



GLOBALISATION: A CRISIS OF THE IDENTITY OF THE INDIAN NATION STATE

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Abstract

An idea of 'single integrated nationhood' has been part of the public discourse in India for many decades, before and after independence in 1947, but it has gained greater importance since the 1990s when India opted for Structural Adjustment Policy (SAP) and adopted New Liberal Market Reforms. Due to opening up of economy and withdrawal of so called co operative federalist model, the states are now asserting their position in areas which were considered the prerogative of the Centre. Naturally, the question that appears to be relevant that under the impact of globalised liberal environment when the identities of the units are becoming more prominent, does it lead to a conflict with national identity and ultimately disintegration of the Indian nation state? It is important to evaluate Indian's response to the challenges posed by globalised market economy.

Keywords: Globalisation, Liberalisation, Structural Adjustment Policy, Nation States, Identity.

There is no doubt that global liberalisation and the policy of opening up of national market to the world has a definite impact over the traditional national identity of the citizens of the developing states and India is no exception to it. As a result of the incorporation of structural adjustment reforms and entrance into the liberalised market economy, during the last two and half decades undoubtedly India has revived its developmental setback of late 80s and early 90s and emerged as an upcoming industrial, economic and military power in the world^{1, 2} (refer Table: 1). At the same time, the widening gap between the rich and poor and increasing socio-economic inequality³ have created friction between different groups in society. The state, after six and half decades of independence, is witnessing significant changes in all walks of life and faces new set of challenges needing new and innovative responses.⁴

* Table – 1

India's Economic Growth Trends						
Subject Descriptor	Units	Scale	2012	2013	2014	2015
Gross Domestic Product, Current Prices	US Dollars	Billions	1,858.748	1,870.651	1,995.776	2,172.320
Gross Domestic Product, Per Capita Current Prices	US Dollars	Units	1,514.634	1,504.540	1,584.334	1,702.089
Gross Domestic Product, Based on Purchasing Power Parity(PPP), Valuation of Country GDP	US Dollars	Billions	4,785.509	5,069.158	5,425.430	5,872.364
Gross Domestic Product, Based on Purchasing Power Parity(PPP), Per Capita GDP	US Dollars	Units	3,899.559	4,077.057	4,306.941	4,601.203

Source: World Economic Outlook Data Base, 2015, Report of International Monetary Fund retrieved from <https://www.imf.org/external/pubs/ft/weo/2015> on July 15, 2016.

Globalisation: A Crisis to Nation State

At the beginning of the 21st century, the emergence of globalised order has definitely posed a threat to the prevalent nation state system. The two basic identities of nation state system⁵ are challenged by the governance of globalisation.⁶ In the post

¹ The Economy of India is the seventh-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is one of the G-20 major economies, a member of BRICS – As per report of International Monetary Fund, July 2015, Retrieved from <http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/weorept.aspx> on June 30, 2016.

² Though India's balance of payments since economic liberalisation, has been negative, India's exports rose consistently, covering 80.3% of its imports in 2002–03, up from 66.2% in 1990–91, Datt, Raddar; Sundharam, K.P.M, "Indian Economy", S.Chand, New Delhi, 2009, pp: 763-765.

³ "Poverty rates in India's poorest states are three to four times higher than those in the more advanced states. While India's average annual per capita income was \$1,410 in 2011 – placing it among the poorest of the world's middle-income countries – it was just \$436 in Uttar Pradesh (which has more people than Brazil) and only \$294 in Bihar, one of India's poorest states" - World Bank: India Country Overview 2013. Retrieved from <http://www.worldbank.org/en/country/india> on June 30, 2016

⁴ Majeed Akhtar, "Republic of India", in *Constitutional Origins, Structure, And Change in Federal Countries*, McGill Queen's University Press, London, 2005, pp. 189-91.

⁵ Nation state system is based on two basic principles namely, (1) Different national identities are bounded by territorial units, each of which is ruled by a separate self government and (2) These Governments of territory are internally and externally sovereign. It exercised comprehensive, supreme, unqualified and exclusive control over its designated territorial domain - Held David (1989), *Political Theory and the Modern State*, Stanford University Press, Stanford, California, 1989, p. 215.



cold war era state centric politics has gradually diminished. In the post international politics, there are important dimensions of global life other than the relations between nations.

Globalization is seen as an economic monster whose objectives include, among others, the wiping away of the nation-state's sovereignty especially with regard to socio-economic and political autonomy. As a matter of fact, the nation-state is seen as a toothless partner in the process and does not have the power or mandate to control or have a democratic voice pertaining to the principles and policies under which the globalization gospel is advanced. Globalization is changing the world step by step, it also changing and threatening the nation-state by challenging its sovereignty, the basic for the survival of the nation state. In the post cold war period multinational corporations (MNCs) have greatly accelerated integration of the global economy. The gradual strengthening of power of the international institutions makes nation-state sovereignty more and more vulnerable.⁷ Multinational companies not only manipulate the process of economic globalization, but also influence the internal polity in nation-state. Thus, the conventional functions of the nation-states are threatened and restricted by the globalization. Due to the development of global market, nation-state has to cooperate with transnational organizations because they have no other ways to protest the economic globalization. Some globalists have rightly suggested that today, fewer activities are oriented towards local – or even national – markets, more and more have meaning only in regional or a global context. In this globalised environment, nation states are definitely facing a serious crisis of losing its political as well as structural relevance.

In the opinion of the globalist thinkers the sovereignty of the nation-state is deeply threatened by globalization and thereby nation-state begun to lose their dominance.⁸ Globalisation has transformed the financial markets by increasing FDIs, portfolio-type transactions and thereby integrating national capital with the international financial capital. The nations cannot protect their currency and capital market, it become more and more vulnerable. Also from the daily goods and services produced in modern world, the nation-state has already lost their national label⁹. It is also argued that states can no longer provide traditional public goods¹⁰ to its members. National governments are no longer in control of the spread of ideas, capital, technology, labour, trade or ownership of economic assets. National governments now have less influence on business transactions; globalisation leads to increasing interdependence and greater international competition. National governments are losing control of national economic policies and their own economic future

In the opinion of the globalists, there are four threats to nation-states resulting from the emergence of globalisation, which is global capitalism, the dangerous of environment change, post-nuclear geopolitics and identity politics.¹¹ All four factors influence the nation-state in different regions. Capitalist transformation is mildly weakening the north of the nation-state, with the development of industrialization, environment pollution also threat the whole world, the problems of environment is hard to solve by the nation-state alone.¹² The technological – informational innovations of modern capitalism have indeed been revolutionalised the logistics of communication and at least makes it technologically possible the establishment of global society, undermining the existence of nation state. Identity politics and new social movements, using new technology increase the salience of diverse local and transnational identities at the expense of both national identities and broad class identities which were traditionally handled by the nation

⁶ "Virtually all nation-states become part of a larger pattern of global transformations and global flows. Goods, capital, people, knowledge, communications and weapons, as well as crime, pollutants, fashions and beliefs, rapidly move across territorial boundaries. It has become a fully interconnected global order..." - David Held, A. McGrew, "The End of the Old Order?", *Review of International Studies*, 24, 1998, p.230

⁷ As globalisation increases the power of the transnational organisations, Strange suggests that finally, power will shift from states to the Multinational Corporations - Strange Susan, "The Erosion of the State", *Current History*, 96 (613), 1997, pp. 365-369

⁸ In the opinion of Ohmae, Nation states are dinosaurs waiting to die. Ohmae argues that not only have nation states lost their ability to control exchange rates and protect their currencies, but they no longer generate real economic activity. As a result, he maintains, they have "already" forfeited their role as critical participants in the global economy. Once efficient engines of wealth creation, nation states today have become inefficient engines of wealth distribution, whose fates are increasingly determined by economic choices made elsewhere.- Ohmae Kenichi, *The End of The Nation State*, Harper Collins Publishers, London,2000, pp. 10-17.

⁹ Ohmae contends that four great forces -- capital, corporations, consumers, and communication - have combined to usurp the economic power once held by the nation state.- *Ibid*, p. 76

¹⁰ Cerny has categorized public goods in three groups: (1) regulatory goods: includes the establishment and protection of property rights, trade protection, etc. (2) productive/distributive goods: involves various direct and indirect state controlled or state-sponsored activities of production and distribution, (3) redistributive goods: involves wealth and welfare services, employment policies, environmental protection etc, Cerny Philip G. , "Globalisation and the Changing Logic of Collective Action", *International Organization*, 49(4), Autumn 1995, pp. 595-625.

Strange has suggested another area where the power and authority of the state to provide public goods has declined: defence. Armies are no longer kept to repel invaders, but to enforce civil order. Rather than territorial acquisition, states recognize the need to gain world market shares for their survival – Strange Susan, "The Erosion of the State", *Current History*, 96 (613), 1997pp. 365-369

¹¹ Mann, Michael, "Has Gloabalisation has ended the rise of the Nation State ?" in *International Political Economy*, Autumn, 1997, pp. 473-475.

¹² " New global limits, especially environmental and population threats producing perhaps a new risk society, have become too broad and too menacing to be handled by the nation state alone" – *Ibid*, p. 473



state. These new developments led to an emergence of transnational civil society, social movements for peace, human rights and environmental and social reform which are becoming truly global defying the necessity of nation state.

The Hyper-globalist thesis, argues that the modern world is borderless in nature, particularly in economic terms.¹³ National economies are included into one global economy, in which international financial markets and transnational companies dominate. In a borderless world, companies can simply pick and choose where to invest since they are no longer constrained by geography or territorial limits.¹⁴ The global economy is characterized by massive flows of money and capital across political boundaries. Integrated global finance markets.

Shift billions of dollars around the world daily.¹⁵ These changes have profound effect on nation-state's foreign exchange, tax revenues, interest rate, and the stability of currency, the employment level and the stock markets. Also the multinational companies improved by developed information technology and communications compared to bureaucracy laden nation states. Thus, in the age of globalisation, international institutions not only influence the sovereignty of the nation-states, but also control the national economic activities to a great extent¹⁶.

The lifting of trade barriers, liberalization of world capital markets, and swift technological progress, especially in the fields of information technology, transportation and telecommunications, have vastly increased and accelerated the movement of people, information, commodities and capital. Correspondingly, they have also broadened the range of issues which spill over the borders of nation-States requiring international norm setting and regulation and, therefore, consultation and formal negotiations on a global or regional scale. Many of the problems afflicting the world today - such as poverty, environmental pollution, economic crises, organized crime and terrorism – are increasingly transnational in nature, and cannot be dealt with only at the national level, or by state to state negotiations. Thus, the very nature of globalisation itself negates the utility and existence of the nation state.

In the era of globalisation international organisations and regimes, transnational bodies or national pressure groups, other “Non-state actors” such as MNCs, international nongovernmental organizations and ethnic groups are constantly challenging the legitimacy of the nation states in a situation of complex interdependence¹⁷. The present era of global politics also involves the emergence of regional and global law (also described as *cosmopolitan law* or global humanitarian law)¹⁸ which challenges the sovereignty of nation state.

Globalisation widens the scope of security. In the present era national security cannot be obtained without ensuring international security. International security includes environmental issues such as global warming, ozone depletion and acid rain. In the present situation, nation-states can no longer control their non-physical security requirements, such as protection of information and technology assets. Agents of threat can be the state, but can also be non-state groups and individuals, such as ethnic militias, cults, organized crime and terrorism.¹⁹ States are becoming more sensitive to security and military developments in other regions due to increasing financial, trade and economic relations. Furthermore, organizations like NATO also limits the state autonomy and sovereignty²⁰ and thereby undermining the significance of nation state.

A Crisis of Identity of the Indian State

Globalisation significantly restricts the role of the welfare state as enshrined in the Indian constitution, where under Article 46, the Indian state is envisaged to protect and promote the interests and rights of all individuals including the marginalised sections of the society. The framers of the Indian Constitution opted for quasi-federal governance suitable for accommodating regional diversity at the one hand and upholding national identity on the other. Indian federal structure is constitutionally highly centralised but administratively decentralised. Though in the early 1990s, Multinational Corporations and other international funding agencies seeking to invest in India, were much more interested to have policy dialogues with

¹³ Ohmae Kenichi, *The End of The Nation State*, Harper Collins Publishers, London, 2000, p. 9.

¹⁴ David Marsh, Nicola J. Smith, Nicola Hothi, “Globalization and the State”, in Colin Hay, Michael Lister, and David Marsh, *The State: Theories and Issues*, Palgrave Basingstoke, 2005, p. 173.

¹⁵ Holton, R.J., “Globalisation and the Nation State”, Palgrave Macmillan; 2 edition, London, June 15, 2011, pp. 31-33

¹⁶ Ohmae believes that global market has made the undermining of nation states’ role in world economy. He assumes: in today’s more competitive world, nation states no longer possess the seemingly bottomless well of resources from which people used to draw with impunity to fund their ambitions - Kenichi Ohmae, *The End of The Nation State*, Harper Collins Publishers, London 2000, p. 2.

¹⁷ Since the 1970’s, the theme of “interdependence” has been much debated. Interdependence argument suggests that growing contact between developed countries diminishes the power of state. See Keohane Robert O. and Nye Joseph, *Power and Interdependence*, Harper Collins, New York 1989.

¹⁸ Held David, McGrew A., “The End of the Old Order?”, *Review of International Studies*, 24, 1998, pp. 219-243

¹⁹ *Ibid*, 230

²⁰ Held David, *Political Theory and The Modern State*, Stanford University Press, Stanford California, 1989, pp. 231.



the central govt. But this attempt did not work well as the effects of globalisation felt more prominently in the state level rather than in the national level, and also as per the Indian Constitution, most powers and functions relating to implementing the programmes of globalisation lie with the states. Therefore the global organisations soon realised the necessity of transacting with the state governments directly. Under such a situation the role of the state govt's in the reforms process started becoming very crucial.²¹ Under such a situation some states like Tamilnadu, Gujarat or Karnataka readily got themselves involved in the process and reaped considerable benefits from economic liberalisation policy and some states specially the peripheral north eastern states failed to harvest any benefit of globalisation and that resulted in a new inequality among the states in India – between forward and backward states in terms of human development index.²²

Table : 2, State-wise Human Development Index (HDI) Scores and Ranks: 1983 to 2011-12 (Rural & Urban Combined)

State	1983		1987-88		1993		1999-2000		2004-05		2009-10		2011-12	
Andhra Pradesh	0.290	(14)	0.185	(16)	0.217	(18)	0.288	(14)	0.298	(16)	0.286	(16)	0.309	(17)
Arunachal Pradesh	0.116	(24)	0.066	(24)	0.110	(22)	0.168	(21)	0.234	(21)	0.175	(23)	0.124	(27)
Assam	0.242	(17)	0.123	(20)	0.147	(21)	0.144	(25)	0.234	(22)	0.176	(22)	0.138	(26)
Chhattisgarh	0.129	(22)	0.077	(22)	0.069	(23)	0.155	(23)	0.142	(27)	0.114	(27)	0.180	(24)
Gujarat	0.502	(8)	0.301	(12)	0.362	(10)	0.390	(11)	0.429	(12)	0.461	(8)	0.477	(10)
Haryana	0.556	(5)	0.415	(7)	0.396	(8)	0.490	(7)	0.544	(7)	0.516	(7)	0.493	(7)
Kerala	0.818	(1)	0.722	(1)	0.805	(1)	0.815	(1)	1.000	(1)	0.963	(1)	0.911	(1)
M. Pradesh	0.129	(22)	0.077	(22)	0.069	(23)	0.152	(24)	0.182	(23)	0.172	(24)	0.186	(23)
Maharashtra	0.504	(7)	0.408	(8)	0.446	(5)	0.506	(6)	0.583	(6)	0.602	(5)	0.629	(5)
Manipur	0.305	(13)	0.205	(14)	0.259	(15)	0.271	(16)	0.256	(19)	0.217	(21)	0.199	(22)
Meghalaya	0.215	(18)	0.124	(19)	0.225	(16)	0.260	(18)	0.340	(14)	0.259	(18)	0.246	(20)
Mizoram	0.547	(6)	0.449	(6)	0.613	(3)	0.576	(4)	0.529	(8)	0.449	(10)	0.408	(13)
Nagaland	0.272	(15)	0.476	(4)	0.438	(6)	0.467	(8)	0.403	(13)	0.262	(17)	0.257	(19)
Orissa	0.187	(20)	0.141	(18)	0.159	(19)	0.175	(20)	0.174	(24)	0.248	(19)	0.261	(18)
Punjab	0.691	(3)	0.519	(3)	0.562	(4)	0.578	(3)	0.640	(3)	0.584	(6)	0.538	(6)
Tamil Nadu	0.359	(11)	0.345	(9)	0.387	(9)	0.462	(9)	0.587	(5)	0.621	(4)	0.633	(4)
U. Pradesh	0.102	(25)	0.058	(25)	0.066	(25)	0.142	(26)	0.167	(25)	0.168	(25)	0.122	(28)
W. Bengal	0.324	(12)	0.318	(11)	0.353	(11)	0.371	(13)	0.462	(10)	0.409	(13)	0.483	(8)

- Within brackets shows the HDI ranking of the states in the particular year.²³
- Source: Chart constructed from collecting data from “UNDP State Human Development Reports for Indian State” retrieved from http://www.in.undp.org/content/india/en/home/library/hdr/human-development-reports/State_Human_Development_Reports.html dated July 19, 2016.

By transforming social interventionist state to a free market economy, globalisation has posed a serious challenge to the then existing system of governance consciously articulated and framed by the framers of the constitution and subsequent national leaders to maintain national integrity in an economically, socially, culturally and demographically highly diversified India. However, in the changed globalised context, it seems difficult to obtain a ‘nations of citizens in a fragmented society’²⁴ This observation can substantiated by two points: firstly, despite a sustained period of growth for over two and half decades since 1990s India’s federal govt. has been ridden with deficit so that it can no longer run a planned development. Secondly, the central government’s gross assistance to the states capital formation has declined.²⁵

²¹ Bhattacharyya Harihar & Konig Lion (ed), *Globalisation and Governance in India*, Routledge, New Delhi, 2015, p.8

²² *Ibid*, 8

²³ The Chart reveals that due to lack of infrastructural facilities in the North Eastern states like Manipur, Mizoram or Nagaland they hardly attracted any foreign investment or activities of any Multinational Corporations in their own states. As a result the position of Manipur deteriorated from 13th position in 1983 to 22nd position in 2012. The same is also true for Nagaland (15th in 1983 to 19th in 2012) or Mizoram (6th in 1983 to 13th in 2012) or Assam (17th in 1983 to 26th in 2012). On the other hand, earlier middle-income States like Tamilnadu, Maharashtra or West Bengal have enhanced their HD level during this period by attracting sizeable foreign investment. The performance of Tamil Nadu has improved from 11th position in 1983 to 4th position in 2011-12, due to constant efforts of the successive governments.

²⁴ Bhattacharyya Harihar & Konig Lion (ed), *Globalisation and Governance in India*, Routledge, New Delhi, 2015, p.9.

²⁵ *Ibid*, 9



Table : 3, Gross Capital Formation From Budgetary Resources of The Central Government

					(` crore)
	Gross financial assistance				
	for capital formation to				
	State	Non-			
	govern-	departmental	Others	Gross	
	ments	commercial		Capital	
		undertakings		Formation	
First Plan(1951-52 to 1955-56)	816	81	96	1605	
Second Plan(1956-57 to 1960-61)	1373	932	155	3905	
Third Plan(1961-62 to 1965-66)	2837	1659	210	7152	
Annual Plans(1966-67 to 1968-69)	2127	1594	164	5128	
Fourth Plan(1969-70 to 1973-74)	4570	2751	621	10911	
Fifth Plan(1974-75 to 1978-79)	9669	9381	921	25932	
Sixth Plan(1980-81 to 1984-85)	25693	21289	2663	64468	
Seventh Plan(1985-86 to 1989-90)	61469	31643	8829	133557	
Eighth Plan(1992-93 to 1996-97)	130780	26950	21796	253125	
Ninth Plan(1997-98 to 2001-02)	143451	43504	36547	324070	
Tenth Plan(2002-03 to 2006-07)	180157	26055	74600	424839	
Eleventh Plan(2007-08 to 2011-12)	298683	114895	291352	994154	

Source: Ministry of Finance, Economic and Functional Classification of the Central Govt Budget – various issues. Retrieved from <https://data.gov.in/keywords/gross-capital-formation> on July 20, 20169

The 1990s witnessed some major developments on the international plane which have posed new challenges to the Indian nation state both on ideological ground as well as on the politico-economy plane. One was the disintegration of socialist camp followed by the breakup of the mighty Soviet Union, thus putting an end to bipolar world order²⁶. Though officially India followed the path of non alignment, but there is no denying fact that since independence India was inclined towards socialist soviet both ideologically as well as for its territorial protection from the capitalist world in the bipolar order. The breakdown of the socialist system left no other option open to the Indian policy makers than to opt for a liberalised market economy and forced to compromise for freedom (capitalist order) at the expense of equality (socialist order). Since independence, the policy of planned economic development and establishment of just social order that immensely strengthened the integrity of the Indian nation state now came under a severe threat due to the emergence of the globalisation. Like many other multi-religious, multi-ethnic or multi-cultural states of the world, Indian nation state is also threatened by the emergence of global terrorism or fundamentalism.

In the opinion of some scholars, gradual withdrawal from welfare policies and disinvestment in the public sector challenged the legitimacy of the Indian nation state.²⁷ After the neo-liberal reforms begun at the end of the 1980s, there is a clear shift in advocating private sector expansion in health, education, and (other) “social services” and denial of state responsibility in these areas. In the pre liberalisation period, ‘Rural development’ has been an important component of social sector expenditure and a range of direct anti-poverty schemes and programmes directed to rural India had been initiated from early plan period. From the mid-1990s, the emphasis shifted to human development and physical infrastructure, such that budget

²⁶ Sharma T.R., “Changes in Indian politics until the 1990s: Issues and Trends”, in Bhattacharyya Harihar & Konig Lion (ed), *Globalisation and Governance in India*, Routledge, New Delhi, 2015, p.36

²⁷ *Ibid*, 36



allocations to anti-poverty programmes have declined significantly.²⁸ The percentage of the rural population with food intake below 2,200 calories per person per day (the benchmark for defining rural poverty) was 58.5 in 1993-94; it increased to 68 in 2011-12. Likewise the percentage of the urban population below 2,100 calories per person per day (the benchmark for defining urban poverty) was 57 in 1993-94; it increased to 65 in 2011-12.²⁹

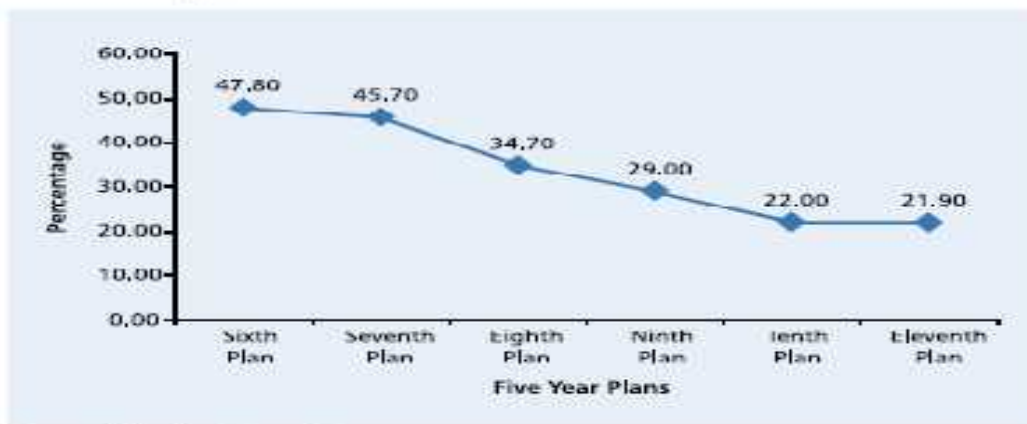
Table : 4, Disinvestment of Public Sector undertakings during liberalization Period



Source: Report of Reserve Bank of India on Union Budget 2013-14 retrieved from <https://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1080> on July 20, 2016.

Table : 5

Share of public sector investments in total investments (%)



Source: Planning Commission

Source: Planning Commission of India, Retrieved from <http://planningcommission.gov.in/data/datatable/index.php>. dated July 21, 2016.

Some contemporary Marxist scholars believe that the legitimacy of the Indian nation state is seriously undermined by the present globalised capitalist order. According to them this neo liberal capitalist order is distinctly different from the earlier capitalist state system prevalent in India.³⁰ Globalization led to a change in the nature of the Indian state. Since the “reforms” entailed the opening of the economy to freer cross-border flows of goods and capital, including of finance which is highly mobile and whose sudden outflow can precipitate a financial crisis, the Indian state under a “reform regime” necessarily has to ensure that the “confidence” of the international financiers in the economy remains intact. State policy therefore must

²⁸ Dev, S.M. 2008. *Inclusive growth in India: Agriculture, poverty and human development*. New Delhi: Oxford University Press. P. 134.

²⁹ Patnaik Prabhat, “It Never trickles down”, Report on *The Hindu*, dated July 26, 2016.

³⁰ In the opinion of Prabhat Patnaik, that though the post independent Indian state was basically bourgeois state in nature but at least it used to enjoy the sovereign power and stands above all classes even while promoting capitalist development, and that protects traditional petty producers, including the peasantry and the workers, against encroachments by capital. – Patnaik Prabhat, “It never trickles down”, *The Hindu*, July 26, 2016.



always be to their liking.³¹ A fallout of this is the withdrawal of support by the state from traditional petty production, and hence the unleashing of a crisis in this sector, including in peasant agriculture. The increase in the prices of agricultural inputs because of reduced subsidies, the withdrawal of government price support for several crops by ending the market-intervention role of the Commodity Boards, the removal of the insulation from world market price fluctuations that had been provided earlier to the agrarian economy through tariffs and quantitative restrictions, the cuts in public investment in agriculture and irrigation and the retreat of the government from providing essential services like quality education, all added terrible misery to the huge agrarian population of the rural India.³² In a predominantly agrarian country like India the legitimacy of the state and the stability of the govt stems out of this section of the population. The gradual deprivation of the rural peasantry and unorganized workers in the urban and semi urban localities posed a crisis to the Indian nation state.³³

Thus, the emergence of liberalized market economy and the opening of Indian market to the external world posed a serious challenge to the bonding of the Indian nation state. The cooperative federalist model is no longer workable to hold the nation together by ensuring the development of the periphery at the cost of the affluent states. Regional identities are becoming more and more prominent undermining the identity of integrated Indian nationhood in the perfect competitive globalised environment.

³¹ *Ibid*

³² *The percentage of the rural population with food intake below 2,200 calories per person per day (the benchmark for defining rural poverty) was 58.5 in 1993-94; it increased to 68 in 2011-12. Likewise the percentage of the urban population below 2,100 calories per person per day (the benchmark for defining urban poverty) was 57 in 1993-94; it increased to 65 in 2011-12. - Ibid*

³³ *This Crisis is not something unique to India alone, "at the turn of the millennium, realities proved that a lot of poor countries had and continued to have choking debts, despite being on board of the globalization ship. So the debt forgiveness was the latest panacea for relieving poverty of poor countries. It is, therefore, the crippling of the poor nation-states' economies, among others, which triggers a lot of questions about the legitimacy of globalization as a socio-economic and political messiah to the global village." - Easterly, W, "The elusive quest for growth: Economists' adventures and misadventures in the tropic", The MIT Press, Cambridge, 2002, p. 124.*