properly utilized or even realized. Even in the field of fiscal policy, the government rarely undertook any reform measure on its own initiative. It merely reiterated reform measures initiated in the past without making efforts to find out why these had not been implemented or to facilitate such implementation. Throughout the period after the war to the rise of Jung Bahadur in 1846, the sole objective of official policy was maintenance of the *status quo*, while averting dangers to national independence and the security of the regime.

In sum, the pre-Rana period of Nepal was one of the burgeoning of a new nation-state based on expanding political and extractive control over land boundaries marked by agrarian rent and grants. This new nation-state stabilised in the demarcation of its boundaries and areas under control following a prolonged period of internal and external flux and conflict, but the Treaty of Sugauli that established a lasting peace between British India and Shah-ruled Nepal allowed for the consolidation that took place under the Ranas.

Terminologically, the pre-Rana period was characterised by a patrimonial system of rule, wherein "the state was organised as an extension of the ruler's household". (Whelpton 2005: 49). This system persisted from the late 18th century to the later half of the 19th century, when the patrimonial system expanded into a more elaborate feudal system under the Ranas. Social property relations in this period constituted an agrarian economy - which in the plains took shape as a clearer tenurial land ownership model, organised

both in the form of grants to local elites subservient to the monarch. In the hills, mixed forms of ownership - tenurial, grant and community (*kipat*) persisted, marking a tactical adjustment by the regime with the nature of the more community based tribal groups in western Nepal for example in return for tribute and formal control by the monarchy. These relations helped consolidate the nation-state structure and also explained its dynamics - both internally and externally as in foreign policy.

The isolationist emphasis of the late Shah period was given a stronger thrust by the later feudal rulers (the Ranas) who deliberately and largely eschewed modernisation in the country, choosing to do so in order to perpetuate feudal rule. Any modern influence was due to the strategic foreign policy choice of allowing for Nepali (Gurkha) conscription into the British army or the natural migration of Nepalis into India for work and livelihoods due to the relative under-development within their nation-states, as will be explained below in the section on Rana rule.

4.4 The Rana Period
The Rana period is defined as the rule by a MC Regmi (1976:8) says,

> The political history of the Kingdom of Nepal took a fateful turn in 1846 when political power passed from the Shah dynasty to the Rana family. For nearly nine years before this event, Nepal had been a victim of political instability caused by factions belonging to the royal family and the nobility. The confusion culminated in a massacre of the leading members of the important political families in September 1846 and the flight or banishment of others. Jang Bahadur Rana, a

member of one of the less influential sections of the families that had followed the Shah dynasty from Gorkha to Kathmandu, was then appointed the prime minister of Nepal. The Rana regime acquired an institutional character through a royal order promulgated in 1856 which decreed that succession to the office of prime minister should be based on seniority, first among Jang Bahadur Rana's brothers, and then among his sons and nephews. The Rana political system was essentially a military despotism of the ruling faction within the Rana family over the king and the people. The government functioned as an instrument to carry out the personal wishes and interests of the Rana prime minister. *Its domestic preoccupation was the exploitation of the country's resources in order to enhance the personal wealth of the prime minister and his family.* (emphasis added)

The Rana regime lasted from 1846 to 1951 before it was deposed following a pro-democracy movement that had the political support from India's first post-Independence government. The Rana regime formed the apogee of a Hindu feudal order that ruled Nepal for nearly a century. Social property relations and the political economy of the Rana period are explained in the section below.

4.4.1 Political Economy of the Rana Period

Social property relations in the Rana period were characterised by the emergence of a new super-elite in the form of the Rana family (with the highest preponderance belonging to the prime minister's immediate family) and its associates. Forms of land ownership that preserved, sustained and elicited support from the local elite in a highly agrarian society in the Shah dynasty period was retained in the Rana period; only these were

directly subserviant to the process of resource and power accumulation engaged by the Rana rulers.

The *birta* system for e.g. continued to hold sway in the Rana period, except for a crucial difference between that in the Shah dynasty period and the former. As MC Regmi (1976: 22) argues,

> The emergence of the Rana regime in 1846 heralded a new phase in the history of the Birta system in Nepal. The composition of the nobility underwent a fundamental change as a result of the massacres and banishments that preceded Prime Minister Jang Bahadur's rise to power. *A policy of enriching this new nobility by means of liberal Birta grants in order to command their support at all levels was followed. The Birta system was therefore exploited lavishly to serve these twin purposes. This situation may be contrasted with that prevailing under the Shah rulers prior to the rise of Jang Bahadur when the personal enrichment of the ruling classes, as distinct from the nobility, did not feature prominently in the evolution of the Birta system. The Rana rulers pursued this policy with such vigor that by 1950 three leading Rana families owned a total of 227,105 acres, or 42.5 percent of the total cultivated Birta land in the Terai.* (emphasis added)

In other words, while the grants of cultivable land to allies and other nobility was done as policy in the Shah period, the Rana rulers "were more lavish and less discriminate in their choice of favorites" (Regmi 1976: 23), confirming the evolution to a more feudal structure in the Rana period.

Nevertheless, in contrast to the Shah period, Rana rule also saw the expansion of agricultural cultivation in "peace-time" free from the pressures of acquiring further and new land through conquest following the Sugauli treaty. As Whelpton (2005:54) says

> the Ranas secured a steady rise in state revenue, which rose from around 1.4 million rupees in 1850 to perhaps 12 million in 1900, a substantial rise even allowing for inflation. Pressure was releived initially by a short-term reduction in the competition for *jagir* [including *birta* grants] assignments at the top with the expulsion of Jang's [Bahadur Rana] political opponents, but then by the continuing expansion of the area under cultivation. Particularly important was the return to Nepal in 1860 of the western Tarai districts, which were initially very sparsely populated. A substantial proportion of the new area was appropriated as *birta*..by the Ranas themselves but the state coffers still profited substantially.

Under Jang Bahadur's *Muluki Ain* (civil code) of 1854, cultivators on land other than *birta* holdings could not be evicted for demanding a reduction in rent. After elaborate land surveys till 1870, the Ain recognised the tax payer to be registered as holder. This legal declaration - albeit absent in entirety in practice - allowed for the development of rudimentary land markets in the east of Nepal and accelerated agriculture into other and newer areas. (ibid: 54)

At the same time, despite the expansion of cultivable land and agriculture, done so for the need to provide stabilised revenue for the Ranas, there was little emphasis on improving cultivability or enhancing agricultural productivity by importing newer agrarian technology in this regard. The Ranas were opposed to any import of modern techniques

and this resulted in the significant deforestation of the Terai and other areas for agricultural cultivation without enhancement of productivity. The opposition to modernisation or even modern equipment saw to a poor organic growth in industry as well, despite Nepal having substantive mineral resources such as copper and iron - formerly mined in the Shah era to serve the indigenous munitions industry, but which were halted because of lack of modern mining equipment in the 1860s. Nepal relied more on imports to suit its needs. (ibid: 55)

All said, the Rana regime consolidated an agrarian system that matured into a "feudal" one over the course of the rule. As Bhattarai (2003: 68) points out,

> ..with the gradual stabilization of its authority to be crowned by the establishment of Rana hereditary oligarchy in 1846, the state began alienating land in varying juridical independence to private individuals (*Birta),* religious and charitable institutions (*Guthi*), government employees (*Jagir)*, royal vassals and former rulers (*Rajya)*, local tax-collection functionaries (*Jirayat, Ukhada, etc*.) and others, giving rise to the rent-receiving landed intermediary interests in between the actual cultivator and the state; or the rise of incipient feudalism.
>
> A development of historical significance that brought about radical transformation of the economic life of the country by the late 19th century was the extension of Indian railway network to the border towns adjoining Nepal Terai, and the consequent massive clearance of forested Terai plains for "commercial farming" through large-scale induced immigration of zamindars and peasnts from the neighbouring provinces of India. *This laid the material foundation for maturing of*

"feudalism" during the Rana era, which reached its peak by the beginning of the 20th century with the distribution in unprecedented scale of Birta lands in the newly opened-up Terai amongst the Rana family and the nobility and the entrenchment of the oppressive Jimidari system. However, because of the export-oriented and commoditised agricultural production, the 'feudalism' that developed in the Nepali Terai from the very beinning was not of the 'classic' type but a peculiar one that could be termed 'feudal-capitalist' similar to the mode of exploitation of forestry in Europe in the 15th century. (emphasis added)

Beyond the establishment of a feudal regime, the emergence of a strategy of deliberate isolation that began in the post-Sugauli Treaty period was persisted in Rana rule, with the allowance of trade routes to suit the interests and needs of the elite. The promulgation of a civil code (*Muluki Ain*) reified caste-hierarchical relations that emerged and were utilised by the Shah rulers for legitimacy as Hindu monarchs and provided a core for the Ranas to establish their hierarchical (and agnate succession) rule. The Ain provided a deliberate hierarchical caste-based structure that accorded primacy to the hill-castes (the Parbatiyas) - especially the Bahun (Brahmin)-Chhettri elite - and to whom the hill tribes and the Madhesis (plain-dwellers themselves nominally organised in caste terms) were subserviant.

The Ain's promulgation of a caste oriented structure that combined privileges based on birth with a measure to accord and receive dues and grants in a relatively organised (and

plentiful) agrarian economy marked the legal basis of a feudal regime controlled by the Ranas in Nepal between 1846 and 1951.

The political nature of Rana rule ensured that power and authority were vested and deployed in the Rana aristocracy, whose pinnacle was the post of the Prime Minister (the *maharaj)*, while the monarchy continued to remain the titular head (the *mahadhiraj)* of the nation-state. The imprimatur of the otherwise relatively powerless monarchy was required to serve two purposes of legitimacy - a) continuity of the Shah dynasty which was acknowledged to have unified and created the boundaries of modern-day Nepal, and b) utilising religious sanctions for the monarchy-aristocracy relationship as a means of perpetuating legitimacy for the Rana rule.

In sum, the development of social-property relations from the Shah era to Rana rule undertook a transition in the state structure from a patrimonial one to an oligarchy that controlled a feudal system that was isolationist in nature and in its design for the perpetuation of an extractive, oppressive regime. The changes in social property relations had an impact on the foreign policy of the Rana regime as well.

4.4.2 Foreign Policy of Nepal in the Rana period

The Rana regime's rule between 1846 and 1951 coincided with the rise of British power into a world wide empire that saw its pinnacle during the late 1800s and the early 1900s

and coincidentally the decline of China and its coming under imperial influence of the world's then major powers. The Shah regime, atleast until the Treaty of Sugauli, had sought to play the two powers to its advantage even as seeking to consolidate territorial gains and constantly seeking military expeditions.

Following the Treaty, however, the Shah regime had gone into decline, frequently hit by internecine battles of succession. During this period (between 1816 and 1846 when the Kot massacre enabled the Ranas to come to power), relations with the British were strained albeit steady. The British themselves were not keen on any further hostility with the Nepalis, but were involved or were seen to be involved closely in palace intrigue in Kathmandu.

With their coming to power, the Ranas sought to sustain friendly and even helpful relations with the British. Jang Bahadur Rana, the first prime minister during the Rana oligarchy, sought to consolidate power after the Kot massacre and required that there would be no uprisings led from within British India against Rana rule. He was the first major Nepali ruler to have visited London and the "first-hand experience of Britain's military and industrial strength ensured that he took the British side during the Indian Mutiny of 1857, personally leading a large force to take part in the capture of Lucknow from the rebels". (Whelpton 2005:46)

In return for the help during the 1857 Sepoy Mutiny, Jang Bahadur Rana was awarded the title of 'The Grand Commander of the Order of Bath' and a portion of Terai that was

annexed in the 1816 war was given back to Nepal. An emboldened Rana had embarked upon an attack in Tibet (encouraged by the weak status of China during that period) to enforce ease of trade for Nepali traders in the region. While the British professed neutrality in the conflict, they had eased the transport of Nepali soldiers and weapon purchases for Nepal from private sources (Muni 1973:8).

Despite the overt leaning towards the British and the push for better relations in a strategic and formal sense, the Rana regime under Jang Bahadur had reservations in extending commercial and trade ties with the British. Clearly the Ranas were more interested in the recognition of their power as oligarchs, which was granted by the British but limited only to that recognition and not for a supplanting of the monarch itself. As Muni (ibid:9) says, "though the British extended all possible support and cooperation to Jang Bahadur's *de facto* supreme authority in Nepal, they .. effectively opposed his bid for the throne".

Vis-a-vis Tibet, while the military expedition in 1855 resulted in a protracted stalemate, it did result in some concessions for the Nepalis in the form of a treaty that was signed between Nepal and Tibet on 24 March 1856. Tibet agreed to pay an annual sum of Rs 10,000 to Nepal who reciprocated this with a commitment to come to Tibet's help in case of any foreign attack (ibid: 12).

The later Rana rulers sought to improve the steadying relations with the British, and worked to remove "whatever reservations Nepal entertained during Jang Bahadur's

period" (ibid:10). One maneuver that the Rana regime sought to use to improve relations with the British was the formal permission given to the recruitment of Gurkha soldiers for the British army. This was granted by Bir Shamshere Rana, who settled a long pending issue since the Sugauli Treaty. While Nepal was obliged to help the Tibetans following the 1856 Treaty, it chose to help a British military expedition to Tibet led by Col. Younghusband in 1904, which resulted in the Tibetans negotiating a favourable settlement for the British. The British, reciprocated to the overtures from the Rana regime by formally recognising "Nepal as an independent and sovereign state under a Treaty of Peace and Friendship signed between the two countries in December 1923" (ibid: 10). This formal recognition and an undertaking that the respective regimes will not use their territories for purposes contrary to the other's interests was followed by the Britishers despatching a British minister with full diplomatic status to the Nepal Court (ibid:11). In sum, the Nepal Rana's strong overtures towards a good relationship with the Britishers and British India paid fruit as the British recognised the Nepali regime as an independent state and also saw in its interests the need to cultivate strong ties with the Rana regime.

Unlike the uneasy but mutually expansive ties between the Shah regime and the imperial British - first the East India Company and its representatives and later the British Crown, the Ranas steadily built strong ties with the latter. These mutually strong relations between imperial Britain and feudal Nepal flowed from a Realist understanding on part of the former and from a survivalist logic from the latter.

The feudal Rana regime allowed trade and outside linkages only to the extent it benefited the ruling elite and allowed for the continuation of its extractive state apparatus. Limiting Nepal's economic diversity to agriculture alone and investing little in development or education helped the regime perpetuate its grip and it required the endorsement and support of its powerful neighbour in continuing the same. Strong ties with British India enabled it to do so. By paying "tribute" in the form of allowing Gurkha soldiers to be recruited into the British forces and who served them in crucial wars such as the Sepoy Mutiny in 1857 and the World War I, the Rana regime managed to achieve its purpose.

As explained in Chapter II, British India's foreign policy was governed by its imperial and extractive interests in its colonies. The securing of its colonies from other imperial interests was important for the British and holding Nepal as a pliant buffer state helped it achieve so. The Rana regime's compliance and its overtures worked well in this regard. Following the tumultuous events leading up to the Indian Sepoy Mutiny in 1857 and the revolts being led by various princely rulers and states, the British took to caution and sought no change in the political structure of the various princely states including Nepal. That explained why the British were not keen on the Ranas taking over as the *de jure* rulers of Nepal despite their *de facto* control over the country. In a way, this resort to status quoism by the British helped the Ranas consolidate their *de facto* power as well in Nepal.

Nepal's relations with India following Independence was bound to change following the withdrawal of the British as the nature of the Indian state and the character of its ruling

regime had obviously changed. It can be said for certain that besides internal factors emerging in the contradictions of a feudal, oppressive political economy, external factors - both historically and sociologically in the making and the configuration of powers following World War II - accelerated the decisive decline of the Ranas and eventually to the end of Rana rule. Much of the very same factors also helped in the consolidation of absolute monarchy as well, as shall explained in later parts of this chapter.

4.4.3 Decline and End of Rana Rule

Contradictions within the Rana regime emerged from its very basis - the agnate succession policy and its feudal nature. In order to perpetuate power and to limit family intrigue, the Rana regime - particularly the Shamsher Ranas who emerged and got to power in 1885 through Bir Shamsher's ascension to the post of Prime Minister or the *maharaja* as opposed to the titular king who was known as the *Shri Panch Sarkar* (Whelpton 2005: 62). Bir was later succeeded by Chandra Shamsher Rana who was in power between 1901 to 1929, a period that stabilised Rana rule and also secured "independent status" for Nepal following British proclamation after a series of gestures in support of the latter by the Rana regime.

As with a feudal regime that was set up to self-sustain an elite class, internecine struggle for power was inevitable. The Ranas under Chandra Shamsher created a system of privilege for the various members of the clan - divided into the A, B, and C class system that relied on birth based caste and marital nature of the individual's parents. While in

principle, this was a way to codify succession and privilege, this only led to resentment and constant intrigue, raising the potential for destabilising the Ranas.

Besides internecine trouble, the exposure of the Nepali public, especially those in direct touch with trade and commerce and thereby those who were allowed to be educated abroad, to modernity and othe progressive values, such as in India during the nationalist struggle, also worked toward the eventual demise of Ranacracy. More and more discontents emerged and sought to organise against entrenched feudal rule, principal among them, being the Nepali National Congress which was formed in 1947 in Benares, India (Whelpton 2005: 68). The Nepali National Congress later merged with the Nepal Democratic Congress - itself an organisation set up by C-Class Ranas - in 1950 to form what is now known as the Nepal Congress. The Nepali Congress had at its helm, the socialist leader B.P. Koirala who along with Subarna Shamsher Rana sought to organise a rebel force that would take on the Ranas and re-install the monarchy and thereby setting up a constitutional monarchy that will rule Nepal as a parliamentary system.

While prior attempts to overthrow the Ranas were primarily orchestrated and organised on ethnic lines by discontented sections of the Nepali population or were the offshoots of internecine struggles within the Ranacracy, the Nepali Congress emerged as a major and coherent threat as it sought not just to bring an end to Ranacracy but to decisively change the political system attuned to modern parliamentarism in Nepal. This wouldn't have been possible but for external influence and the changes afoot in British India, where the nationalist movement under the aegis of the Indian National Congress and other forces

had decisively moved towards Indian Independence and the creation of an Indian nation that would be constituted as a federal, democratic republic.

With the British slowly losing its grip on the Indian state and the emergence of the Indian nationalist forces set to take over from the British colonial state, the Ranas were already in the decline in the 1940s. It took the threat of an expanding military campaign by volunteers of the Nepali Congress who were tacitly supported by the Indian National Congress led government in India for the Ranas to finally give up power and hand over *de facto* control of government back to the monarch, King Tribhuvan after the decisive revocation of the prime ministerial powers given to the Ranas between 1846-57. The Indian government also managed to wring out a "Treaty of Friendship" with the outgoing Ranas in 1951 that promised favourable and close relations between the countries and included among other provisions, free and open movement of the respective citizens across their borders and for Nepal to have a strategic military relationship with India, both of which turned out to be controversial provisions over the years between the respective nations.

As Whelpton (2005:73) says,

> The final collapse of the Rana regime had resulted not from a widely based popular movement but rather from divisions within the political elite and from the policy adopted by newly independent India.

The divisions within the political elite was made possible by the acculturation of members of the trading classes with the Indian nationalist movement (B.P.Koirala for

e.g.) as also the dissension from among the Ranas. Social property relations in Nepal had changed substantially from the Shah period with the expansion of agricultural cultivation and greater possibility of trade and migration, but internally without increase in agricultural productivity and therefore the lack of release of productive forces, the class configuration was still retained in the favour of the Brahmin-Chettri elite. Allied to this was the reification of caste identity through the *Muluki Ain* and the strict imposition of hierarchy by the Rana regime.

Thus even though the Nepali Congress sought to introduce a democratic and parliamentary system in a pre-modern state, their lack of substantive mobilisation through popular means unlike the Indian National Congress and the reified structures of caste and class hierarchy ensured that there was not going to be a definitive change in the political economy or in the ruling class structure beyond the deposing of the Ranas in Nepal. Nepal moved from Ranacracy back to absolute monarchy but it also moved away slowly from a feudal economy that thrived on manual labour (which was largely indigent and illiterate) and which encouraged large scale migration of the immiserised people into newly independent India for work.

The period of absolute monarchy and the ties it encouraged with the outside world - which shall be explained in the following sections - heralded slow changes to the extant configuration of social forces and changes in the social property relations as well.

4.5 Post-Rana-ruled Nepal

Post the deposition of the Ranas and the end of Ranacracy, the hope was for a constituent assembly to decide a new Constitutional framework in Nepal which would retain monarchy but will devolve itself into a multi-party democratic country. Parties in the fray at this juncture in the early 1950s included the Nepali Congress, the incipient Communist Party of Nepal (formed in 1948) and various Rana sponsored groups and factions, besides identarian groups based in the Terai. Initially the monarchy under king Tribhuvan showed willingness to work with a Nepali Congress led government but soon, alarmed by some of the proposed radical measures by the "democratic socialist" Nepali Congress, which included land reform, re-appropriation of *birta* land and rejecting the need for democratisation, the monarchy sought to play political forces against the Nepali Congress.

Following the succession of king Mahendra to the throne after the death of king Tribhuvan in 1955, the monarchy was even more inclined towards keeping away the Nepali Congress led by B.P. Koirala from power. It managed to do so till 1959 when the Nepali Congress emerged victors in general elections and embarked upon a reform programme soon after coming to power under the leadership of Mr Koirala. But facing opposition from conservative segments (including the former Rana oligarchs) who opposed several measures including the nationalisation of forest land, the appropriation of *birta* land among other moves, king Mahendra usurped full powers and declared Nepal an absolute monarchy in 1961, a status that lasted 29 years till the first Jan-Andolan in 1990 reverted it to constitutional monarchy status.

Nepal under absolute monarchy reverted to a patrimonial system, but that did not deter minimalistic reforms being undertaken under the aegis of the monarchy which were to a degree, a continuation of the Nepali Congress's policies. While doing so, Mahendra established a political system without political parties - the Panchayat democracy or *pancha* rule. (Whelpton 2005: 101)

The Rashtriya Panchayat - a conglomeration of various segments of Nepali society - class organisations, nominally organised into "peasants", "workers", "students" etc, was constituted as a quasi-legislative body with members being nominated rather than elected and under the supremacy of the monarchy. (ibid: 101) Political parties were banned and the main leaders of the Nepali Congress including Mr Koirala were placed under arrest in Kathmandu.

Aided by recognition from the Indian government (which was driven by a Realist understanding as will be explained later in the chapter), the monarchy enjoyed a period of legitimacy and untrammelled powers. There was a lack of any massive agitations against this concentration of powers - as the lacked enough consciousness of a democratic political system among Nepal's population in the form of organised mass struggles by the major political parties. Sections among the communists such as the pro-Soviet Kesar Rayamajhi faction also sought to support the monarchy, reasoning that the institution was representative of Nepali nationalism and that it was better off to be ruled by an absolute

monarch than by political parties that were friendly or were influenced by the Indian government and political sections (ibid: 106).

While the monarchic regime did manage to continue certain reforms, the internal contradictions of a system that lacked oppositional voices and was a managed autocracy rather than a claimed "direct democracy" resulted in the persistence of economic fault-lines that unravelled later in the weakening of power of the monarchy.

4.5.1 Changes in Political Economy in post-Rana Nepal

The end of Ranacracy heralded a new regime in the form of absolute monarchy in Nepal. The monarchy disguised itself as a guiding force in a "direct democracy" instituted in the form of the Panchayat system. But under closer look, this system rendered parliamentary checks and balances as absent, the Rashtriya Panchayat (an assembly of panchayat representatives) was a toothless body, the king had a veto and say over any major policy.

Parliamentary forces - parties that sought to convert Nepal into a party-democracy on the lines of the Indian democratic system were relegated firstly to non-entities without institutional recognition and later as illegal entities after King Mahendra asserted control.

One of the key achievements in changes in social property relations following Ranacracy was the abolition of customary land tenures gradually since 1951. Baburam Bhattarai (2003: 71):

..the decade of 1950s and early 1960s saw the enactment of a number of legislative measures in the direction of 'land reforms' consisting of abolition of a number of tenure system[s] such as *Jagir, Birta,* Crown lands, *Rajya and Rakam* in 1952, 1959, 1960, 1961 and 1963 respectively; improvement of the security of tenancy; rent control; and ceiling on land holdings.

The Land Reform Act of 1964 during King Mahendra's direct rule is widely seen as a major reformist initiative to promote an equitable agrarian system. *De jure,* these steps reduced the land tenure in the country into three categories –

a) Private land with absolute ownership; b) Public and government owned land and c) Trust land or *guthi* ownership.

De facto, however, the "land reform" did not materially change patterns of ownership drastically. An evaluation of land reform in Nepal by Zaman (1973), quoted in Bhattarai (2003: 134) shows that landlords constituting merely 1.8% of the total number of households held nearly 27% of the land holdings; owner-cultivators (mostly subsistence agriculture driven cultivators) held 49.1% of the land despite constituting 65.2% of the total households; sharecroppers were 20.7% of the total households but owned 15.8% of the land and the rest were tilled/owned by tenant cultivators (2.3% of the households) besides the landless households (7.8%).

In sum, the minimal land reform promised by the Nepali Congress and implemented to an extent by the monarchy in the early 1960s decisively changed the accepted forms of land tenure systems prevalent in Rana rule and prior, but did not drastically change patterns of ownership in Nepal.

Bhattarai (2003) analysed not just the patterns of ownership, but spatial differences in agricultural patterns in Nepal (in the Terai, central Nepal (including Kathmandu), the far West and the far East) including the analysis of productivity, generation of surplus and financing terms. He found the nature of agrarian relations of production to be "backward and retrograde" (ibid: 160), the agrarian processes to be characterised by "low technical level of production, pre-capitalist (or semi-feudal) relations of production, disassociation with other sectors of the economy, particularly industry, and a general state of stagnation and retardation" (ibid: 160).

The low level of production and general stagnation in agriculture was compounded by the lack of adequate industrial investment beyond external investment from India and that too, only in select areas in Kathmandu and in the Terai. This allowed for a great degree of migration of Nepali workers into India (aided by the Friendship Treaty) for subsistence and gainful employment.

The relative lack of changes in social property relations was a consequence of what Bhattarai (2003: 160) calls merely "cosmetic reforms" which kept property relations in the largely agrarian country mostly intact even if it modified land tenurial patterns. While

these changed patterns did unleash newer contradictions, it also held the previous patrimonial power structure intact.

The king sought to derive legitimacy for monarchic rule through the use of symbolism and taking recourse to "divinity". Notice how King Birendra, who succeeded King Mahendra to the throne and who had a substantive liberal education in Eton and Harvard, justifies the institution of absolute monarchy:

> In Nepal, the monarch and his subjects, have been governed by *dharma*, a system drawn from the Hindu religion. The King cannot change this value system. Therefore, he too is governed by the ethical code. According to this code the King lives and has his being only to protect the people, to dispense justice to them and punish the wrongdoers. Indeed the King embodies the collective identity of the people and, as desired by his people, it is he who grants and amends the Constitution. (Muni 1992:18)
>
> [In response to a question, "How do you feel about being looked upon as God?", he added:]
>
> It is not a question of how I feel about it. These are local customs and traditions. This relates to our religious background. I have responsibility (under the Vedic scriptures) to protect the people against injustice. The concept of God is there among the people.

This symbolism could only be best imposed if the extant caste-religious structure that provided legitimacy to a hierarchical system was kept largely intact. Thus, while previous

tenurial systems such as the *birta* system were de jure no longer in place, the discretionary grants of land and privilege to dominant social groups such as the Brahmins and the Chhetris continued. The pancha system was also captured by elites from the previous regimes including various members of the Rana aristocracy.

That said, the monarch also needed to work out an agenda of liberalism in order to keep the "democratic forces" seeking parliamentarism at bay. A new Muluki Ain in 1963 did away with caste distinctions *de jure*. This preceded the Land Reform Act in 1964 (which later on went unimplemented). Both these measures were progressive but they did not necessarily change much as the power structures and social property relations inherited from the Rana era were largely intact.

In other words, the social property relations during monarchic rule remained largely unchanged that helped prolong monarchic rule and accorded legitimacy to it through power relations. At the same time, the king worked overtime to marginalise political groups such as the Nepali Congress and the Communist Part(ies). Here, the king took recourse to abstract nationalism - a well used ploy in the past - to stymie any move towards democracy.

As Muni (ibid: 15) argues,

> To sustain, aggregate and legitimise power, King Mahendra painstakingly and vigorously pursued four sets of strategies. They were: (1) the consolidation of a State apparatus under his firm control; (2) direct contact with the masses, (3)

repression and fragmentation of the opposition led banned political parties and (4) mobilisation of international diplomatic and economic support for his domestic policies and programmes.

The king's ploy to use the institution of monarchy as a unifying "national symbol" had takers even among the Communist Party. The Kesar Rayamajhi group among the communists for example supported the pancha system in order to strengthen the "nationalist" forces. Much of this was also Realpolitik, as the monarch used methods of cooption and coercion in order to keep the "democratic forces" divided and to weaken them. For a substantial period, King Mahendra accommodated various communists as a ploy to weaken the Nepali Congress, whose leaders such as BP Koirala were sent to prison. When the communist threat (partially related to the Cultural Revolution) peaked during the early 1970s during the Jhapeli movement (inspired by the Naxalbari movement in India), the monarchy tried to build bridges with the Nepali Congress in order to neutralise the communist threat.

Besides internal political intrigue - tactics related to coercion and cooption - the monarchy also used external relations effectively to stave off domestic challenges to the institution. As Muni (1992:27) argues,

> King Mahendra beautifully blended his domestic and international political ambitions with Nepal's nationalism and the opportunities provided by the changing dynamics of regional (India's relations with China and Pakistan) and

international (great-power interests resulting from cold-war competition and rivalry) correlation of forces in executing his India policy.

While Indian assistance and intervention helped the coalition of the monarchy, the democratic forces led by the Nepali Congress among others to overcome the Ranacracy and to revert Nepal to a constitutional monarchy, the rupture in the relations between the monarch and the democratic parties put paid to this broadbased "alliance". A divergence came about later in the 1950s between the monarchy and the Indian government, which was sympathetic to democratic forces in Nepal but stopped short of intervention on their behalf. This divergence was used by the monarch to seek to diversify Nepal's foreign policy despite the preponderance of India over Nepal's external relations. The diversification of its foreign policy entailed taking recourse to receiving foreign aid from the developed countries - United States, West Germany for e.g., which was used to significantly fund non-governmental projects. This also meant improving relations with the Soviet Union (as a ploy to placate the communists and to dent their opposition), and counterbalancing relations with India by extending ties with China, reminiscent of the Great Game played by Nepali rulers in the past by counterbalancing British India and China.

Thus, the institution of monarchy consolidated itself in the 1950s, 1960s and 1970s by taking advantage of the relatively unchanged social property relations in Nepali society, the inability of the political classes to unite or to mobilise a broad-based social coalition

that would upend the monarchy and the monarchy's utilisation of external contradictions to portray itself as a force representing "nationalism".

4.5.2 Democratic Upsurge in Nepal

It took more than three decades for the waning away of the monarchic institution and in the relative loss to its popular legitimacy. The presence of underdeveloped productive forces and remnants of the patrimonial and feudal political economy dependent mostly on agriculture helped the institution of monarchy to thrive for close to three decades in Nepal. Yet the relative slow release of productive forces and an underdeveloped economy, besides an exploitative and hierarchical social structure had too many internal contradictions that were bound to ravel. These contradictions were also bound to unravel as Nepal had become far more integrated with the world economy via trade and foreign aid, and Nepali citizens had substantial exposure to living outside the country for work. As Hoftun et al (1999: 94) mention

> By the late 1960s it was also possible to drive from Kathmandu north to the Chinese border at Kodari and west to Pokhara, from where anther road connected the central hills with India. Large sections of the East-West Highway, planned to traverse the whole fo the Terai, ahd also been completed. Most Nepalese still lived in villages linked only by footpaths but it was not longer only a tiny minority who had had experience of buses and trucks.

> As well as vehicles, messages and images were now penetrating the hills. Previously this process had depended largely upon the traveller on foot. Now transistor radios were found in many villages, whilst the towns all had their

cinema halls, showing mainly the products of India's Hindi film industry. Newspapers still circulated mainly in the towns but their readership was increasing.

Politically, the most potent change of all was the steady increase in the numbers within the educational system, particulary in secondary and higher education...and consequently in the overall literacy rate.. The products of the schools and colleges were equipped with the means to question what they saw around them and also entertained expectations of employment commensurate with their education, expectations, which, as in most developing countries, ran ahead of what growth in the economy made possible.

...The monarchy's traditional legitimacy and powers of patronage still provided the regime with some protections against popular discontent but it could expect little additional security from a 'Panchayat ideology' which few even amongst its own nominal adherents really believed in.

Unlike rudimentary democracies with a certain degree of circulation of elites and a relative autonomy of a state apparatus that accommodated new sections due to the democratic process, the Nepali state structure enabled a persistence of elite-driven rule whose apogee was the monarchy. Forces seeking democratisation to a parliamentary system or an elected legislature that had substantial power such as the Nepali Congress and various Communist parties (that were split over ideological and internecine conflicts) were subjected to repression, coercion and cooption at various periods. But the sham nature of the Pancha elections were bound to embolden democratic forces who gradually received substantial support by the 1980s.

Many of the leaders of these parties were educated in India, and were exposed to the workings of the mature democratic system in the country. Besides these, many of them had working relationships with politicians in India - especially who were part of powerful political and social movements such as the Anti-Emergency movement. Merely a few years following the pro-democracy protests in India post the Emergency, there were similar protests for democratisation of spaces such as universities led by students in Tribhuvan University in Kathmandu in 1979. The success of these protests led to a referendum announced by King Birendra in 1979 - that will determine whether Nepal should retain the panchayat system with suitable reforms or whether a multi-party system of government should be set up.

Clearly the Nepali regime under King Birendra sought to use liberal means of accommodating some popular voices for a multi-party system by sensing the public mood. The referendum - which was reported to have a lot of irregularities (Hoftun et al 1999: 93) - resulted in a narrow margin of victory for the status quoists, but there was a sufficient degree of sensitisation leading up to the empowering of democratic forces seeking a multi-party system in Nepal.

The unraveling of absolute monarchy was made possible due to popular discontent and increased political awareness among the Nepali public who were mobilised better by forces seeking democratisation (including the communists). But one decisive factor that

"weakened the Panchayat government ... and strengthened the opposition was the Indian trade embargo imposed on Nepal in March 1989" (ibid: 110)

The trade embargo was imposed by the Indian government following the expiry of the trade and transit treaties in March 1988. The Indian government wanted Nepal to revert to an older arrangement where both trade and transit treaties were covered under a single treaty and "that an agreement also be reached for the control of unauthorised trade" (ibid: 110). Disagreements with the Nepali government resulted in closing of major border transit points by the Indian government which choked the movement of goods into landlocked Nepal. This resulted in a crisis of goods availability in Nepal and especially in the capital. This crisis brewed discontent among various sections of the Nepali population, mostly in the towns.

While the Nepali government predictably sought to use nationalist rhetoric and to mould international opinion against the Indian actions, the opposition forces in Nepal blamed the Panchayat regime for the crisis. Hoftun et al (ibid: 111) report:

> The opposition, which had been quiet as no one wanted to be seen supporting India, began to criticise the government more boldly. Anger that been directed solely against India was turned closer to home...the Nepali Congress and the communists began to form tentative links with the prospect of joining forces against the Panchayat government. In the past, the more moderate communist factions had in fact taken part in Congress-originated protest programmes but it now seemed possible that formal cooperation might be achieved.

With massive discontent brewing and the opposition mobilising people against the government, this set the stage for the first *Jan Andolan* (people's agitation) that began with mass rallies against the panchayat government in January 1990. Soon joint opposition strikes followed in February 1990 which led to breaking out of violence in various parts of Kathmandu valley. This violence then spread the movement to towns outside the valley, including places such as Biratnagar and other parts of the Terai. By April 1990, massive demonstrations were being held across towns, especially in Kathmandu. The monarch finally relented and lifted the ban on political parties in the constitution and announced that a commission would recommend further changes. By 16th April, the entire Panchayat system had been removed and the king announced that an interim government would be formed before a new system would take over in which the king would "act only as the constitutional monarch of a parliamentary democracy".

This finally paved the end of the old monarchic order and for a new democratic Constitution, a system that was promised and sought to be implemented after the end of Ranacracy before the monarch usurped absolute power. An interim coalition government of the Nepali Congress and the United Left Front (of various communist parties) was formed with the NC's Krishna Prasad Bhattarai (who had led negotiations with the king) at the helm. By 22nd May 1990, the Rastriya Panchayat's legislative and executive powers were transferred to the new interim council of ministers.

Developments in the post-1990 era in Nepal and its foreign policy vis-a-vis India will be explained in the next chapter.

4.6 Conclusions: The Un-Resolved Contradictions in Nepal: Democracy vs Nationalism

This chapter looks at the changes in social property relations from the pre-Rana period and during the Shah dynastic rule to the Rana period and direct rule by monarchy from the 1950s to the early 1990s. The regime changes from a patrimonial system that relied on land grants and tenure to perpetuate its rule to a feudal aristocracy that retained the tenurial system and later back to a patrimonial system that gradually lost absolute power due to the social and political forces that had been unleashed in the 20th century. The changes in the regimes were a consequence of the slow structural changes at the societal level that gave rise to new political forces seeking further changes in the monarchic/feudal aristocratic order.

In all these three regimes, Nepal's foreign policy was determined by social property relations and the necessary choices that had to made considering the international system. This resulted in a certain binary between demands for and changes resulting in gradual democratisation versus centripetal tendencies represented by the elite who used nationalism as a means to perpetuate their rule or to resist thoroughgoing change.

The binary between democracy versus nationalism has dominated Nepali politics in particular since the end of the Ranacracy. While the monarchy used nationalism as a

means to perpetuate its rule arguing for legitimacy and a unitary state to protect against Indian and Chinese meddling, the dominant political parties including the Nepali Congress and the Communists and even the Maoists later took recourse to nationalism for tactical purposes to deny substantial democracy in the form of federal restructuring.

In fact, even in moments that threatened the balance of power between the various political forces - such as the re-emergence of absolute monarchy in the early 2000s, forces such as the mainstream political parties and the Maoists sought to privilege the need for democracy and to eschew narrow nationalism. They sought to use the good offices of the Indian establishment to work out an agreement for peace among themselves in order to overcome the power of the monarchy. However, once monarchic rule ended, the use of nationalism was conveniently done to stymie demands for state restructuring by status quoist forces across the mainstream political parties. This will be discussed in the next chapter that looks at Indo-Nepal relations in the period 1992-2009 between a changing Nepal, that became a democracy (with the monarch as the titular, constitutional head) and later became a republic (after a civil war and a period of return to absolute monarchy) and India, which embarked upon liberalisation and opening up of its economy, becoming a fast-growing economy and sought to find a place among the comity of powerful nations in the international system.

The chapter will attempt to show the unresolved contradictions between democracy and nationalism persist even now determining Nepal's foreign policy vis-a-vis India as much

as it determines policies and positions on various structural matters in the maturation of Nepal as a democratic State.

CHAPTER 5

CHAPTER 5: Developments in Nepal and Indo-Nepal Political Relations between 1990 and 2009

Chapter 2 utilises the historical sociological method to understand and situate changes and transitions in Indian state and society through a study of social property relations over time from the colonial era to the initial periods of Indian Independence – i.e. till the stabilisation of the post-colonial Indian state. This also establishes the changes in foreign policy and strategic thinking during those specific periods. The chapter relies upon works by historians and economic historians such as Sumit Sarkar, Bipan Chandra, Amiya Bagchi and BK Bhadra to understand property relations and the nature of the state in the pre-colonial era followed by changes and transitions to the colonial and later the early post-Independence period. The salient argument in this exercise is that social property relations featured the predominant interests of metropolitan capital determining domestic political economy in the colonial period and therefore a specific version of the colonial state.

This later shifted following a long period of anti-colonial struggle, the emergence of the rudimentary capitalist class in India and the multi-class alliance forged by the anti-colonial struggle, resulting in Independent India which saw a state that had a high degree of relative autonomy from specific class interests. Yet, predominantly, the Indian state did seek to buttress the interests of the emerging Indian capitalist classes even while also attempted to retain the multi-class character of its support base. This in turn impinged upon its foreign policy as well as the high degree of relative autonomy which contributed to a policy that emphasised "strategic autonomy and self-reliance and being a mixture of "moral idealism" and "power interest driven pragmatism". The expression of the former was seen in the manner the Indian state supported a democratic denouement in Nepal, for e.g. helping bring about an end to Rana rule that was buttressed by the British in Nepal.

It suited metropolitan capital's interests in India to adopt a neighbourhood policy that emphasised buffer zones to prevent military encroachment and to provide security for India against threats from other powers such as Russia. Hence the support for the feudal

regime of Ranacracy which sustained itself through British support in lieu of sending soldiers to the British armed contingent and which even fought in the first Indian civil war in 1857 on the British side.

The contrast between these interests driven by a different set of social property relations was visible in the manner the Indian government in the Nehruvian period emphasised a mixture of idealism – drawn from the largely democratic nature of the freedom struggle that accorded the Indian National Congress and the Independent Indian state its legitimacy – along with pragmatism. Idealism entailed support for the democratic movement in Nepal while pragmatism saw to it that India sought to keep its security interests intact owing to the specific geographical position of Nepal. This it achieved by signing a bilateral treaty with Nepal just before the end of Ranacracy that allowed for exchange of information on security, first preference for arms sales and indeed a special partnership with Nepal.

Chapter 3 attempted to understand and situate changes and transitions in social property relations and the Indian state from the mid-1960s to the present period of "neoliberalisation". It establishes the changes in foreign policy corresponding to changes in the International System as well as domestic changes in social property relations.

This chapter relied on work by Rudolph & Rudolph, Sudipta Kaviraj, Pranab Bardhan among others to seek to understand as to what kind of changes and transitions occurred in social property relations post the Nehruvian period. The Nehruvian period – agreed upon by all commentators on political economy ranging from a set of Marxists to Weberians – saw a multi-class orientation and the preponderance of the state, acting with a high degree of relative autonomy. Political economy, as Rudolph & Rudolph argue, was mostly command-driven as various class interests – that of the industrial bourgeoisie, the rural landed sections, apart from the working classes, the poor mediated by the state. Political scientists such as Rajni Kothari argued about the existence of the "Congress system", i.e a single party acting as a large tent of competing interests, but mediated by pro-business elite.

The unleashing of a number of new contradictions – the rise of the peasant capitalists, whom Rudolph & Rudolph call the "bullock capitalists" and Marxists term peasant proprietors, the creation of a small monopoly capital sector, which rose due to the selective "licence raj" entailed by the command economy, and the institutionalisation of decentralization of power giving rise to deeper federalization – saw the economy turn more from a command economy to a "demand economy". With various competing interests acting within the "Congress system", this soon unleashed at the central level, factionalism along ideological lines. This resulted in the Congress party adopting under a populist leadership, a strategy that shifted from a largely consensual democratic approach to a state driven populist approach.

The international situation in the late 1960s, with the heightened state of the Cold War and the relative inability of the Non-Aligned movement to continue its twin approach of "idealism" and "pragmatism" – an atypical Realist strategy – resulted in the unleashing of a combination of state populism at domestic level and a nationalism driven shift in foreign policy. This shift entailed a change from reliance on anti-imperialist consensus building and pragmatism vis-à-vis the two big camps internationally (that of the US led NATO & other allies at the one hand and the USSR led Warsaw Pact and the Socialist Bloc on the other hand) to a position of closeness with the latter against the hegemonic impulses of the former.

The non-resolution of the border issues had also seen a brief war with China which had resulted in a perception of a "humiliating defeat" and soon, the Indian state embarked upon a course correction in its foreign policy attempting to draw down upon its idealism. The combination of these factors – the changes in social property relations resulting in significant changes at the domestic political economy level, international factors in the relations between the Great Powers, resulted in a phase between the late 1960s till the late 1970s, wherein populism drove Indian domestic political economy, and largely nationalist self-interest at the foreign policy level.

This meant, for Indo-Nepal relations, a shift from the previously dual track of idealist support for democratic forces in Nepal, while at the same time seeking to ensure stability in Nepal in order to build close geopolitical ties in light of Nepal's important position sandwiched between India and Himalayan proximity to Kashmir & Pakistan. Even during the latter half of the Nehruvian period, Indian foreign policy in Nepal had reconciled itself not to upset the applecart in Nepal, where the state had after a small bout with "constitutional monarchy led multi-party democracy" had reverted to a semi-feudalism driven non-party monarchic order.

Nepal under the new monarchy had reverted to a state of affairs where the former "Ranacratic" elite had returned to positions of power and had appropriated power militating against the democratic forces which included the Nepali Congress, communist factions among others. The Indian weakness, exposed in the Sino-Indian War, and the exigencies of the Cold War, gave the Nepali monarchy the ability to maneuver itself to a position that sought relatively divergence from Indian strategic interests despite the presence of the special treaty and relative proximity with powers, particularly with the west. Nepal's monarchy also managed to sustain itself through seeking aid from panoply of international actors even as the dominant mode of production remained semi-feudalism and the lack of developmentalism beyond the aid driven economy in the country. Divergence between India and Nepal resulted in differences on trade & transit arrangements and distance in the two countries' relative strategic understanding with erosions in the Peace & Friendship Treaty as S D Muni (1992) points out.

The Indian assertion in its neighbourhood, its support for the freedom movement in Bangladesh, its integration of the Sikkim protectorate into its federal system, and its fraying of relations with Western powers impacted Nepal's thinking on Indo-Nepal relations by the mid 1970s (ibid). This led to Nepal's Zone of Peace proposal that ostensibly sought to further dilute the impetus on the special relationship between India and Nepal. Naturally, this led to deterioration of Indo-Nepal ties. The betterment of India-China ties by the mid 1980s also led to the subsequent lowering of strategic leverage in Nepal vis-à-vis India, but we are getting ahead of our story in the presentation.

Significant changes in the international environment – the weakening of Soviet power and the collapse of the Eastern Bloc due to international contradictions, the shifts in the metropolitan world from Keynesian welfare capitalism to Neoliberalism and increased assertion of finance capital and the dawn of the era of globalisation – were already afoot by the mid 1980s. Combined with the presence of severe macroeconomic issues in India of the Indian governments' own making as CP Chandrasekhar and Jayati Ghosh (2002) point out, the macroeconomic crisis of 1990 was utilised by the Indian government to embark upon a series of steps that drastically reordered the priorities of Indian political economy from dirigisme to a path of Neoliberalism as was extant in other third world countries elsewhere. This outcome was as much a product of assertion of interests by the capitalist class in India, which had expanded during the period of import substitution (an important component of the dirigiste set of policies). This capitalist class now intended to seek other avenues of capital accumulation, particularly through greater access to the export market which was best made possible through collaboration with metropolitan capital which wasn't possible without significant concessions to the latter. Other reasons for the liberalisation process include vocal support from the consumerist and burgeoning middle classes. The details of these are explained in the chapter chapter 3.

What this meant for foreign policy was that it entailed a gradual shift from strategic imperative that sought strategic autonomy and self-reliance to advancing interests of the capitalist classes that benefitted from the liberalisation process and an imperative that sought to integrate within the global capitalist system. This and the subsequent adoption of a neoliberal growth trajectory significantly shifted Indian foreign policy towards closer strategic alignment with western interests. The geostrategic imperatives of the Indian state have shifted drastically from anti-imperialism (and pragmatism) as enunciated in the Non-Alignment strategy to that of accommodation within the global capitalist and "Great Powers system", including if need be, bandwagoning with the lone superpower. The geostrategic imperatives in the neighbourhood have therefore also increasingly dovetailed with western strategic interests in the region, as the US seeks to have India as a partner for offshore balancing against China. This impacted India's relations with Nepal as well, as we shall detail further.

Chapter 4 utilises a similar method to understand the changes and transitions in Nepal through a study of social property relations in that geopolitical unit. It analyses the role of the ceremonial monarchy as a symbol of Nepali nationalism and the usurpation of it by the Rana feudal-dom. Taking recourse to Benno Teschke's classification of feudal regimes and its geopolitical character, the Ranacracy's foreign policy regime vis-à-vis British power and mutual accommodation is understood.

The key to understanding the constitution of Indo-Nepal political relations in our period of study is to delineate the changes in social property relations in Nepal post 1950 – i.e the overthrow of Ranacracy. The argument in Chapter 4 was that the long period of monarchic rule under the "Panchayat system" has evoked a number of social contradictions in Nepal that have expanded the rather rudimentary debate and differences between those who favoured democracy and those who favoured nationalism in the aftermath of Ranacracy in an underdeveloped and a poor nation-state.

This crux – the contradictions between those who favoured greater democratisation and those who invoked nationalism (the categories were inter-changeable for political sections) – will help us understand India-Nepal Relations which will be studied in this chapter.

5.1 Political Developments in Nepal and Indo-Nepal Relations (1990-2009)[29]

The relations shall be presented in a historical-narrative form within the theoretical framework set forth in the earlier chapter – i.e., a historical sociological approach that understands these relations as being dialectically determined both by the changes in

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29 The following account of the political relations is based on research done with the help of the following sources – interviews with Indian and Nepali diplomats (both serving and retired). Most of the diplomats sought to be quoted anonymously. Interviews were also done of various political actors in Nepal across political parties and academicians who have contributed to Indo-Nepal relations (Ramani 2008) either in ambassadorial capacities or in academic works. Other secondary sources include memoirs by former diplomats such as KV Rajan who served in the late 1990s in Nepal, speeches and public narratives such as those by former ambassador Shyam Saran, and also sources such as the Wikileaks cables featuring dispatches from Kathmandu by the US embassy officials between 2005 and 2009. These also include newspaper reports and columns by leading officials and political representatives etc.

social property relations domestically as well as the changes in the international environment (itself explained on the social property relations basis). This section shall be limited to political relations alone, i.e. a portion of the chapter that deals with the full gamut of relations – political, society-society, trade & economic relationships.

We start with the 1990 pro-democracy movement in Nepal, which was a consequence of years of mobilisation of political actors against the unilateral Panchayati raj system, which had itself, undergone changes over the years from 1960 onwards. By the 1980s, when competitive non-party elections were allowed, the political parties in Nepal had been substantially mobilised owing to years of political activism despite bans on party affiliation and organisation.

5.1.1 Four Actors during the Democratisation Period

There were distinctly four actors in Nepal during the period, those in favour of reinstatement of democracy that was curtailed in 1960, those who were in favour of the status quo, i.e the retention of the panchayati system which included the monarch, thirdly, the then small radical section that sought a popularly elected Constituent Assembly and the abolition of monarchy itself (Hoftun et al 1999). The fourth actor was the Indian establishment. It can be said that the transition to constitutional monarchy with popular democracy would not have been possible without the Indian role in the run up to this denouement.

The first set of actors included the Nepali Congress and the mainstream Communist party – the Communist Party of Nepal (Unified Marxist-Leninist), who despite political differences came together in struggle against the panchayati system in the late 1980s. The struggle itself was made possible due to popular dissension among the people beyond the traditional bases of the Nepali Congress and the UML in the countryside and the Terai (Hoftun et al 1999). The dissension was augmented due to a severe supply crisis in Nepal, which had been made possible due to a virtual Indian trade embargo.

The "embargo" was a consequence of non-agreement between the Nepal and Indian government over trade arrangements, which were due for re-negotiation in 1988, when India insisted on returning to a single, comprehensive agreement as opposed to the separate treaties that were negotiated during the Janata Party led government in 1978. India's demand for the same was partially a consequence of its assertiveness following the India-China détente and its knowledge that Nepal had little maneuverability following this development (ibid). India, following the non-renegotiation of the trade and transit treaty effectively closed all but two border crossings on 23rd March 1989 (ibid).

There had been significant erosion in the friendship treaty between India and Nepal over the years due to nationalist assertion by the Nepali monarch and constraints for India due to the geopolitical situation following the 1960s (Muni 1992). This entailed a dual and mutually contradictory Nepal policy in India – trying on the one hand to "appease" the monarch in Nepal so as to limit Nepali maneuvers in favour of further diversifying their security and strategic relationship beyond the closeness with India and at the same time, largely ignoring the build of the Nepali democracy movement from within India (ibid). India refrained from outrightly supporting the movement but it did not discourage (barring some periods when Nepali Congress leaders were arrested for activities) dissident movement within India (ibid).

The changed circumstance in the 1980s – itself a consequence of reorientations in Indian and Chinese foreign policy stances toward each other due to respective liberalisations and keenness for open-ness and better trade relationships – was not understood (as Prashant Jha (2012) argues) by the Nepali monarch. When the king sought to continue to seek arms from China in 1988, a policy that was resented in India but was not acted upon, the changed circumstance enabled India to use the "trade renegotiation" card to assert its geostrategic interests.

A short period of nationalist mood in Nepal in which *pancha* representatives berated the Indian embargo enabled some support for the nationalist cause, but the crippling trade embargo quickly resulted in massive shortages of fuel, tradeable goods and food in

Nepal. Soon this mood gave way in 1989 for dissension and anger against the mismanagement by the pancha government and the situation was utilised by pro-democracy activists in the Nepali Congress and the UML (in the United Left Front) who forged a joint coordination committee to participate in what was called the *janandolan* for restoration of democracy. During the same time, the small radical left parties formed the United National People's Movement with a separate charter of demands, which included that of the Constituent Assembly (Hoftun et al 1999).

The massive uprising in Kathmandu (particularly in Patan and Bhaktapur) forced the pancha government to seek to resolve the situation through concessions – first changes in government and later, lifting the ban on political parties in April 1990. Within days, the Rashtriya Panchayat and local panchayats were dissolved, as the King announced a new Consitution Recommendation Commission which included representatives of the Congress and the UML (the Congress' Krishna Prasad Bhattarai was made prime minister). Within months, a new interim constitution was drafted and later promulgated which restored the suspended Constitutional monarchy of the 1950s. Elections were declared in 1991 and a new Congress government was sworn to power in that same year (ibid).

All along during the *janandolan,* there were voices of support from significant Indian public leaders such as Chandra Shekhar who later on became India's prime minister barely a year later. Members of the ruling cabinet in the VP Singh led Janata Dal government in 1990 also supported the pro-democracy movement. This was almost a re-enactment of the 1950 movement against Ranacracy and that restored power to the Nepal monarch and the institution of a promised constitutional monarchy. (ibid)

The important takeaway was the congruence of interests between India's security establishment which sought to re-assert India's geostrategic interests which were gradually being eroded or whittled down during the Monarchy-panchayat rule and that of the traditional Indian support for institutional democracy – a legacy of the freedom movement. The close ties between the Nepali Congress and various Congress and

socialist politicians in India, both of whom were accultured historically in the independence movement in India and later the social struggles that culminated particularly in the anti-Emergency struggle, also enabled this support within the Indian political class.

As for the communists, the UML, in Nepal, their steady shift towards a reformist, moderate posture and giving up of Maoist pretences brought them closer to the communist current within India. This current was also favourable towards democracy within Nepal and the general moulding of political opinion in favour of democracy led to India's actions during that period.

This has been a trope in Indo-Nepal relations during the period of our study. India's external affairs establishment has sought to secure its geostrategic imperatives vis-à-vis Nepal owing to the geographical location of Nepal as a frontier that is vital for Indian geostrategic perspectives. In Nepal, the dependence upon India has been sought to be whittled down and recourse to nationalism had characterised various political actors, in particular the monarchy but also included many sections within the Nepali Congress, and the communists – both reformist as well as radical.

The thesis argues that the dialectic between nationalism versus democracy within Nepal and geostrategic imperatives versus a political understanding that favoured stability in India's neighbourhood within India's foreign policy establishment has dominated India-Nepal relations. We shall examine the changes apropos these separate dialectics following the institution of Nepal as a constitutional monarchy.

5.1.2 Democracy in Nepal between 1990 and 2009: Developments

The institution of constitutional democracy and the legalisation of party politics opened up vistas for popular mobilisation of people's opinion and people's participation in decision making and governance – all of which was relatively denied and neglected during the pancha regime of absolute monarchy. Yet despite this, the constitution had not

necessarily shifted the balance of power from the monarchy to the democratic forces. With the powers over the Nepal Army still vested with the monarchy and the monarch also given strong emergency powers, there were concerns that the arrangement of constitutional monarchy had not really changed things (Jha 2012a).

Yet, while the 1990 constitution increased mobilisation and awareness in Nepali society by guaranteeing fundamental rights and freedoms, and allowed for the creation of large middle class, over time, it could not result in a stable democratic polity. The representativeness of the democratic party system was still problematic with no constitutional arrangement for the representation (via affirmative action) of the large number of marginalised sections in Nepali society (Lawoti 2012) . In Chapter 4, it is argued as to how Nepali society – ossified and dominated by the upper caste, hill elites, underwent little change from the period of Ranacracy till later on.

The two major parties, the Nepali Congress and the UML managed to garner significant support from the Nepali electorate, but were remiss in providing adequate representation to the marginalised identities, which included janajatis, the Madhesis (residents of the Terai) among others (ibid).

The wave of democratisation – a process that was somewhat led from above, as the constitution was not promulgated through a participative constituent assembly deliberation – yielded a rise in social consciousness of historically marginalised sections of Nepal's society. Electoral politics and government policies did little to assuage the concerns or meet the aspirations of these sections, and it was inevitable that political crisis and deadlock would follow. As Prashant Jha (2012a) argues,

> Democratic parties have a lot to answer for — the '94 dissolution, the mess between '94 and '99 when every alignment was tried at the centre, the way NC once again threw away the mandate it got in '99, the disruption of entire parliament sessions, dissolution of local governments and then of parliament itself. These events bred disillusionment at the popular level… The second major problem in the 1990s was the complete blindness to aspirations of the

marginalised communities. The constitution did not allow parties to be formed on ethnic and caste lines, which restricted democratic space. Gajendra Narayan Singh was booed and not allowed to speak in Hindi in parliament and in public rallies. There were no affirmative action policies, which would have begun the process of correcting the massive under-representation of ethnic groups in state organs. The Bahunisation of the bureaucracy only deepened. The Supreme Court did not allow Maithili and Newari to be used in municipalities. The country continued to be a Hindu kingdom, alienating minority religious communities and ethnic groups.

All these were major reasons for the launch and later relative success of the Maoist insurgency in Nepal. The social base of discontent against both the political system's unrepresentative-ness and the skewed social structure was tapped by the Maoists who were, radical leftists who had a different conception of constitutional democracy during Jan Andolan I (Hoftun et al 1999). The Maoist insurgency which began in 1996 was preceded by democratic participation in elections by the "united front" – the Jan Morcha, the political front of the (soon to be unified) Maoist party. The Jan Morcha was the only organisation that promised the right to self-determination for the minorities, apart from calling for the abolition of monarchy and the formation of a republic in Nepal through the process of a popularly elected Constituent Assembly (ibid).

5.1.3 The Rise of the Maoists

The Maoists launched the People's War which featured guerilla warfare in an attempt to emulate the Maoist revolution in China in the 1920s, by focusing on military action and creating local base areas in rural Nepal (Bhattarai 1998). The Maoist strategy of slowing building area dominance and mobilising support from marginalised sections such as janajatis in the hilly districts of western and mid-western Nepal soon earned it a large support base that it gradually consolidated upon (Ramani 2008).

The democratically elected governments were unable to stem the rise in popularity and strength of the Maoists. Constrained to use only an undermanned and de-motivated police force in law enforcement – the army was still under the control of the monarch, who was unsympathetic towards the democratic mainstream's attempts to crush the Maoist movement, significant parts of rural Nepal came under Maoist influence and control in a close to a decade long war (Lawoti 2010).

The Maoists had also mobilised a multi-class alliance in its favour by fanning the currents of Nepali nationalism as well (Ramani 2008). An excursus on Indo-Nepal economic relations in 1990s is useful to illustrate as to how the Maoists utilised this to enhance their support base.

5.1.4 Indo-Nepal economic relations in the 1990s

India had clearly enunciated a twin pillar policy in Nepal of supporting both the democratic process as well as the monarchy (Muni 1992). This way, it could engage with the democratic sections of the Nepali polity who had traditional ties with political actors in India and could retain security relationships between the Nepali and Indian Army, with the former still under the control of the constitutional monarch (ibid).

The restoration of democracy in Nepal opened up a new liberal phase of relations between India and Nepal with India providing economic concessions and retaining the trade treaty status quo after lifting the "embargo". A number of economic concessions, custom duty exemptions and quantitative restriction removals were put in place in the early 1990s, as a consequence of both the improved relations as well as the liberalisation regime being embarked upon in India. (Muni 1992: 131)

This was expanded later on in the mid-1990s with greater access to ports (at Kandla and Mumbai) for Nepal's trading requirements. Assistance and aid for development projects

were also increased during this period with various agreements signed between the respective governments (Upreti 2003)

The IK Gujral regime during 1996, in particular, offered numerous concessions and even the longstanding demand for an alternative trade route to Bangladesh through the Indian territory in Phulbari. The signing of the Mahakali river water treaty and the assurance provided by the Indian government to look into revisions in the 1950 treaty was well received among diplomatic quarters in Nepal. (ibid)

However, this bonhomie between the governments did not necessarily translate into a large body of positive opinion for India among Nepalis. The earlier river water treaties of Kosi and Gandak were seen as being favourable to Indian riparian interests rather than Nepal's and there was a significant public opinion favouring both the revision of the Indo-Nepal friendship treaty of 1950 as well as that of other river water agreements (Uprety 2016, Upadhyay 2012). The constant adversarial relations between the Nepali Congress and the UML meant that either of the two would adopt nationalist positions when the other was in power and would term any agreement on river water issues with India as a sellout.

The Maoist movement played a dual role of playing up nationalist sentiments and on the general resentment among marginalised sections of the Nepali population and this helped it garner significant support as well as inaction by the monarchy in terms of disallowing the democratic governments from utilising the help of the army in crushing the armed insurgency of the Maoists.

It was clear that the monarchy was also utilising the traditional undercurrent of Nepali nationalism to undermine the democratic polity.

5.2 Indian Foreign Policy Interests and their impact on Nepal policy

The coming to power of the right wing Bharatiya Janata Party in India and its prompt tests of the nuclear bomb did bring about significant changes in Indian foreign policy. The BJP's coming to power was a consequence of significant social and political changes – with support accruing from the middle classes that had benefited from the 1991 reforms, the major fragmentation in India's polity resulting in its deep federalisation and alliances between the federal parties and the BJP.

The NDA sought to reconfigure India's traditional foreign policy shifting it inexorably towards greater collaboration with the West, and seeking supremacy in South Asia. The BJP undertook a major revision in India's nuclear strategy by overtly testing nuclear weapons and inviting a standoff with Pakistan who followed up with nuclear tests of its own. Pakistan's recourse to a proxy war after being emboldened by "nuclear parity" brought about a new set of security concerns in the Indian foreign policy establishment and this affected Indo-Nepal relations as well.

Contrary to other political parties, the BJP was more openly in favour of Nepal remaining a Hindu kingdom[30]. The BJP government was also much concerned about the Maoist insurgency in Nepal and sought to impress upon its Nepali counterpart to focus on issues such as law and order on the Indo-Nepal border, infiltration of terrorists into Nepal and others. In the government promised to disallow any Nepali Maoist political activity in India and some crackdowns were indeed effected[31].

The Nepali government also managed to get the monarchy on its side finally on anti-Maoist operations as it created a paramilitary force to take on the Maoists in 2001.

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30 Several BJP leaders including Yogi Adityanath, a Gorakhpur based priest openly termed Nepal a Hindu nation-state. Adityanath and his followers have repeatedly supported the restoration of absolute monarchy in Nepal.
31 These were confirmed in the author's interviews with foreign service officers in the Indian Embassy in Kathmandu, September 2011

The Nepali Maoists attempted to adjust to this changed scenario vis-à-vis India by noting the paranoia and concerns about Islamic fundamentalist organizations gaining a foothold in Nepal. They offered to take action against them in the areas of its control and thus managed to open up communication channels with the Indian government during that period[32].

The death of king Birendra and his family ostensibly at the hands of his son and who committed within the royal palace premises heralded a period of great change in Nepal. Gyanendra, Birendra's brother soon became king in 2001 amidst widespread suspicions among the Nepali public that the murders were orchestrated as a conspiracy and not conducted as the official version mentioned.

The Maoists in particular seized upon the unpopularity of the new monarch and attempted to mobilise massive public opinion against Gyanendra. Peace talks were launched between the Maoists and the Nepali government in August 2001 but this broke down and the Nepali government then headed by a faction of the Nepali Congress launched operations under the aegis of the Nepali army against the Maoists after declaring a nationwide Emergency.

The operations were funded by among others, western actors such as the United States which had taken a serious view on "terrorism" following the changed circumstances after the 9/11 terrorist attacks in the US. Reports emerged of US assistance on the purchasing of artillery guns through a $12 million aid package and assistance from the government of Belgium (ostensibly through US coordination). (Mage 2007)

The Nepal prime minister Sher Bahadur Deuba who has been noted for his proximity to American interests in Nepal (according to several sources and even academic articles) then advised the king to dissolve Parliament and to order fresh elections. John Mage (2007), in an article in the EPW says this about the US' involvement in Nepal during this period –

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32   Author interview with embassy officials in September 2011

On January 18, 2002, less than two months after the resumption of warfare and the imposition of the state of emergency, then US secretary of state, general Colin Powell arrived in Nepal. He was accompanied, among others, by Christina Rocca, and by vice admiral Walter Doran, assistant to the chairman of the joint chiefs of staff. Powell met with Gyanendra, Deuba, and then chief of the army staff, general Prajwolla Shumshere Rana. Shortly afterwards the Bush administration announced it was seeking an initial special appropriation of $20 million for the Nepalese security forces, and a team of US military advisers from the US Pacific Command arrived in Nepal, including a colonel of the US Marine Corps, the chief of the logistic plans division and the deputy chief of engineering. This group was followed by mobile teams that worked with RNA ground units on matters of military tactics. Programmes that had for years brought RNA officers to US military schools were greatly expanded. RNA officers were sent to the US Army War College, the US Army and General Staff Colleges, the National Defence University and the Asia Pacific Centre for Strategic Studies. An immense US-aided expansion of the security forces (RNA and the paramilitary armed police force) began. By 2005, the pre-2001 force of approximately 35,000 had increased to above 1,00,000, with a proclaimed goal of 1,50,000 by 2008.

Gyanendra, emboldened by the US' and even supportive messages from China, soon dissolved Parliament and elevated a former royalist to the post of prime minister. Unable to however control the spread of the Maoist rebellion and growing disenchantment with his direct interventionism, the king again restored power to Sher Bahadur Deuba and also invited the opposition UML to be part of the government. The actions only further alienated the monarch, who clearly seemed to acting due to active intervention of the US embassy seeking the military defeat of the Maoists.

Indian foreign policy behaviour towards Nepal during this period was basically cautiously tolerant of US intervention. This was despite the friendship treaty provisions that emphasised security arrangements were to be with mutual consultation between India

and Nepal. The tacit support to the US involvement and the supply of military help should be read as a consequence of the BJP's overt shift toward pro-US foreign policy. Sections of the Indian foreign policy establishment were however alarmed by the growing western influence in Nepal and sought a more decisive role for the Indian government seeking to question the increasing western influence. Military help also flowed from India simultaneously as India didn't want to alienate the monarch further and pushing him closer to the US (Jha 2012)

The Nepali Maoists' nationalist rhetoric against India, interestingly, had also been watered down during the period of US and west support for the monarch. Soon the royal coup led by Gyanendra brought about dramatic changes in the political situation. This action by Gyanendra occurred after the BJP led government was elected out in India and a new centre-left government led by the United Progressive Alliance of the Congress came to power with support from leftist and communist parties. The new government was formed after a common minimum programme between these parties that sought specifically to disavow any strategic alliance with the United States or any changes in India's longstanding foreign policy.

The royal coup in Nepal was immediately followed by stoppage of military supplies to Nepal from India, as the Indian government changed tack, both under pressure from its constituents as well as from the diplomatic and security establishment. Diplomatically, the Indian government sought to prevail upon Gyanendra to restore the Parliament and to overturn the coup as the diplomatic establishment attempted to stick to its fast being discredited twin pillar approach. The Indian government in 2005 requested the postponement of a SAARC summit which was to be held on February 6-7 in Dhaka as a message to Gyanendra (Muni 2012).

The Left parties and other political outfits also engaged in a covert process to ally the Maoists with the democratic political actors against the monarchy, clandestinely, which had the blessings of the Indian intelligence officials alarmed at the change of events in Nepal (ibid).

Gyanendra's use of the oft used "China card" when he called for China to be brought in as an observer to SAARC was the final straw that broke India's twin pillar approach. Immediately Indian support for the democratic actors, brought about a 12 point understanding between the Nepali democratic actors and the Nepali Maoists (see Annexure 1), which for the first time in Nepal's history, argued for ending autocratic monarchy and called for constituent assembly elections, the pet themes of the radical left which was a minor force as late as 1990.

India was seen by political actors as a guarantor to the agreement and with massive public opinion in favour of the democratic understanding culminating in a massive *Jan Andolan II* in 2006, the king was isolated. The western actors were also unable to register their writ after this massive consolidation against the king and this paved the way for the end of the three century old monarchy in Nepal.

As a last ditch attempt, sections of the Indian establishment that was still keen on the retention of the twin pillar approach sought to impress upon the king to revoke the coup and India sent the former Jammu & Kashmir "prince" and Congress leader Karan Singh as an envoy to Nepal. This move was resented by the Nepali political actors and followed by massive demonstrations as the mood was decisively against the monarch (ibid).

The Indian establishment paid heed and disavowed any support to the monarchy and left the institution's future to the decision of the people. This paved the way for the Nepal monarch to accede to the demand for the restoration of the parliament elected in 1999. The monarch declared clearly on April 24, 2006 that the resolution of the conflict will happen "according to the roadmap of the agitating Seven Party Alliance" (ibid).

5.3 Political developments in the run-up to the Constituent Assembly

The 12 point understanding between the Seven Party Alliance and the Maoists paved the way for a ceasefire in the longstanding civil war and heralded the Maoists' joining the mainstream formally (after the restoration of the suspended parliament by the monarch).

A comprehensive peace accord (See Annexure 2) was signed by the restored government with the Maoists in November 2006 that specifically sought the creation of a Constituent Assembly to draft a new Constitution. The CA was to be created through popular agency – elections based on universal franchise and featuring a combination of both a First-Post-the-Post and the Proporational Representation system. The accord set in stage a political process that ultimately led to a Comprehensive Peace Accord signed in November 2006 between a seven party alliance in government (that included the dominant Nepali Congress and the Communist Party of Nepal (Unified Marxist-Leninist) among others) and the Maoists that heralded the first steps in the peace process that brought about an end to the civil war. Through the aegis of this accord, the Maoists and the seven party alliance announced an interim Constitution to precede Constituent Assembly elections to be held in the near future. The accord also spoke about a ceasefire and the handing over of the weapons held by the Maoists to a UN monitoring agency and confinement of the "Maoist army" into various cantonments; a proposal to "integrate" and "rehabilitate" these combatants among others.

Even as this announcement of the accord was made, a new eruption of protests occurred in the plains regions of southern parts of Nepal. The plains' dwellers – the "Madhesis"[33] – led by an hitherto unknown group named the Madhesi Janadhikar Forum (Madhesi Peoples' Rights Forum or the MJF) rose in opposition to the seven party –Maoist alliance demanding "regional autonomy and non-discrimination"[34] (Kantha 2010: 156-7) and which culminated in "an escalating cycle of protests, violence, terror and anarchy" (ibid).

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33 By no means are the Madhesis a homogeneous group. As will be discussed later in the article, the Madhesis are internally differentiated ethnically, linguistically and characterised by other internal cleavages, distinct "economic classes" not the least.
34 Some other radical groups in the Terai (the plains) including some Madhesi armed groups also demanded separation of the region from Nepal.

More than the intensity of the protests, what surprised observers was the anger against the Maoists themselves, who had conceived their struggle during the people's war phase to not only overthrow state power led by their mainstream political opponents – whom they termed class enemies – but also to overcome the inherent discrimination and disenfranchisement of various marginalised groups in the country. As Mahendra Lawoti (2012:136) points out –

> The Maoists made the demands of the marginalized groups their own, calling for the *right of self-determination and ethnic autonomy* and even forming various ethnic fronts and *declaring the formation of autonomous ethnic regions or states*.

Yet just as the peace process brought the Maoists 'into the mainstream' and a comprehensive agreement was brought into place to stop hostilities, the Madhesis had 'broken away' from the Maoists, despite the latter's insistence on "state restructuring" and radical views on reorientation of the state and recognition and distribution of power to linguistic and ethnic minorities in the country. The differences could be narrowed down to two issues[35] – a) the Maoists were less inclined to support the Madhesis' demand for an autonomous and united "Madhes" province encompassing the entirety of the plains. In the Maoists' conception of a federal model (to be described later), the multiple linguistic identities from within the Terai had to be provided separate federal units. This was resented by the Madhesi parties. b) The Maoists were skeptical of the Madhesi parties' role and saw them as adversaries in their 'class-struggle'. The Madhesi parties' leadership was dominated by land owning sections of the plains, in the Maoists' view, and for the latter, comprehensive land reform in the plains was an important measure for economic upliftment in the region. Also, the Madhesis were clearly in loggerheads with the Maoists' anti-India positioning and rhetoric (Kantha 2010: 167).

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35 See author's (Ramani 2008) commentaries just after CA elections were held in Nepal, based on interviews with various actors in Nepal's polity.

These issues saw the break of the Maoist-Madhesis' alliance, resulting in armed attacks and anarchy in the region in the aftermath of the peace agreement between the seven party alliance and the Maoists. Later the SPA-Maoist alliance incorporated the demands of the Madhesis to add the issue of federalism to the interim Constitution and by the time elections were held for the Constituent Assembly, the Madhesis had grown into a major electoral force (the MJF and the Terai Madhesi Loktantrik Party finished fourth and fifth among the electoral victors after the Maoists, the Nepali Congress and the UML).

Soon the Madhesis, after the formation of the Constituent Assembly became a "buffer force", making an integral section of the various governments that came to power, led either by the Maoists or the NC/UML[36]. In other words, the Madhesis had no longer been a marginal force to be co-opted by the mainstream political parties. With the rise of the Maoists, the Madhesi political parties had also become a major political force, mirroring the rise of the regional parties in neighbouring India.

The demand for federalisation of Nepal, that brought the Madhesi political parties into positions of power, therefore became a core and important issue to be resolved through the CA deliberations. Over the course of the CA deliberations for nearly four years, there was significant progress in talks about the future federalisation of the country, but this issue – surprisingly – became the reason for the breakdown of the CA as the political parties were unable to come to a consensus on "state restructuring".

5.4.1 The Demand for State Restructuring of Nepal

Nepal's transition from a monarchy to a republic through the institution of a CA has its legacy rooted in its history of the past six decades since the removal of "Ranacracy" (rule

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36 The Madhesis were part of the first government formed after CA elections with the Maoists at the helm and represented by the Madhesi Janadhikar Forum. Later, after this government fell, the MJF itself split, with one faction becoming part of another government this time under the leadership of the UML. The Madhesi parties later became a constituent of a new Maoist government led by Maoist leader Baburam Bhattarai. This time, the Madhesis were the exclusive coalition partners of the Maoists. Following the dissolution of the CA, the entire set of Madhesi political parties came together and formed a Federal Democratic Republican Alliance along with the Maoists.

by feudal lords). The CA demand was first made in the early 1960s following the return of the monarch with popular support from democratic forces pitted against the feudal lords. Since then however, the demand had not fructified resulting in numerous upheavals in the political system and the state in that country as it transited from periods of absolute monarchic rule from the 1960s to a Constitutional monarchy, formed after popular uprisings in 1990. The un-addressed demand for a CA was one of the core reasons for a civil war[37] between the Nepali state and the Maoists[38], which lasted for nearly a decade before the CA demand was finally conceded following a peace accord between the mainstream political parties and the Maoists – who also agreed upon republicanism.

How could the Nepali polity fail to deliver a popularly written Constitution despite painstaking efforts at a peace process that brought about the election to the Constituent Assembly in the first place and despite several extensions to the original deadline of 28th May 2010? The most significant reason for the inability of the major political actors in the Constituent Assembly to complete the Constitution was the absence of consensus over the issue of State Restructuring.

State Restructuring as a demand originated in the 1990s, after the end of absolute monarchy through agitations for democracy. Nepal's legacy as a monarchy - interspersed with feudal rule by the Ranas (from the mid 1850s to early 1950s) - was dominated by the Bahun, Chettri, Thakuri and Sanyasi caste rule (collectively called as the CHHE) (Lawoti 2012: 130) from the state's founding in 1769. As Lawoti (ibid) explains,

> The CHHE, accounting for 30.89% of Nepal's total population, is the ruling hill "upper" caste group and can be considered a separate ethnic group because its constituent castes share the same language (Nepali aka Khas-kura), religion

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37 The Civil War in Nepal began in February 1996, when the Nepali Maoists undertook a "People's War" to overthrow the democratically elected government and to capture the state. The Maoists attempted to replicate the Chinese Communist Party's tactics in achieving power in China.

38 Presently the Nepali Maoists are split into two major parties – the Unified Communist Party of Nepal (Maoist) and the Communist Party of Nepal (Maoist). We shall refer to both these groups as "Nepali Maoists" in the essay but while emphasizing their differences, will use their present party names.

(Hinduism), lifestyle, dress code, values and norms; these features have dominated Nepal's sociopolitical and cultural life since the state's founding in 1769. Even though all four castes that make up the CHHE have superior access to the state and societal resources compared to the other three [indigenous nationalities, Madhesis and Dalits], some variation does exist within the group in gaining access to these resources.

Indigenous nationalities (..janajatis), which are native groups with tradtional homelands, make up around 36% of the population. They face pervasive linguistic, religious and sociocultural discrimination as well as unequal access to resources... The Madhesis, who share a language, culture and traditions with North Indian people are settled in the Terai. They comprise 12.3% of the population if non-Dalit caste Hindus are counted and 32.29% when Terai indigenous nationalities (8.96%), Terai Dalits (6.74%) and Muslims (4.29%) are included. They too face linguistic discrimination and unequal access to state and societal resources.

It must be noted that these groups are not homogeneous and several layers of differences lay within, affecting their sociocultural "perception" within the order and access to economic resources. But it can suffice to say that barring the CHHE, there exists a large section of the Nepali population which have been traditionally discriminated by feudal and monarchic rule and despite the space for dissent and recognition of rights in the 1990 Constitution, continued to suffer from the various forms of discrimination.

Although agitations against discrimination and organisations of the marginalised identities in the post-Rana rule in Nepal were indeed many in number– indigeneous groups such as the Tamangs, Tamus, Magars, Tharus, Rais, Limbus and Thakalis had formed ethnic organisations as early as the late 1950s and early 1960s (Lawoti: 2010:134) and numerous agitations and resistance movements took place – it was only post-1990 that ethnic mobilisation and dissent became "institutionalised". Yet, the retention of CHHE dominance and its "values" expressed in the promotion "of the Hindu

religion, Nepali as the national language, hill nationalism, the Khas dress code and hill-Hindu norms and heritage" (ibid: 135 quoting Bhattachan 2008, Lawoti 2005 and Manchanda 2009), resulted in the persistence of the greivances and dissent. Madhesis formed a new party called the Nepal Sadbhavana party (Nepal Goodwill Party) but which did not manage to receive substantial support beyond few seats in the parliament from the Terai. Non-governmental agencies and civil society groups mushroomed in the Terai to advocate for the rights of the marginalised, resulting in the concession of some minor demands, especially evaluation of Dalits' problems by the Nepali state (ibid: 135).

The rise of ethnicised movements coincided with the launch of the Maoist rebellion in Nepal. The Maoists had – through the aegis of the Jan Morcha – participated in elections in the early 1990s since the restoration of democracy. Distinguishing itself from the other communist force, the UML by being a thoroughgoing Maoist organisation (that participated in elections only to 'expose the inadequacy of the parliamentarian system), the Jan Morcha was the only organisation that promised the right to self-determination for the minorities, apart from calling for the abolition of monarchy and the formation of a republic in Nepal through the process of a popularly elected Constituent Assembly.

The Jan Morcha did not manage to win any seats in the first elections held since the restoration of democracy, but managed to win seats in forthcoming ones. In 1995, however, the Maoists embarked upon an armed campaign to capture the state by emulating the Chinese path of revolution. Before doing so, the Maoists came up with a 40 point demand charter, in which the "discrimination against oppressed people and the Dalits" (Thapa 2012: 52) formed an important part. In fact, the Maoists provided the rationale for their armed struggle to be a combination of the need to do away with the stark economic inequality and lack of development (represented in the concentration of power and wealth even as the nation-state had become among the poorest in the world in all economic and development variables) as well as ethnic and linguistic determination that was presented as part of a "nationality question" (Bhattarai 1998).

Following the launch of the "People's War", the Maoists engaged in a long period of guerilla warfare – with the "selective deployment of violence" against state forces – the police and government agencies - (Lawoti 2010: 14), ideological indoctrination, peasant mobilisation, and creating the Maoist model of "liberated areas" in the rural districts, particularly in western Nepal. The Maoists were most successful in the difficult terrain of hilly areas dominated by indigenous groups in mid and far western Nepal – particularly in the districts of Rolpa and Rukum – and managed to establish a strong base in these regions. They were helped by the weak Nepali state[39] as well as the high support for their ideas combining ethnic nationalism and redistribution.

By the time democracy was restored in 2006 following a popular agitation for republicanism, the Maoists had emerged as the largest political force in the country, controlling close to 2/3rds of the districts (but unable to penetrate the capital region in Kathmandu or the Terai effectively). In the Terai in particular, despite the formation of the MNLF, the Maoists were not able to tap into substantial Madhesi support – as opposed to the indigenous populations in the Terai – because of their inability to replicate the guerilla struggle due to inhospitable terrain, among other reasons[40]. The Maoists had come a long way in their people's war and in their understanding of the issue of "state restructuring", promising for example in 2004, nine future planned autonomous regions (Tamang 2009).

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39 The phase of parliamentary democracy in Nepal had seen a tumult of political upheavals and the lack of steady governance with close to 17 governments being formed between 1990 and 2004 (Thapa 2012). The monarchy had selectively decided to be an arbiter in the political battles and had seen to it that the political parties were weakened. The divided polity and the unstable nature of governance therefore saw little changes being effected by the state in the poorest regions of Nepal (Lawoti 2010: 21). The Maoists also skilfully used the monarchy-mainstream polity divide to strengthen itself during the period of the People's War. After the death of king Birendra (ostensibly at the hands of his own son in a massacre in the royal palace of Narayanhiti) in 2001, the Maoists overtly sided against the new monarch, calling the earlier assassination a handiwork of external actors. This political gesture provided the Maoists a space to tie up with the political parties against the new monarch Gyanendra, which it skilfully did following the latter's usurpation of absolute power in 2005. The agreement between the SPA and the Maoists was of course facilitated by international actors – the UN and the Indian establishment were key – but the space and opportunity for doing so were created by Maoist political maneuvering in the final years of the people's war.
40 See article based on interviews by this author (Ramani 2008).

Following *Jan Andolan 2*, the popular agitation against the monarchy that included support from both the mainstream political parties and the Maoists, the demand for a new CA became a popular slogan, cemented in the 12 point agreement between the Maoists and the seven party alliance that vowed to agitate against royal rule. After the king relinquished power due to popular pressure in April 2006, the parties agreed to formulate an interim constitution and to declare dates for elections to a new CA in June 2006. The Comprehensive Peace Accord signed by the SPA and the Maoists in November 2006, which saw the latter joining Parliament and the government in 2007 as part of the peace process, explicitly called for the need to

> carryout an *inclusive, democratic and progressive structuring of the state* by eliminating the current centralized and unitary form of the state in order to address problems related to women, Dalit, indigenous ethnic (Adivasi Janajati) people, Madhesi, oppressed, neglected and minority communities and backward regions by ending discrimination based on class, caste, language, gender, culture, religion, and region. (emphasis added)

As Kantha (2010: 162-171) however points out, the contradictions in the relations between the Madhesis and the Maoists despite their shared vision for a federal "Naya" Nepal were many – orientation on class issues (the Maoists favoured large scaled land redistribution while the Madhesi political parties were dominated by land owning and business interests), stance on Indian role in Nepal (the Maoists were keen on utilising the popular current of Nepali nationalism against what it called, "Indian expansionism", whereas, the Madhesis, owing to their cultural ties with north India, were more favourably disposed towards Indian influence in Kathmandu), nature of federalism (the Maoists had conceptualised a 14 state federal model for "Naya Nepal", which included autonomous regions within the Terai region for linguistic sections such as Awadh for Awadhis, Bhojpura for Bhojpuris, Mithila for Maithili speakers among others, while the

Madhesis were insistent on a single Madhes state encompassing the entire plains)[41]; among others.

The Madhesis had themselves launched agitations in 2006 and 2007 protesting against what they perceived as the lack of importance given to the issue of state restructuring by the SPA and the Maoists. Armed groups among the Madhesis meanwhile had begun to demand secession from Nepal as well. The interim government's (led by the Nepali Congress leader G.P.Koirala) response was to initially concede the long standing demand for citizenship rights through the Citizenship Act in 2006 for the Madhesis apart from threatening to suppress the armed movements in the Terai, if need be, violently. Soon agreements with the Madhesi Janadhikar Forum brought an end to the most violent phases of the agitation, even as the agitations brought about the first amendment to the interim Constitution calling for the Nepali state to be restructured as a "progressive, democratic , *federal system*" (emphasis added), with the word "federal" added to the Constitution.

Despite these "concessions", many excluded groups had shown resentment with the peace process demanding more comprehensive state restructuring efforts. These differences apart, the elections to the CA had clearly established that the Maoists were the largest political force in the country and that the Madhesi political parties were to be a key participant in any exercise of government formation. These brought the Madhesi parties, very high leverage, which they used to ensure that the post of President and Vice-President were provided to representatives from the Terai as even the mainstream political parties – the Nepali Congress and the UML had to contend with the politics of recognition in the aftermath of the CA elections.

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41 The differences between the Madhesi political parties and other indigenous groups within the Terai came to the fore over the single state issue, which also resulted in violent incidents between supporters of the opposing groups throughout the run up to the CA elections and even after the elections were held.

5.4.2 Deliberations in the Constituent Assembly

The key issue of "state restructuring" was to be addressed by a CA thematic committee titled, the "state restructuring and resource allocation". The committee's deliberations were marked by differences primarily between the UML and the Nepali Congress versus the Maoists and the Madhesis. The Maoists were in favour of a ethnicity determined federally decentralised state restructuring model, with both a strong centre – in the form of a presidential government – and a strong province system. Soon they encountered logical opposition in the form of questions regarding "ethnic or linguistic determination" based on majorities as it was difficult to determine ethnic majorities in all the geographies conceived by the Maoists. The Madhesis also softened their stance on a single state for the plain dwellers faced by opposition from the indigenous groups from the plains. The Nepali Congress and the UML were non-committal on the federalisation issue arguing for settling the peace process as a precondition for any progress on Constitution writing, with the former distinctly uncomfortable with any ethnic determination of provinces or federal units.

The final report of the thematic committee, submitted in February 2012 (after the CA itself was repeatedly extended), came up with two conflicting reports – the majority report supported by the Madhesi parties and the Maoists arguing for a 11 state model (including Karnali-Khaptad, Madhes-Abadh-Tharuwan, Magrat, Tamuwan, Narayani, Newa, Tamsaling, Kirat, Limbuwan, Madhes-Mithila-Bhojpura and one non-territorial Dalit state) and the minority report supported by the Nepali Congress and the UML arguing for a six state model (which envisaged a federal system based on economic viability and rejected the ethnic model of federalisation).

The lack of an agreement on the federal model of Naya Nepal resulted ultimately in the breakdown of consensus over a draft Constitution before the stipulated deadline of 28th May 2012 and with pressure from the Supreme Court upset with the repeated extensions of the deadline, the prime minister had to dissolve the CA.

After the CA elections in 2008, the Maoist ideologue (and later prime minister) Baburam Bhattarai had identified[42] three major challenges to the Constitution making process in Nepal – a) the state restructuring issue and the deep divisions within Nepali polity over it, b) the management of the peace process resulting in the integration of Maoist combatants into the Nepali security forces and c) management of the high expectations of the Nepali people over both the constitutional process as well as the new government that had assumed power in the newly created republic.

As it turned out, these three challenges remained paramount in the inability to successfully complete the Constitution with the acceptance of the political actors in the CA. Political sociologist Andrew Arato had anticipated these problems in 2008 itself (as someone who had commented on the interim constitution) suggesting that the highly ambitious project of addressing ethnic concerns apart from completing a peace process would burden Constitution writing[43].

There were other structural reasons for the lack of a national consensus. The constant jostling for power – being in power was seen as a *sine qua non* for extended political support from the public– among the main political parties – the Nepali Congress, the UML and the Maoists, with the latter two engaging in a even more contentious battle for the predominant "left space" in the Nepali polity, prevented a smooth culmination of the constitutional process. The "high command" nature of the polity – with the party leaderships dominating over the individual CA members over political decisions on Constitutional areas – also prevented the timely writing of the Constitution, in turn affecting the issue of "state restructuring" as well.

Besides, the use of a part-proportional representation, part-first-past-the-post system had the benefit of providing representation to many smaller parties and marginalised groups, but had brought about an inherent instability in the political system, due to the lack of a clear majority victor following the CA elections.

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42 Based on author's interview with Bhattarai in 2008 (See Ramani 2008, Nepal Political Diary III).
43 See interview with Andrew Arato - http://southasiarev.wordpress.com/2008/10/04/professor-andrew-arato-and-on-the-cpnm/#more-1256

More than anything, the deep differences between the Maoists and the other political actors over the conclusion of the peace process was another important factor. The Maoists had internal differences over the peace process as well – a hardline section among them, later to form the CPN(Maoist) under the leadership of ideologue Mohan Baidya "Kiran", had opposed the integration of the Maoist combatants and giving up of insurrectionist goals by the Maoists, apart from their insistence on Maoist goals such as the creation of a "new democracy" in Nepal on orthodox Marxist-Leninist-Maoist lines (obeying the China model of the 1940s). The other political parties, on the other hand, were insistent that the Maoists gave up their military apparatus and become a "normal" political actor. The "moderates" among the Maoists – represented by prime minister Baburam Bhattarai and party supremo Pushpa Kumar Dahal "Prachanda" on the other hand were unwilling to cut any deal for integration without substantive concessions by the mainstream political parties on state restructuring, land reform, nature of government, among others.

5.4.3 Role of India in political developments

Added to this political imbroglio, was the role of the Indian government. The Indian establishment has forever seen itself as a major player in Nepali polity, identifying Nepal as an important strategic ally – cemented through the Indo-Nepal Friendship Treaty in 1950 – geopolitically. The Indian establishment had during the Jan Andolan played an important role in bringing the Maoists and the mainstream political actors together to sign the 12 Point Agreement. The intervention by the Indian state was partially due to strategic reasons – Gyanendra had decided to rely on Chinese weapon supplies after the Indian state had refused to provide them during the Emergency and the Indian establishment decided to give up on the monarchy as a reliable political actor. The Indian establishment managed to broker the peace agreement between the Maoists and the mainstream political parties. In India's calculus, the mainstreaming of the Maoists would result in a decline in instability in the border country and also decouple the Nepali Maoists from any possible

alliance with the Indian Maoists – identified by the Indian government as the premier security threat to the nation by the Indian Prime Minister Manmohan Singh in 2005.

That said, despite the alliance between the Nepali Maoists and the mainstream political parties; the Indian establishment was keen on keeping the Nepali Maoists marginalised within the mainstream. Commentators have argued as to how the Indian establishment attempted to heap pressure on the Maoists during the phase of antagonism between the Madhesis and the Maoists, by funding armed groups in the Terai. In other ways, the Indian establishment – especially the security agencies – played a role in fuelling the Madhesi agitations before the commencement of the CA process.

Post the CA elections – which to the Indian establishment's surprise returned the Maoists as the single largest party in the CA – the Indian establishment came to terms with the Maoists coming to power, encouraged by Maoist supremo and first prime minister post the CA, Prachanda's conciliatory and friendly rhetoric toward the southern neighbour in contrast to the hostile and strong positions that the Maoists had taken in the past vis-a-vis India. But soon, any continuation of friendly ties between the Maoist led government and the Indian establishment came to an abrupt end following Maoist attempts to replace the Nepal army chief Rupmangkad Katuwal who was seen as hindering the process of integration of Maoist combatants into the Nepali army. Following the resignation of Maoist chairman Prachanda from the prime minister's post, the Indian establishment worked hard toward isolating the Maoists in the political mainstream by bringing the Nepali Congress, the UML and sections of the Madhesi party, the MJF together with other minor parties (Jha 2012).

This process of isolating the Maoists sprung a spanner in the works for political consensus as both the peace process as well as the Constitution writing process came under strains. The hardline sections among the Maoists utilised this situation in 2009 to argue for an insurrectionist path yet again, with the Maoists focusing on retaining power through agitations on the streets against Indian interference and the Army chief's removal, argued as the restoration of "civilian supremacy". It took nearly two years of stalemate

and yet another constitutional crisis to effect a change in status quo, with the Indian establishment coming around to the view that isolation of the Maoists from the political mainstream and the failure of the CA process was to the detriment of its own interests in the country.

Soon, the Indian establishment – following the appointment of a new ambassador in 2011 – changed tack and found it necessary to re-engage with the Maoists to bring them closer with the other parties to conclude the peace process (Ramani 2011). In doing so, the Indian establishment, through its interlocutors in the Madhesi parties informed that they had no objection to a new government under Maoist leadership in alliance with the Madhesis[44]. The Indian establishment had also come around to the view that the process of federalisation in Nepal was inevitable and similar to what had happened in India itself. It saw that the Maoists-Madhesis alliance was inevitable as the other parties – the Nepali Congress and the UML had status quoist positions out of tune with the demands in the Madhes and from the indigenous groups in Nepal (ibid).

The new Maoist-Madhesis alliance and the "hands off" approach by the Indian establishment enabled the Maoists to engage in wide ranging talks with the Nepali Congress and the UML and following substantial concessions from the Maoists in deciding numbers of combatants to be integrated into the Nepali army, rules for compensation etc, the peace process was successfully completed in early 2012 leaving the issue of "state restructuring" as the only major impediment left in the CA process to be concluded. The Maoist leadership had also emphasised that the completion of the constitution writing process was a must and would provide it with the "peace dividend" if it was accomplished under its leadership, and would enhance its support among the people in any forthcoming election. Baburam Bhattarai even went to justify the need for substantial concessions by the Maoists so as to achieve the goal of a federal democratic Nepal, as an intermediary step in the future project of building a socialist Nepal, identifying the federalisation and democratisation as immediate steps to destroy the

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44 Interview with Indian foreign service officials in Kathmandu in 2011. Also see Ramani (2011).

remnants of feudalism and traditional rule in the country[45]. By promising a positive initiative on the federalism issue, the Maoists manage to get back together with the Madhesi political parties and were able to form a government in August 2011.

The process of taking the peace process forward was not without its discontents. The hardline faction among the Maoists, finally split from the party to form the CPN(Maoist), complicating the political system further, and definitely weakening the Maoists[46]. The formation of the "Federal Democratic Republican Alliance" after the dissolution of the CA involving the Maoists and the Madhesis who were already in alliance in government however brought about a clear polarisation in the polity – with those in favour of "state restructuring" on the basis of ethnicity and linguistic determination pitted against the status quoists led by the UML and the Nepali Congress. Within the latter themselves, there were mini-rebellions as representatives and party leaders from the Terai found fault with their party leadership's positions on "state restructuring".

After years of being marginalised and unable to articulate a demand for recognition of their rights as participants in power and rule, the Madhesis and other indigenous groups managed to register their dissent once democracy was restored in 1990. Yet, it took the armed struggle launched by the Maoists and the political space that opened up after the coming together of the Maoists and the mainstream political parties against an errant monarchy to get the Madhesis' concerns of "state restructuring" truly on board. Work done by civil society organisations to highlight the issues faced by marginalised sections also raised the consciousness among these communities post the 1990 elections.

Soon, "state restructuring" as a process became inevitable as even external actors – such as the influential Indian establishment were committed toward supporting the process for various reasons. The CA process did not deliver though, as "state restructuring" became an issue that broke the consensus among the various political parties and as too much burden was placed upon the CA process – including the conclusion of the peace process

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45 Author interview with prime minister Baburam Bhattarai, September 2011.
46 See Ramani (2012) for an explanation for the reasons for the split among the Maoists.

between the Maoists and the mainstream political parties, even as political consensus was elusive due to continual jostling for power between the patronage based parties.

Following elections to the Constituent Assembly, the Maoists in Nepal emerged as surprise winners, securing 220 of the 601 CA seats in the part-First-Past-the-Post and part-Proportional Representation electoral system. It had emerged as the single largest party – defying expectations by relegating the Nepali Congress and the UML to the second and third positions respectively – even as a new Madhesi party – the Madhesi Janadhikar Forum (Madhesi Peoples' Rights Forum) ended up as the fourth largest party following the elections. While the Maoists did much better than what many believed could be possible – in particular the Indian establishment (Muni 2012) – their party could not secure an absolute majority and coalitions were made to be inevitable. The best course of action that would have eased the process of writing the Constitution in the Constituent Assembly would have been the formation of an all-party national government with atleast the four major parties participating in it based on cooperation and consensus.

Yet, consensus was always lacking immediately after the CA results as ideological and sharp political differences prevented cooperation. The earlier bonhomie between the seven party alliance (since then dissolved) and the Maoists following the peace accord was not to last any further. In any case, contradictions with the Maoists and the Madhesis had already emerged in the course of the run up to the elections as well as explained before.

The fraying consensus post the elections led to the formation of a new alliance with the Maoists-UML-Madhesis coming together against the Nepali Congress to form the first government following the CA elections as Maoist chairman Pushpa Kumar Dahal (Prachanda) became prime minister. As soon as the CA was commenced, the assembly declared Nepal as a constitutional republic in its very first setting, extinguishing the 240 year old Shah dynasty led monarchy in a historic decision. Except for four members of

the CA, belonging to the Rashtriya Prajatantra Party (RPP) factions[47], the rest of the members of the CA voted unanimously to declare Nepal a secular republic.

It was evident that post-the CA elections, there were two unresolved "contradictions" despite the near unanimity among the main political actors on the need for the abolition of the monarchy –

1) The question of integration/rehabilitation of the Maoist "Peoples' Liberation Army" and indeed, the completion of the peace process through an end to the decade long conflict
2) The "state restructuring" issue that had flared up in the course of the Jan Andolans

These two issues – on which the main actors, the Maoists, the UML, the Nepali Congress and the Madhesi parties had varied positions – ensured that a consensus government was never going to be possible. This in turn also affected the Constitution writing process, which was given an ambitious deadline of two years in the interim Constitution.

The first iteration of government formation post the CA elections saw the Maoists – by virtue of their strength of being the single largest party – aligning with the UML and the Madhesis to form the government. The ascension to power by the Maoists and certain steps taken by the Maoist leaders in power, were not welcomed by the Indian establishment. The Indians' acceptance of the Maoists as a legitimate actor in the political mainstream of Nepal had paved the way for the Twelve Point Agreement and the Comprehensive Peace Accord with the Seven Party Alliance (which was facilitated by the Indian establishment). There were internal differences within the establishment as to whether this was a sound strategy to "deal" with the Maoists. There was also an underestimation in the Indian establishment about the strength of the Maoists and Indian embassy officials had not expected that the Maoists will emerge as the single largest party in the CA elections.

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47 This party was represented by former Pancha regime representatives and officials. It was the only party which overtly favoured the continuation of the system of monarchy during the 2008 Constituent Assembly elections.

Some of the actions by the Maoists after coming to power – in its seeking to establish direct (democratic) control over the Nepali army by virtue of leading the government, enunciation of a policy of equidistance between China and India (evoking memories of the "Zone of Peace" proposal earlier in the 1970s) – did not go too well with the Indian establishment. The security related sections of the Indian establishment had intricate linkages with the Nepali Army – the Indians continued to supply Nepal with essential defence equipment; as part of a tripartite agreement between India, Nepal and Britain, the former continued to recruit Nepali citizens (Gurkhas) into the Indian Army's Gorkha Regiment; several Nepal Army senior officials were trained in military colleges in India and so on (Mehta 2005). Seen in this light, it is understandable as to why the Indian establishment did not "endorse" the Nepali Maoist chairman Prachanda's decision as prime minister to remove the Army chief General Rupmankad Katawal from his post – a decision that precipitated the fall of the Maoist-led government after coalition and opposition parties opposed the move made by the Maoist prime minister.

The diplomatic cables from the Kathmandu embassy of the United States – leaked by the whistleblower website Wikileaks – point out to deep discomfort in the Indian establishment about the Maoists' moves to establish what they called, "civilian supremacy" and their maneuvers leading to taking forward the steps in the peace process. The Indian establishment had welcomed the concord between the Seven Party Alliance and the Maoists and even facilitated it; it had gone further in supporting the peace and electoral process and had also accepted the inevitability of a Maoist led government after the stunning success of the Maoist party in the polls. After the government was formed, the Indian establishment, while cautiously studying the moves made by the Maoist led government, also understood that the Maoists in government would adopt a moderating path that will not lead Nepal away from its "special relationship" with India. Even on the issue of "civilian supremacy", the Indian ambassador had conveyed to his American counterpart over parleys that the Indian establishment was in favour of the effort to bring the army under civilian control, but had not endorsed the manner in which the Maoist supremo was seeking to establish the chain of command in the Army. Indeed, the Indian

National Security Advisor, Shivshankar Menon was quoted in Wikileaks cables (2009 June 22, 09KATHMANDU538_a) as saying to US diplomats that the Indian worry was a Army backlash leading to what they called, the "Bangladesh situation", i.e. army control over civilian rule as had happened in the 1980s in that country.

Soon, within a year of the Maoists in government, the Indian establishment had taken a position of antipathy toward the Maoists, "alarmed" in its view that the Maoists were going too far in trying to restructure the army, in the manner the serving chief of army staff was sought to be removed. This "antipathy" resulted in the Indian establishment micromanaging and supporting a new anti-Maoist coalition that came to power once the Maoists resigned from power, seeking to garner public support on the issue of "civilian supremacy" (Jha 2012).

Within the Maoists itself, these actions were driven by a "hardline" wing, a "dogmatic" section that was deeply disconcerted with the Maoists' turn toward what they called, "bourgeois democracy" and acceptance of a multi-party system. The Maoist chairman's role as a prime minister to strive for civilian control, with the help of his defence minister Ram Bahadur Thapa (a member of the hardline wing of the party) was in part, a maneuver to take on board the concerns of the said wing.

The ascension of a new coalition to power in May 2009, including the Nepali Congress, the UML and a breakaway section of the Madhesi Janadhikar Forum along with other minor parties certainly had the support of the Indian establishment. It was clear that the Indian establishment was seeking to isolate the Maoists from the mainstream after the few years of bonhomie were shortlived. The former Prime Minister Madhav Kumar Nepal – who had ironically lost in the 2008 CA elections – became the prime minister again after this new coalition came to power. With the single largest party, the CPN(Maoist) isolated and the peace process hanging in the balance with issues related to integration/rehabilitation of the Maoist combatants unresolved; no progress on Constitution writing could be made even as the deadline for the completion of the Constitution was nearing.

Internal differences within the Nepali Congress and the UML also came to the fore as this was an unstable coalition which soon collapsed in June 2010. The resulting instability ensured that there was no government with repeated elections in the CA resulting in stalemates before the formation of another UML led government, this time having the prime minister as UML Chairman Jhalanath Khanal in February 2011. The inherent instability in the political process due to the isolation of the Maoists was somewhat rectified after the UML Chairman came to power, with the Maoists' support.

The Indian establishment finally changed tack and reversed its policy of supporting the isolation of the Maoists and instead sought to take a hands-off approach to the political processes in Nepal while reiterating support to the Constitution writing process (ibid). It was no coincidence that the change in tack happened with the appointment of a new ambassador to Nepal in August 2011, and also saw the return of the Maoists to power and a final – but messy – conclusion to the peace process with an agreement between the Maoists and the Nepali Congress, the UML and the Madhesi parties. It is another matter, that the Maoists themselves split, as the hardline faction left the party to call themselves the CPN(Maoist) (the undivided party was the Unified Communist Party of Nepal (Maoist) – UCPN(Maoist)) and despite the resolution of the peace process, no agreement was possible on the other main issue of state restructuring, as conservative positions in the mainstream political parties saw yet another political polarization. This time, at one end were those who favoured a "ethnicity/nationality based" restructuring of the Nepali states – the UCPN(Maoist) and the Madhesi parties – and at the other end were the Nepali Congress and the UML. Interestingly, the Indian establishment had indicated support to the federal initiative[48]. This polarization prevented the completion of the Constitution writing process and the CA was declared "dissolved" by Maoist prime minister Baburam Bhattarai in May 2012.

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48 Interviews with Embassy officials in Kathmandu, September 2011.

The elaboration of the political developments in Nepal is concluded here. A theoretical evaluation of the relations between India and Nepal that resulted in the developments explained above, now follows.

5.5 Political Relations between India & Nepal – a theorisation

Political relations between the Indian state and the Nepali state must be studied as relations between the Indian establishment – the Indian embassy, officials in the Indian external affairs ministry in charge of Nepal (in the ministry's "Northern" division encompassing Nepal & Bhutan), the security establishment which includes intelligence and counter-intelligence agencies and assorted sections of the Indian polity, both in government and in the opposition – with that of the Nepali state – its foreign affairs ministry (south Asia division – India & Bhutan), the political class which has intricate links with various political actors and counterpart-parties in India.

Considering that the Indian establishment is far more entrenched in Nepali affairs than the latter, for obvious reasons of geographical scale and location, it is necessary to understand the relations between the Indian establishment (or atleast its perceptions and engagements based upon them) and various Nepali political actors.

5.5.1 India's attitude towards the Nepali Maoists

When looked at from a superficial level, the Indian move to facilitate a concord between the insurgent Maoists and the mainstream political parties in Nepal is perplexing. The Indian state since 2004 had identified the Maoist insurgency within its own territory – after the merger of two Naxalite groups, the Peoples' War Group and the Maoist Communist Centre into the Communist Party of India (Maoist) – as the greatest internal security threat[49]. The Communist Party of Nepal (Maoist) and the Indian Maoists were

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49   http://www.thehindu.com/news/national/Manmohan-naxalism-the-greatest-internal-
     threat/article16886121.ece

well known to be coordinating politically through the aegis of the group called, the CCOMPOSA . It is also known that the Nepali Maoists were trained in guerilla warfare by their Indian counterparts[50].

Why did the Indian establishment therefore facilitate the talks between the Seven Party Alliance and the Maoists and arranged for surreptitious meetings between them that paved the way for the Comprehensive Peace Accord? And why did they go through a phase after the Maoists came to power to isolate them from the rest of the political mainstream, before changing tack again in taking a more hands off approach to the political process and Constitution writing in Nepal?

From a geopolitical and a Realist reading, it made no sense for the Indian establishment to do so. Purely from a security viewpoint, it would have been better for the Indian establishment which had a professed twin policy of supporting the constitutional monarchy and democracy in Nepal to take a position that favoured a victory for the monarchy against the Maoists and a gradual return to constitutional monarchy (following the usurpation of powers by king Gyanendra). This would have of course taken the Indian establishment to adopt a view that was not in line with the larger democratic opinion in Nepal, but a Realist position would have favoured only the immediate security interests.

A Realist explanation for India's approach to the Maoists can be put forward thus – the monarchy in its return to pre-1990 positions and its moves to play various international actors against each other vis-à-vis Nepal (India and China in particular) had alienated the Indian establishment so much so that it was not in its security interests to support the policy of constitutional monarchy in the special situation that had arisen after the monarch usurped full powers. The weakness of the political parties in the mainstream

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50 This was revealed to the author in an interview with a Maoist commander "Bibek" (pseudonym) who had a military position with the Rolpa battalions of the CPN(Maoist)'s Peoples' Liberation Army. "Bibek" had categorically mentioned that the early phase of their guerilla warfare based civil war operations against the Nepali police had commenced after the Nepali Maoist cadre had received military training from their Indian counterparts within India. He also later, in the interview, stressed upon the difference with the Indian counterparts, whom he particularly called, "ML groups" refusing to term them "Maoists" as they still had not graduated in their struggle to form "base areas".

meant that the Indian establishment had to undertake extraordinary measures to accommodate the Maoists within a new political process and which was made possible because the Maoists themselves sought such a process (more on this later).

But such an explanation using Realism is inadequate as the engagements with the Maoists were done at a time when the Maoists had little or no stake in the Nepali state and had themselves reached a stage in the civil war which (was also known to the Indian establishment) as a strategic equilibrium. The Maoists, while holding control over various parts of rural and hill country Nepal in the peripheries – particularly in mid-Western Nepal, had not managed to gain a foothold in the Kathmandu valley and its environs. Besides, while they had managed to take on the ill-equipped and poorly trained police forces, they had a much tougher battle against the Nepali army and this fact was also not lost on the Indian establishment.

Certainly Realism and its variants – classical and even structural Realism – which seeks to explain International Relations in purely power terms is unable to explain the Indian establishment's sudden "pivot" towards engagement with the Maoists, when other security options presented themselves, at a time the Indian establishment had been in increasing good terms with the Americans. And as for the latter, the US establishment, as explained earlier in the article, it was clear that the Maoists were a strategic threat and had to be defeated militarily and hence the promise of supply of weaponry and logistics to the monarch controlled Nepal Army.

A better explanation and reasons are here – as Muni (2012:318) argues,

> India's Nepal policy has not always been the outcome of rational choices… its approach to Nepal has largely been determined by its own security interests… The precise thrust of India's interests and approach at any given point in time is shaped by the balance of forces among multiple stakeholders in India's Nepal policy. These stakeholders are diverse and varied and their positions often mutually incompatible. Some are even beyond the reach of India's Ministry of External Affairs. Prominent among these actors are the recognized

political/administrative establishments (the Home, Finance, and Commerce Ministries, intelligence and national security organizations; and the Prime Minister's Office); the Indian army, which has traditional fraternal relations with the RNA and has maintained seven Gurkha regiments since Independence; the business community; the members fo the former princely ruling class who have close matrimonial and family relations with Nepal's feudal rulers (both the Shahs and the Ranas); Indian political parties and their leaders who maintain close institutional and personal relations with their Nepali counterparts; the Hindu religious interest groups; and finally, the Indian states bordering Nepal…*Most of these stakeholders harbor strong anti-Maoist feelings, not only because of their radical ideology and violent tactics but also because of the Maoists' anti-India stance, which regularly denounces Nepal's neighbor as "expansionist" and "exploitative". In addition…many in the Indian security establishment perceived [the Maoists] as a direct security challenge to the stablility of India and the whole South Asian region….India's Nepal policy had long been based on two pillars: the constitutional monarchy and multiparty democracy. Yet this premise could not be sustained in the face of rapidly growing tensions between these two pillars, resulting from the king's attack on democratic institutions and processes.*

Muni (ibid) argues that there were two diametrically opposite views in the Indian policy establishment about the Maoists following the developments that resulted in the monarchical usurpation of powers -

Those who knew Nepal well were in favor of testing the Maoists on their promise of democratic mainstreaming, not least because of the hope that it would facilitate solutions to the Naxalites and counter the consolidation of leftist extremist groups in the larger South Asian region. Bringing the Maoists into the democratic fold would also force King Gyanendra back on the path of constitutionalism. This view was held by the Ministry of External Affairs and RAW [Indian counter-intelligence arm, the Research and Analysis Wing], and its active proponents were RAW Chief [Hormis] Tharakan and the Foreign Secretary Shyam Saran. It has been noted earlier that the Minsitry of External Affairs had ascertained that there

were no operational links between the Nepal Maoists and Indian Naxalite insurgents. Political activists such as the members of the Nepal Democratic Solidarity Group [which consisted of Indian politicians from parties such as the Nationalist Congress Party, the Janata Dal (United) and most importantly the Communist Party of India (Marxist)] and individuals in the media and academic circles also wanted to see the Maoists join the democratic mainstream…. The other view was hostile to the Maoists; it was strongly influenced by members of the [Indian erstwhile] princely order and the defense and internal security establishments. The national security advisor to the prime minister, M.K.Narayanan, was a strong proponent of this line. The intelligence agencies, especially the IB [Intelligence Bureau], which had a deep rooted anti-communist outlook, remained suspicious of the Maoists' long-term intentions. India's armed forces, particularly the army, which had a longstanding relationship with the RNA [Royal Nepal Army], detested the Maoists. Because of their continuing matrimonial relations with the royal family, the members of India's old princely households felt sympathetic and committed to the Nepali monarchy. All these components of the Indian establishment were also sensitive to the position of the West, which did not approve of Maoist ideology and their violent methods.

S.D.Muni (ibid) argues that the support for the "mainstreaming of the Maoists" through talks with them emerged in the Indian establishment's thinking following discomfort with the "internationalization" of the civil war in Nepal, with the monarchy seeking international help from the US, UK, EU actors and even China. This, however seems to be a partial and incomplete explanation. A strong counterview would be that the Indian establishment could have directly intervened in the conflict by supplying weapons to the Nepali monarch against the Maoists bypassing help from the US and other actors. Why did a section of the even the security establishment – the counter intelligence arm – apart from the ministry of external affairs not do so?

The answer must lie in the fact that this section of the Indian establishment was clearly concerned with public opinion in Nepal against the monarchy whose actions had set

Nepal back again to the pre-1990 period. This explanation will fly at the face of Realist explanation but this seems the most plausible.

The reading of India's contemporary foreign policy in Chapter 3 is that it is constantly seeking to realise itself in a changed world – at one level seeking to advance India's "Great Power" interests as its new class elite demands and at the other level, being cognisant of the contradictions of a developing and poor country in an under-developed neighbourhood. This reading helps us to better understand why the Indian establishment in Nepal had sought to engage with what they perceived as "anti-thetical forces" giving it an ostensible but surely not the most plausible security based reasoning. The contradictions in India's policy towards the Maoists, which led to the prevalence of the more hardline view that saw to a phase of isolation of the latter in the Nepali political mainstream after a period following the CA elections (between 2009 and 2011), are a reflection of India's contemporary foreign policy dialectics.

5.5.2 The Nepali Maoists' approach toward India

The Nepali Maoists' shift in praxis – engaging in a "protracted people's war" against the Nepali state in order to capture power to adopting a resolution in its Chunwang meeting in 2005 to end the civil war and focus on building a "Naya Nepal" through a Constitutional Assembly process could not be made possible before its change in position on the Indian role in Nepal. Having called the Indian role in Nepal as that of "expansionism" all along during its civil war and having determined the Indian role as that of saboteurs of the "Nepali revolutionary process", it took a long and hard rethink to change its stances.

Much of the change in stance was governed by the Nepali Maoists' reading of its strength at the stage of the civil war, when the monarchy usurped power. During the civil war, the Maoists sought to exploit the divisions between the parliamentary parties and the monarchy (which controlled the Royal Nepal Army) and this aided them in winning military battles against the largely police led counter-insurgency operations of the Nepali

democratic state. With the Nepali monarchy also identifying the Maoists as the single most important threat to the Nepali state, the Maoists had to change tack and the usurpation of power by the monarchy allowed them to do so.

The Maoists' change in position over the Indian role in Nepal - from that of an arm of imperialism and expansionism (hinting the Indian calculus in that of Nepal to be akin to "Sikkimisation" – ultimate annexation of Nepal into India) to that of a more intrusive influence whose presence as an arbiter in Nepali polity was inevitable – was therefore governed as much by Realpolitik considerations as much by an ideological shift. As we shall detail below and as we explain in Chapter 4, the chief ideological debate among the Nepali communists has been the nature of the contradictions in Nepali political economy – whether the communists should engage in nationalistic struggle and claim for themselves the lead nationalistic force in the country against the depredations of imperialism and Indian expansionism or whether they should lead a democratic revolution against the feudal forces that have been ruling the country. In other words, which is the primary contradiction in Nepal – nationalism or democracy?

During the phase of the civil war, the Nepali Maoists successfully blended these contradictions, utilising the differences between the Nepali monarchy and the political parties, by claiming to represent truer democracy – through fomenting a project of ethnic/nationality based decentralisation and seeking to form a new constituent assembly on the one hand – and rousing nationalism by taking a strident position against the role of India in Nepal.

Changed circumstances following the royal massacre and the monarchy's usurpation of power allowed the Maoists to change their positions, favouring a more protracted democratic route to revolution as they pivoted their strategy to now align with the other mainstream political parties and to herald a peace process, end the civil war, declare constituent assembly elections, participate in it and later seek to restructure the Nepali state – by converting it into a secular democratic republic – through a constitutional process.

All these did happen but to the cost of the unity of the Nepali Maoists. A more hardline section among the Maoists split from the parent party to form the Communist Party of Nepal (Maoist) as it asserted that the peace process, the elections and the Constitution writing process were all driven by interests outside Nepal and the Maoists' going away from "peoples' war" was a betrayal to the revolution[51]. The CPN (Maoist) leaders argued that it was only through a unity of "nationalistic and patriotic forces" that a truer democratic constitution could be written unlike what the mainstream Maoists had set out to do[52].

The extant Maoist party, the UCPN (Maoist) has since the start of the Constitutional process articulated a more stronger stance on the need to complete the "bourgeois democratic process" and has even argued for a different form of nationalism[53].

5.5.3 Relations between the Nepali Maoists and the Indian Maoists

One of the major reasons for the Indian government to treat the Nepali Maoists with inherent suspicion has been their perceived linkages with the Indian Maoists. The Indian Maoists had been identified as the "biggest internal security threat" by the UPA government particularly following the merger of the two insurgent groups, the Peoples War Group and the Maoist Communist Centre in to the much strengthened Communist

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51 See "Setback in Nepal" (Ramani, 2012)

52 Author's interview with Maoist leader Mohan Baidya "Kiran", September 2011.

53 Maoist leader and former prime minister Baburam Bhattarai in a blogpost mentions this – "sometimes people raise questions – with full or little understanding – about my view and commitment towards nationalism and I am reminded of a painful experience. In the beginning, I also used to get carried away whenever that word came up in discussions. My PhD thesis, the protests I led in our early years, and the widely known 40-point demands have all been slave to this. ..But in the light of all the worldwide and regional economic, political, and social changes and the recent evolutionary changes inside our own country, I now understand we cannot win this outer fight for nationality without unity at home, without providing our citizens with rights or without making our country prosperous….Yes, we must free ourselves of the Sugauli treaty's yoke. We must do this not with World War II era tactics but by realising of where we stand in the twenty-first century. That's what I mean by progressive nationalism and that's what our party decided to follow at the general convention in Hetauda….Come, let us make this country strong, prosperous, and united so we may together protect its independence, sovereignty and territorial integrity." See, http://www.nepalitimes.com/blogs/thebrief/2013/09/21/progressive-nationalism/ (accessed October 1st 2013)

Party of India (Maoist) in 2004. The Indian Maoists had by all accounts (Gupta 2006) received a significant boost by the merger, had consolidated organizationally and militarily and had more 'effective' presence in various districts of the tribal dominated regions in central and north-central India. While, effectively, the Indian Maoists had still not graduated into an insurgent force that had control over "base areas" where they could offer alternate systems of governance and were limited as a guerilla based military force; their strength even at that much was enhanced following the merger.

Over the course of the UPA's two tenures, significant steps were taken by the central government to address the 'threat' of the Indian Maoists through a two-pronged approach (speech by India's Minister for Rural Development in the UPA regime, Jairam Ramesh (2011))– enhance delivery mechanisms and "development" in the tribal regions, while attempting to subdue the Maoists through force. This approach did yield some dividends as the Indian Maoists were forced to be restricted in their stronghold of southern Chattisgarh and assorted places in Orissa and Maharashtra as they were effectively weakened in their erstwhile bases in Andhra Pradesh (the Telangana region) over the period between 2004 and 2009.

The two pronged approach toward the Indian Maoists meant that there remained a lot of suspicion of cross-border linkages between the Indian and the Nepali Maoists, among the Indian establishment. This suspicion played out in rumours and comments about the Maoists building a corridor from "Pasupati to Tirupati" (ibid). Indian military and counter-insurgency experts were also aware that the Nepali Maoists did engage in training in guerilla warfare with the help of the Peoples' War Group in the earlier phase of the Nepal Civil War in the mid-1990s.

But relations between the Indian and Nepali Maoists were restricted only to ideological terms[54] as the CCOMPOSA was reduced mostly to a grouping of likeminded Maoist parties. Even this "fraternal" ideological relationship during the period of the civil war

54 Interviews with senior Maoist leaders including Mohan Baidya "Kiran" and several commanders in 2008 and 2012

and beyond got strained following the Maoists' decision to enter the political peace process and to engage in the Comprehensive Peace Agreement. The Indian Maoists went on to denounce these moves as a "strategic blunder"[55] and soon, termed the Nepali Maoists' engagement in the CA elections and constitution-writing process with other "bourgeois parties" as "neo-revisionism". The Nepali Maoists also came under criticism by other Maoist parties such as the influential Revolutionary Communist Party of the United States for ending the civil war.

As things stood in 2013, the Nepali Maoists, having experienced an internal split is now divided into two parties- the extant UCPN (Maoist) and the new breakaway CPN(Maoist). The UCPN(Maoist) has been termed as "neo-revisionist" by the Indian Maoists while the latter does not necessarily agree with the Indian Maoists on what should be the ideal mode of praxis. Despite the split, reports do not suggest any coordination with the Indian Maoists from within the new party, the CPN(Maoist) and the Indian Maoists, as the latter still has not taken to an insurgent path yet again.

5.5.4 Relations between the other political parties in Nepal with those in India

Other political parties, such as the Nepali Congress and the UML also have longstanding ties with Indian political parties. The Nepali Congress, the major democratising force in Nepal since the days of Ranacracy has had good relations with Indian democratic forces. The Indian National Congress led by Jawaharlal Nehru had been sympathetic to the cause of the Nepali Congress for constitutional monarchy in the 1950s. The Nepali Congress leadership had advocated a brand of "democratic socialism" that resonated with many sections of the Indian National Congress as also adherents to the Congress Socialist Party, which later on became the Socialist Party and included leaders such as Rammanohar Lohia.

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55 An article titled, "Open letter to Unified Communist Party of Nepal (Maoist) from the Communist Party of India (Maoist)" was published on July 20, 2009 by the Central Committee of the CPI(Maoist)

5.6 Conclusions

As argued in Chapter 4, the twin phenomenon of nationalism and democratisation in Nepal has guided its political process and foreign policy relations with India since the end of Rana rule. The upsurge of hitherto marginalised communities in Nepal, who were mobilised by the Maoists on the basis of demands for a Constitutional and federal republic combined with its tactical emphasis on nationalism enabled the massive change in Nepal's polity.

Simultaneously, India's sometimes contradictory and sometimes uniting emphasis on security and fostering stability through support for democratic impulses within Nepal has driven both its foreign policy vis-à-vis Nepal as well as moulded the phenomena of nationalism and democratic change in Nepal.

The dialectics between these two twin policies has characterised Indo-Nepal political relations – seen in the way India's role played out in Nepal's peace process in the mid-200s and later in the Constituent Assembly process.

The thesis goes a step beyond regular analysis on the subject by situating these twin processes in the changes brought out by dynamics of changes in social property relations in India and Nepal. Foreign policy and international relations cannot be reduced to a game of "power play' or security relationships. There is more in play and as Muni (1999) argues, the dominance and salience of domestic factors in these relations cannot be argued against.

It goes without saying that conventional IR theories are unable to capture these dynamics as they lack internal consistency, suffer from a narrow reductionist approach and are generally irrelevant to the specific dynamics of these post-colonial nation-states.

CONCLUSIONS

CONCLUSIONS

The following research questions were set for the thesis –

1. Do traditional IR theories – Realism, Neorealism and Liberal Internationalism explain the operation of international politics within South Asia?

A discursive look in Chapter 1 at the various paradigms of International Relations – Realism, Neorealism, Liberal Internationalism, Social Constructivism, Marxism and others – show that these "traditional" theories have different kinds of lacuna which do not aid in a thoroughgoing study of IR. While Realism and its variants – structural realism in particular – are reductionist in setting the line of focus as only the "international" and limiting the scope of study to "power" and/or "anarchy", liberal internationalism also flows from a similar instrumentalist reading of "how the world hangs together". Social Constructivism provides a methodological break from the above paradigms, but it too under-characterises the "international" and relies on a reductive approach of "intersubjectivities" and negotiations between various elite actors to frame IR. What is required is to study both the "international" and the domestic in terms of the evolution of the international system, regime changes, and so on as a consequence of interactions between antagonistic or competing forces, moored in "social property relations" – classes and social agents who contribute to the political structure of the "domestic" and also the "international".

2. What would be the contours of a normative framework that would explain the operation of international politics and IR through an understanding of social property relations?

What is required is a historical-sociological approach to understand the changes that characterise regime dynamics and to understand the impact of systemic geopolitical features that govern the international system today on these dynamics. Such a normative framework is provided by the new paradigm of "Political Marxism" that breaks away

from the reductive emphasis of Classical Marxism and its variants and their under-theorisation of the nation-State. This is concluded in Chapter 1 of the thesis.

3. What kind of social property relations persist in the Indian state and in Nepal which has in turn governed the kind of relations that the Indian state has with its neighbours and vice versa in south Asia?

A historical-sociological study of the changes in social property relations from Mughal ruled India to the colonial period to the post-Independence period was undertaken in this thesis in Chapters 2 and 3. It was found that the socio-political contradictions within these various regimes motivated the interests of the elites who dominated them and also the foreign policy of the nation-state during their periods.

It was found that the change in social property relations from the colonial period – from being driven by the interests of metropolitan capital to that of an autonomous state- had a bearing over domestic and foreign policy in India. If, in the Mughal period, the landed aristocracy and feudal classes had preponderance over state policy as the state apparatus was dependent upon them; in the colonial period, it was metropolitan capital that dominated and guided the Indian nation-state's policies and governance.

Significant changes were wrought out in the colonial period as the movement for Independence – such as the emergence of new classes, the expansion of a rudimentary capitalist class and making of a new Indian ruling class that sought to build legitimacy through a multi-class alliance. Post-Independence, a state emerged that was relatively autonomous apropos various classes, but still acted predominantly in the interests of the emerging bourgeoisie, while not upsetting the interests of the rural landed elite.

Slowly but steadily, while the relative autonomy of the Indian State was somewhat intact, there was greater preponderance of the big business classes which thrived during the *dirigiste* period and which benefited significantly from the liberalisation period as well. These changes resulted in a different emphasis in foreign policy as well, as India moved

away from a more "Realist" non-alignment strategy (attuned to the international structure post Independence) to a neoliberal State seeking a closer relationship with dominant Western powers post liberalisation. The relative autonomy of the Indian state allowed for a continued tussle of ideas over the nature of closeness with the dominant powers, even as the Indian nation-State sought a place for itself as a world power. This "tussle of ideas" and in policy within the regime impinged upon the Indian State's relations with its neighbours as well, and with Nepal in particular.

Apropos Nepal, a study of changes in social property relations in Chapter 4. This focused on changes from the pre-Rana Shah dynastic period, to the Rana period, followed by absolute monarchy and gradual transition to republican democracy – showed how this transition occurred due to the interplay of these relations. The changes in these relations impinged upon the respective regimes' foreign policy strategy as well, as much as it was governed by changes in the international system and what transpired in (British and later independent) India and China.

4. What exactly is the nature of relations between India and Nepal and how has it been modified over time since end of colonial rule in India and in particular between the years 1990-2009.

India's relations with Nepal saw both changes and continuity from the period of colonial rule in India and the pre-Rana period to the present. There is continuity in power interests – the present day Indian State sees Nepal as a geopolitical frontier not very different from the "buffer" that British ruled India characterised Nepal as. But there is significant change. The relative autonomy of the Indian State – characterised by powerplay of various class interests – has allowed it to carry forward an idealistic notion of supporting democratisation in its neighbourhood (as ultimately beneficial to its national interest). This principle governs Indian interventions in Nepal beyond a limited instrumentalist and a security-driven approach.

Chapter 5 of the thesis applies this perspective on India's foreign policy to its establishment's interventions and positions on political changes in Nepal over time and how this impacted other aspects of the relationship as well.

Changes in social property relations in Nepal over time brought about a new dynamic contradiction between nationalism and democratisation with various political forces alternating their stances on these two fronts. The political contestation over this dynamic gradually saw the changes in the regime in Nepal from absolute monarchy to a republic. In the run-up to writing the new Constitution in a republican Nepal, the dynamic has resulted in forces of status-quo adapting the language of nationalism, while those seeking state-restructuring arguing for thoroughgoing democratisation through federalisation. These changes also impacted various regimes' foreign policies vis-à-vis India. This is shown in Chapter 5.

The thesis set out to understand international relations as connected to the changes within the geopolitical units (nation-states) apart from those in the international order. In doing so to explain Indo-Nepal relations, it is shown that a theoretical understanding in IR that merges the "domestic" and the "international" can indeed be explained by the complex interactions and changes in the "domestic", negating the limited emphasis of IR in traditional Realist paradigms.

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The following diplomats were interviewed –

1. Ambassador Jayant Prasad (Indian Embassy, Kathmandu, 20ᵗʰ September 2011)
2. Anshuman Gaur (First secretary-political, Indian Embassy, Kathmandu on 22ᵗʰ September 2011)
3. Anju Ranjan (Indian Embassy, Kathmandu, 23ʳᵈ September 2011)

The following political actors were interviewed -

- Prime Minister Baburam Bhattarai on 30ᵗʰ September 2011
- Mohan Baidya Kiran (Maoist leader), September 2011

ANNEXURES

Annexure 1

Twelve Point Agreement reached between the Seven Political Parties and the Communist Party of Nepal (Maoist):

The struggle between absolute monarchy and democracy running for a long time in Nepal has now been reached in a very grave and new turn. It has become the need of today to establish peace by resolving the 10-year old armed conflict through a forward - looking political outlet. Therefore, it has become an inevitable need to implement the concept of full democracy through a forward - looking restructuring of the state to resolve the problems related to class, cast, gender, region and so on of all sectors including the political, economic, social and cultural, by bringing the autocratic monarchy to an end and establishing full democracy. We hereby disclose that in the existence of aforesaid context and reference in the country, the following understanding has been reached between the Seven Political Parties within the parliament and the CPN (Maoists) through holding talks in different manners.

The points reached in understanding

1. The democracy, peace, prosperity, social advancement and an independent, sovereign Nepal is the principal wish of all Nepali people in the country today. We are fully agreed that the autocratic monarchy is the main hurdle for this. We have a clear opinion that the peace, progress and prosperity in the country is not possible until and full democracy is established by bringing the absolute monarchy to an end. Therefore, an understanding has been reached to establish full democracy by bringing the autocratic monarchy to an end through creating a storm of nationwide democratic movement of all the forces against autocratic monarchy by focusing their assault against the autocratic monarchy from their respective positions.

2. The agitating Seven Political Parties are fully committed to the fact that the existing conflict in the country can be resolved and the sovereignty and the state powers can completely be established in people only by establishing full democracy by restoring the parliament through the force of agitation and forming an power full - party Government

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by its decision, negotiating with the Maoists, and on the basis of agreement, holding the election of constituent assembly. The CPN (Maoists) has the view and commitment that the aforesaid goal can be achieved by holding a national political conference of the agitating democratic forces, and through its decision, forming an Interim Government and holding the election of constituent assembly. On the issue of this procedural agenda, an understanding has been made to continue dialogue and seek for a common agreement between the agitating Seven Political Parties and the CPN (Maoists). It has been agreed that the force of people's movement is the only alternative to achieve this goal.

3. The country, today, demands the establishment of a permanent peace along with a positive resolution of the armed conflict. We are, therefore, firmly committed to establish a permanent peace by bringing the existing armed conflict in the country to an end through a forward-looking political outlet of the establishment of the full democracy by ending the autocratic monarchy and holding an election of the constituent assembly that would come on the basis of aforesaid procedure. The CPN (Maoists) expresses its commitment to move forward in the new peaceful political stream through this process. In this very context, an understanding has been made to keep the Maoists armed force and the Royal Army under the United Nations or a reliable international supervision during the process of the election of constituent assembly after the end of the autocratic monarchy, to accomplish the election in a free and fair manner and to accept the result of the election. We also expect for the involvement of a reliable international community even in the process of negotiation.

4. Making public its commitment, institutional in a clear manner, towards the democratic norms and values like the competitive multiparty system of governance, civil liberties, fundamental rights, human tights, principle of rule of law etc., the CPN (Maoists) has expressed its commitment to move forward its activities accordingly.

5. The CPN (Maoists) has expressed its commitment to create an environment to allow the people and the leaders and workers of the political parties, who are displaced during the course of armed conflict, to return and stay with dignity in their respective places, to return their homes, land and property that was seized in an unjust manner and to allow them to carry out the political activities without any hindrance.

6. Making a self-assessment and a self-criticism of the past mistakes and weaknesses, the CPN (Maoists) has expressed its commitment for not allowing the mistakes and weaknesses to be committed in future.

7. Making a self-assessment towards the mistakes and weaknesses committed while staying in the Government and parliament in the past, the seven political parties have expressed their commitment for not repeating such mistakes and weaknesses now onwards.

8. The commitment has been made to fully respect the norms and values of the human rights and to move forward on the basis of them, and to respect the press freedom in the context of moving the peace process ahead.

9. As the announcement of the election of municipality is pushed forward for an ill-motive of deluding the people and the international community and of giving continuity to the autocratic and illegitimate rule of the King, and the rumour of the election of the parliament are a crafty ploy, announcing to boycott it actively in our own respective way, the general public are appealed to make such elections a failure.

10. The people and their representative political parties are the real guardians of nationality. Therefore, we are firmly committed towards the protection of the independence, sovereignty and the geographical integrity and the national unity of the country. It is our common obligation to maintain friendly relations based on the principle of peaceful co-existence with all countries of the world and a good-neighborhood relationship with neighboring countries, especially with India and China. But we request all the patriotic peoples to remain cautious against the false attempt of the King and the monarchists to create confusion in the patriotic people by projecting the illusory the fake ('Mandale') nationalism to prolong the autocratic and illegitimate rule of the King and to raise question mark over the patriotism of the political parties, and we appeal to the international powers and the communities to support the democratic movement against the autocratic monarchy in Nepal in every possible way.

11. We heartly invite the civil society, professional organizations, various wings of parties, people of all communities and regions, the press community, intellectuals all the Nepali people to make the Movement succeed by actively participating in the peaceful People's Movement launched on the basis of these understandings reached by keeping the

democracy, peace, prosperity, forward-looking social transformation and the independence, sovereignty, and dignity of the country in centre.

12. Regarding the inappropriate conducts that took place among the parties in the past, a common commitment has been expressed to investigate the incidents raised objection and asked for the investigation by any party and take action over the guilty one if found and make informed publicly. An understanding has been made to resolve the problems if emerged among the parties now onwards through the dialogue by discussing in the concerned level or in the leadership level.

22 November 2005

Annexure 2

Text of the Comprehensive Peace Accord Concluded Between the Government of Nepal and the Communist Party of Nepal (Maoist):

Preamble: Respecting the people's mandate expressed in favour of democracy, peace and progress by the Nepali people through the historic struggles and people's movement, launched, from time to time, since prior to 1950 to till now,

Reaffirming full commitment towards the 12-points Understanding, the 8-points Agreement reached between the Seven Political Parties and the Communist Party of Nepal (Maoist) (CPN Maoist), the 25-points Code of Conduct agreed between the Government of Nepal and the CPN (Maoist), the decisions of the meeting of high level leaders of the Seven Political Parties and the CPN (Maoist) held on November 8, 2006 including all agreements, understandings, code of conducts concluded between the Government of Nepal and the CPN (Maoist), and correspondence of similar view point sent to the United Nations Organisation,

Expressing determination to carry out a progressive restructuring of the state to resolve the existing problems based on class, caste, region and sex,

Reiterating the commitment towards the competitive multiparty democratic system of governance, civil liberty, fundamental rights, human rights, full press freedom and concept of rule of law and also democratic values and norms,

Remaining committed towards the Universal Declaration of Human Rights, 1948 and the international humanitarian laws and basic principles and values relating to human rights,

Guaranteeing the fundamental rights of the Nepali People to participate in the elections of the Constituent Assembly in a free, impartial and fearless environment,

Keeping democracy, peace, prosperity, progressive socio-economic change and freedom, integrity, sovereignty and dignity of the country at the center,

Expressing determination to implement the commitment of holding an election of the Constituent Assembly in free and impartial manner by June 14, 2007,

Declaring the beginning of a new chapter of peaceful collaboration by ending the armed conflict being existed in the country since 1995 on the basis of the political understanding reached between both the parties in order to accomplish guarantee of sovereignty of Nepali people, progressive political outlet, democratic restructuring of the state and socio-economic and cultural transformation through the Constituent Assembly,

Now, therefore, this Comprehensive Peace Accord has been concluded between the Government of Nepal and CPN (Maoist) with a commitment to transform the ceasefire reached between the Government of Nepal and CPN (Maoist) into a long term peace.

1. Preliminary

1.1. This Accord shall be referred as the "Comprehensive Peace Accord, 2006." In short, the Accord shall be referred as Peace Accord.

1.2. The Accord shall come into force from today through a public declaration of the Government side and Maoist side.

1.3. Both sides shall issue necessary directives to all the agencies under them to immediately implement and abide by this Accord and, shall implement or cause to be implemented it.

1.4. All the agreements, understandings, code of conducts and decisions reached between the Seven Political Parties, the Government and the Maoists sides attached as an annex shall be deemed to be an integral part of this Accord.

2. Definitions:

Unless the subject or context otherwise requires, in this Accord:

(a) "Ceasefire" means the act to prohibit all terms of attack, kidnapping, act of disappearance, detention, mobilization, strengthening, aggression and violent activities of armed of forces and the activities spreading destruction, incitement and instigation in the society through whatsoever means carried out between the Government of Nepal and the CPN (Maoist) by aiming to each other.

(b) "Interim Constitution" means the Interim Constitution of Nepal, 2007" to be promulgated for the period until a new constitution is drafted and promulgated by the Constituent Assembly.

(c) "Interim Council of Ministers" means the Interim Council of Ministers to be constituted under to the Interim Constitution.

(d) "Both sides" mean the Government of Nepal side and the Communist Party of Nepal (Maoist) side.

(e) "Law in Force" means the Interim Constitution of Nepal, 2007 and the Nepal laws in force that are not inconsistent to it. Provided that this definition shall not prejudice to the legal provisions existed before the promulgation of the Interim Constitution, 2007.

(f) "Verification" means the matter of preparation of exact record after verification of army, combatants and arms by the United Nations Organization.

3. Political, Economic and Social Transformation and Conflict Management

Both sides agree to adopt the following policies and programmes for the political, economic and social transformation and to manage the existing conflict in the country in a positive manner.

3.1. To ensure progressive political, economic and social transformation in the country on the basis of the decisions reached at the meeting of high level leaders of Seven Political Parties and CPN (Maoist) on Nov. 8, 2006.

3.2. To constitute an Interim Legislature-Parliament on the basis of Interim Constitution, and to hold an election of the Constituent Assembly in a free and impartial manner by the Interim Government by June 14, 2007 and to ensure practically the sovereignty vested upon the Nepali people.

3.3. No powers on rule of the country shall be vested upon the King. The properties of late King Birendra, late Queen Aishworya and their family shall be transferred into control of the Government of Nepal and be utilized for the interest of the nation by forming a trust. All properties (like the palaces located in different places, forest and parks, heritages of historical and archeological importance etc.) acquired by the King Gyanendra in that capacity shall be nationalized. Matter whether or not to maintain the institution monarchy shall be decided by a simple majority in the first meeting of the Constituent Assembly.

3.4. To adopt a political system that fully abides by the universally accepted concepts of fundamental human rights, multiparty competitive democratic system, sovereignty vested upon the people and supremacy of the people, constitutional balance and check, rule of law, social justice and equality, independent judiciary, periodic elections, monitoring of the civil society. complete press freedom, people's right to information, transparency and accountability in the activities of political parties, people's participation, impartial, competent, and fair bureaucracy and to maintain good governance by ending corruption and impunity.

3.5. To carry out an inclusive, democratic and progressive restructuring of the state by eliminating the current centralized and unitary form of the state in order to address the

problems related to women, Dalit, indigenous snd ethnic (Janajatis) people, Madheshi, oppressed, neglected and minority communities and backward regions by ending discrimination based on class, caste, language, gender, culture, religion and region.

3.6. To decide, through mutual agreement, a minimum common programme for the socio-economic transformation that ends all forms of feudalism and to implement it gradually.

3.7. To adopt a policy to introduce a scientific land reforms programme by ending feudal land ownership.

3.8. To follow a policy to protect and promote the national industries and resources.

3.9. To adopt a policy to establish the rights of all citizens to education, health, housing, employment and food sovereignty.

3.10. To adopt a policy to provide land and other economic and social security to the economically backwarded classes including landless, bonded labours and pastoral farmers.

3.11. To adopt a policy of severely punishment to the person that acquires unjust wealth through corruption while holding a government office of the profit.

3.12. To build a common development concept for socio-economic transformation and justice as well as to make the country quickly as developed and economically prosperous.

3.13. To ensure the professional rights of the labours and follow a policy for massive increase in employment and income generation opportunities by increasing investment in industries, trade, export promotion etc.

4. Management of Armies and Arms

In order to hold the election of Constituent Assembly in the peaceful, impartial and fearless environment and for the democratization and restructuring of the army to carry out the following tasks in accordance with the 12-points understanding, eight-points agreement and 25-points code of conduct concluded in the past, the five-points letter sent to the United Nations and the decisiond taken in the meeting of high level leaders held on November 8, 2006

Concerning the Maoist Army:

4.1. As per the commitment expressed in the letter sent to the United Nations on behalf of the Government of Nepal and the CPN (Maoist) on August 9, 2006, combatants of the

Maoist's army shall be confined within the following temporary cantonments in the following places. They shall be verified and monitored by the United Nations.

The main cantonments shall be located in the following places:

1. Kailali

2. Surkhet

3. Rolpa

4. Nawalparasi

5. Chitwan

6. Sindhuli

7. Ilam

The sub-cantonments around the main cantonments shall be located at the rate of three each.

4.2. After confining the Maoist combatants within the cantonments, all arms and ammunition except those required for the security of the cantonments shall securely be stored in the cantonment and the keys shall be kept by the concerned party after installing a single lock. In the process of installing such a lock, a device with a siren for the monitoring by the United Nations for its record shall be assembled. While carrying out the necessary examination of the stored arms, the United Nations shall do it in the presence of the concerned party. Other technical details related to this process along with the camera monitoring shall be prepared through an agreement between the United Nations, CPN (Maoist) and the Government of Nepal.

4.3. When the Maoist combatants stay in the temporary cantonments, the Government of Nepal shall provide rationing supplies and other necessary arrangements.

4.4. The Interim Council of Ministers shall work to supervise, integrate and rehabilitate the Maoist combatants.

4.5. Security provisions for the Maoist leaders shall be made through the understanding with the Government.

In regard to Nepal Army-

4.6. The Nepal Army shall be confined within the barracks as per the commitment expressed in the letter sent to the United Nations. It shall be guaranteed that their arms are not used for or against any one. The Nepal Army shall also store their arms in equal

numbers to that are stored on-behalf of the Maoists, and shall be sealed it with a single-lock and the key shall be kept by the concerned party. In the process of installing the lock, a device shall be used along with a siren for its record for the monitoring by the United Nations. While carrying out the necessary examination of the stored arms, the United Nations shall do it in the presence of the concerned party. Other technical details related to this process along with camera monitoring shall be prepared through an agreement between the United Nations, the CPN (Maoist) and Government of Nepal.

4.7. The control, mobilization and management of the Nepal Army shall be done by the Council of Ministers in accordance with the newly enacted Military Act. The Interim Council of Ministers shall prepare and implement a detailed action plan for the democratization of the Nepal Army having also taken suggestions from the concerned committee of the Interim legislature. Under this scheme the activities like determination appropriate number of the Nepal Army, its democratic structure and national and inclusive character, shall be developed and the army shall be trained through the democratic and human rights values and other related works shall also be performed.

4.8. Continuity of the functions that are performing by the Nepal Army like border security, security of the conservation areas, protected parks, banks, airports, power houses, telephone towers, central secretariat and security of very important persons shall be given.

5. Ceasefire

5.1. Termination of the military action and the armed mobilization:

5.1.1. Both sides express their commitments not to carry out the following activities:

a. An act of using of any type of arms and weapons targeted against each other in direct or indirect way or of attack;

b. Searching or confiscating weapons belonging to otherside with or without weapons at the place where the arms have been stored as per the understanding reached between the two sides;

c. An act of hurt or exerting mental pressure to any person;

d. An act of setting up ambush targeting each other;

e. Murder and violent activities;

f. An act of kidnapping/arrest/detention/disappearance;

g. Damaging public/private/government or military property;

h. Aerial attack or bombardment;

i. An act of land mining and sabotage;

j. An act of spying on military activity of each other.

5.1.2. Both sides shall not recruit additional military forces or shall not transport arms and ammunitions and explosives or conduct military activities against each other;

Provided that the Interim Government may, in order to prevent illegal trafficking of materials like arms and weapons, explosives or part thereof or raw materials thereof, conduct patrolling, search or confiscate them in international border or custom points by mobilization of the security forces.

5.1.3. No individual or group shall travel with illegal arms, ammunitions and explosives.

5.1.4. Both sides shall assist each other to mark landmines and bodytraps used during the time of armed conflict by providing necessary information within 30 days and defuse and excavate the same within 60 days.

5.1.5. Armies of both sides shall not present with arms or combat dress in any civil gathering, political meeting or any public programme.

5.1.6. Nepal Police and Armed Police Force shall continue to act for maintaining law, order and peace and conduct criminal investigation as per the spirit and letters of the people movement and Peace Accord as well as the prevailing law.

5.1.7. Both sides shall issue circulars to their respective armed agencies or personnels to stop to address as 'enemy' to any armed person of one side to the armed person of the other side and also to treat them in similar manner.

5.1.8. Both sides express their consent to create an inventory of governmental, public and private buildings, land and other properties occupied, locked up or not allowed to use in course of the armed conflict and to return them immediately.

5.2. Measures for Normalization of the Situation:

5.2.1. It is not allowed to collect cash or kind and levy tax against one's will and contrary to the law in force.

5.2.2. Both sides agree to make public the status of the people taken in their custody and to release them within a period of fifteen days.

5.2.3. Both sides agree to make public the information about the real name, surname and address of the people who were disappeared by both sides and who were killed during the war and to inform also the family about it within 60 days from the date on which this Accord has been signed.

5.2.4. Both sides agree, to maintain the peace in the society normalizing adverse situation occurred by the reason of the armed conflict and to carry out relief work for, and to rehabilitate people victimized and displaced by the war to constitute a National Peace and Rehabilitation Commission to perform the business related to it.

5.2.5. Both sides agree to constitute a High-level Truth and Reconciliation Commission through the mutual agreement in order to investigate truth about those who have seriously violated human rights and those who were involved in crimes against humanity in course of the war and to create an environment for reconciliations in the society.

5.2.6. Both sides pledge to renounce war, attack, counter-attack, violence and counter-violence of all forms in the country with a commitment to ensure democracy, peace and progressive change in the Nepali society. There is an understanding between two sides in the matter of assisting one another in peace building and maintaining law and order.

5.2.7. Both sides guarantee to withdraw accusations, claims, complaints and cases under consideration alleged against various individuals due to political reasons and to make immediately public the state of those who are in detention and to release them immediately.

5.2.8. Both sides express their commitment to allow the persons displaced due to the armed conflict to return back voluntarily to their respective ancestral or previous places of residence without any political prejudice, to reconstruct the infrastructure destroyed as a result of the conflict and to rehabilitate and socialize the displaced persons with due respect.

5.2.9. Both sides agree to resolve the problems occurred in the above mentioned context on the basis of mutual agreement and to take responsibility at the individual and collective manner for the task to create favourable environment for normalization of mutual relations and reconciliation and to implement it with the help of all political parties, civil society and also local organizations.

5.2.10. Both sides express their commitment not to discriminate against and give any kind of pressure on other members of the family by the reason of associating a member of the family with one or the other side.

5.2.11. Both sides agree not to create any kind of obstacle and allow any kind of obstruction to be created to the employees of Government of Nepal and public agencies in course of traveling freely to any part of the country to fulfill their duties and to perform their business and to extend cooperation them to perform their duties.

5.2.12. Both sides agree to allow the United Nations, International Donors Agencies and also Diplomatic Missions based in Nepal, national and international non-government organizations, press, human rights activists, election observers and foreign tourists for unrestricted movement in the State of Nepal in accordance with law.

5.2.13. Both sides are committed to operate publicity programmes in a decent and respectable manner.

6. End of War

6.1. We hereby declare the end of the armed war going on since 1995 giving permanency to the ongoing ceasefire reached between the Government and the Maoists on the basis of the Historical Agreement concluded between the Seven Political Parties and the CPN (Maoist) on November 8, 2006,

6.2. The decision taken by the meeting of high level leaders of the Seven Political Parties and the CPN (Maoist) on November 8, 2006 shall be the main policy basis for long term peace.

6.3. After confining the Nepal Army in the barracks and the Maoist Army combatants in the cantonments, holding and displacing the arms, creating fear and threat and use of any type of violence and arms contrary to the understanding, agreements and law shall legally be punishable.

6.4. Armies of both the sides shall not be allowed to publicize for or against any party and to go for or against of any side. However, they shall not be deprived from their voting rights.

7. Observance of the Human Rights, Fundamental Rights and Humanitarian law

Remaining committed to the Universal Declaration of Human Rights, 1948, international humanitarian law and fundamental principles and norms concerning human rights, both sides express their consent to the following issues:

7.1. Human Rights:

7.1.1. Both sides reconfirm their commitment to the respect and protection of human rights and commitment to the international humanitarian law and accept that nobody shall be discriminated on the basis of colour, gender, language, religion, age, race, national or social origin, wealth, disability, birth or on other status, opinion or faith.

7.1.2. Both sides agree to create an atmosphere for the Nepali people to enjoy their civil, political, economic, social and cultural rights and are committed to create an atmosphere where such rights are not violated in the future under any condition.

7.1.3. Both sides express the commitment that impartial investigation and action shall be carried out in accordance with law against the persons responsible for creating obstructions to exercise the rights envisaged in the Accord and ensure that impunity shall not be encouraged. Apart from this, they also ensure rights of the victims of conflict and torture and the family of disappeared persons to obtain relief.

7.1.4. Both sides shall not carry out acts of torture, kidnapping and forced labor against public in general and shall also take necessary action to discourage such acts.

7.1.5. Both sides shall, on the basis of norms and values of secularism, respect social, cultural and religious sensitivity, religious sites and the religious faith of individuals.

7.2. Right to Life:

7.2.1. Both sides respect and protect an individual's fundamental right to life. No one shall be deprived of this fundamental right and no law shall be made that provides for capital punishment.

7.3. Right to Individual Dignity, Freedom and Movement:

7.3.1. Both sides respect and protect the right to individual dignity. In this connection, no person including those deprived of their freedom in accordance with the law shall be subjected to torture or any other cruel, inhuman or degrading treatment or punishment. Right to privacy of the citizen shall, legally be respected.

7.3.2. Both sides shall, respecting fully the individual's right to freedom and security, not keep anyone under arbitrary or illegal detention, kidnap or take as hostage. Both sides

agree to make public the status of every disappeared person and held as captive and inform the matter related thereto their family members, legal advisors and other authorized persons.

7.3.3. Both sides respect and protect right to freedom of movement, freedom to choose the place of residence, subject to legal norms and express the commitment to respect the right of the persons displaced by the conflict and their families to return back to their original residence or to settle in any other places of their choice.

7.4. Civil and Political Rights:

7.4.1. Both sides are committed to respect and protect every person's freedom to opinion, expression, form union and association and peaceably assemble and right against exploitation.

7.4.2. Both sides respect the right of every citizen to take part directly or through one's nominated representative in the matters of public concern, to cast vote, to be elected and to enjoy the right to equality of entering into public service.

7.4.3. Both sides are committed to respect the person's right to be informed.

7.5. Socio-economic Rights:

7.5.1. Both sides are committed to respect and protect right to livelihood of a persons through freely chosen or accepted employment.

7.5.2. Both sides are committed to respect and guarantee the right to food security of all people. They ensure that no interference shall be made in use, transportation and distribution of food grains and food products.

7.5.3. Both sides acknowledge that right to health of the citizen shall be respected and protected. Both sides shall not hinder to supply and assist medicine and health related campaigns, and express their commitment for treatment and rehabilitation of those who were injured by the reason of the conflict.

7.5.4. Realizing that the right to education for all should be ensured and respected, both sides are committed to maintain appropriate academic environment in educational institutions. Both sides agree to guarantee that the right to education shall not be violated. They agree to put immediately to an end the activities like taking the educational institutions under control and using them, causing teachers and students to be disappeared

or taking them under control or abduction and not to establish military barracks in the schools and hospitals in a way so that it would impede them.

7.5.5. Both sides agree that private property of any person shall not be seized or controlled except in accordance with law.

7.5.6. Both sides believe in giving continuity for production activities without disturbing the industrial environment in the country, respecting the right to collective bargaining and social security in the industrial enterprises, encouraging industrial enterprises and labour to solve the problem arising between them, if any, in a peaceful manner and respect the right to work determined by the International Labor Organization.

7.6. Rights of Woman and Child:

7.6.1 Both sides fully agree to provide special protection to the rights of women and children, to immediately prohibit all types of violence against women and children, including child labor, as well as sexual exploitation and harassment, and not to include or use children who are of eighteen years or below than that in the armed force. Children so affected shall, immediately, be rescued and necessary and appropriate assistance shall be provided for their rehabilitation.

7.7. Right to Personal Liberty:

7.7.1. Both sides agree to the freedom of belief and opinion, freedom of speech and publication, freedom to assemble peaceably and without arms, freedom of movement, freedom to practise any profession or occupation of one's choice, freedom to acquire and use property, freedom to participate in peaceful political activities, freedom to be equal before the law; and to operate or cause to be operated a tolerant system of justice.

8. Mechanism for Dispute Settlement and Implementation

8.1. Both sides express their consent to be individually and collectively responsible for not repeating mistakes in future that were committed in the past, and for correcting them gradually.

8.2. The National Peace and Rehabilitation Commission may create mechanisms as per necessary to make the peace campaign a successful. The constitution and procedures of the Commission shall be as determined by the Interim Council of Ministers.

8.3. Both sides are committed to resolve all types of mutual differences or problems that may arise at present and in future through mutual dialogue, understanding, agreement and negotiations.

8.4. Both sides express their commitment to the fact that the Interim Council of Ministers shall, in order to implement this Accord, the Interim Constitution and all the decisions, agreements and understandings concluded between the Seven Political Parties, the Government of Nepal and the CPN (Maoist), constitute the National Peace and Rehabilitation Commission, the Truth and Reconciliation Commission, a High-level Recommendation Commission for the Restructuring of the State and other mechanisms as per necessity, and may determine their working procedures.

9. Implementation and Monitoring

Both sides agree to the following arrangements for the implementation and the monitoring of the agreement referred to in this Accord

9.1. Both sides agree to give continuity of the task for monitoring provisions concerning human rights referred to in this Accord by the Nepal based United Nations Office of the High Commissioner for Human Rights.

9.2. Both sides agree to cause to be monitored the management of armies and the arms by the Nepal based United Nations Mission as referred to in the five-points letter sent to the United Nations earlier and in this Accord and express their commitment to assist therefor.

9.3. Both sides agree to cause to be supervised the election of the Constituent Assembly by the United Nations.

9.4. The National Human Rights Commission shall, in addition to its responsibilities as determined by law, also carry out such works as are related to the monitoring of human rights as referred to in this Accord. The said Commission in the course of performance of its business, coordinate national and international institutions concerning human rights and obtain necessary help.

9.5. Both sides agree to receive the reports submitted by all abovementioned bodies, to provide information requested by them, and to implement the suggestions and recommendations to be provided by them on the basis of agreement and discussions.

10. Miscellaneous

10.1. Both sides agree not to operate parallel or other forms of mechanism in any areas of the State or Government machinery as per the spirit of the decisions of November 8, 2006 and the essence of the peace Accord.

10.2. Both sides agree to sign any complementary agreements, as per necessity, for the implementation of the present Accord.

10.3. This Accord may be amended at any time with the agreement of both sides. Both sides agree to provide other party a written notice of amendment if a party desires to amend it. Amendment to the Accord may be made with the agreement of both sides after receiving such a notice. The provisions to be made by such an amendment shall not be below than that of the minimum standards of recognized international human rights and humanitarian laws and main spirit for establishment of peace.

10.4. If any dispute arises in interpretation of this Accord, a joint mechanism consisting of both sides shall make the interpretation on the basis of the preamble and the documents included in the annex to this Accord, and such an interpretation shall be final.

10.5. The concept of "two sides" and the "situation" as referred to in this Accord shall, ipso facto, be ceased after the constitution of the Interim Legislature-Parliament. Thereafter, all responsibility for implementing the obligations referred to in this Accord shall be as per the arrangements made by the Interim Council of Ministers. It shall be a duty and responsibility of all the political parties to extend cooperation in the compliance and implementation of the Accord.

10.6. At a time when the entire country is centered in the main campaign of the election to the Constituent Assembly, we hereby heartly request to all to end their problems and demands through dialogue and negotiations and to extend cooperation to the election of the Constituent Assembly and to the peace and security situation.

10.7. We hereby heartly appeal to the political parties, civil society, professional groups, public-class organizations, journalists community, intellectuals and all Nepali people to actively participate in this historic campaign to build a New Nepal and to establish a sustainable peace through the elections of the Constituent Assembly by ending the armed conflict.

10.8. We heartly urge all the friendly nations and also the International Community

including the United Nations Organization to extend their support to Nepal in this campaign for establishing full democracy and sustainable peace in the country.

Taking cognizance of the responsibility to the future of the country and people, and being fully committed to the text of this Comprehensive Peace Accord, we hereby execute this Peace Accord on behalf of the GOVERNMENT OF NEPAL and the Communist Party of Nepal (Maoist), and make this Comprehensive Peace Accord public.

Sd.   **Sd.**

(Prachanda)   **(Girija Prasad Koirala)**

Chairperson,   **Prime Minister,**

Communist Party of Nepal (Maoist)   **Government of Nepal**

Done on November 21, 2006