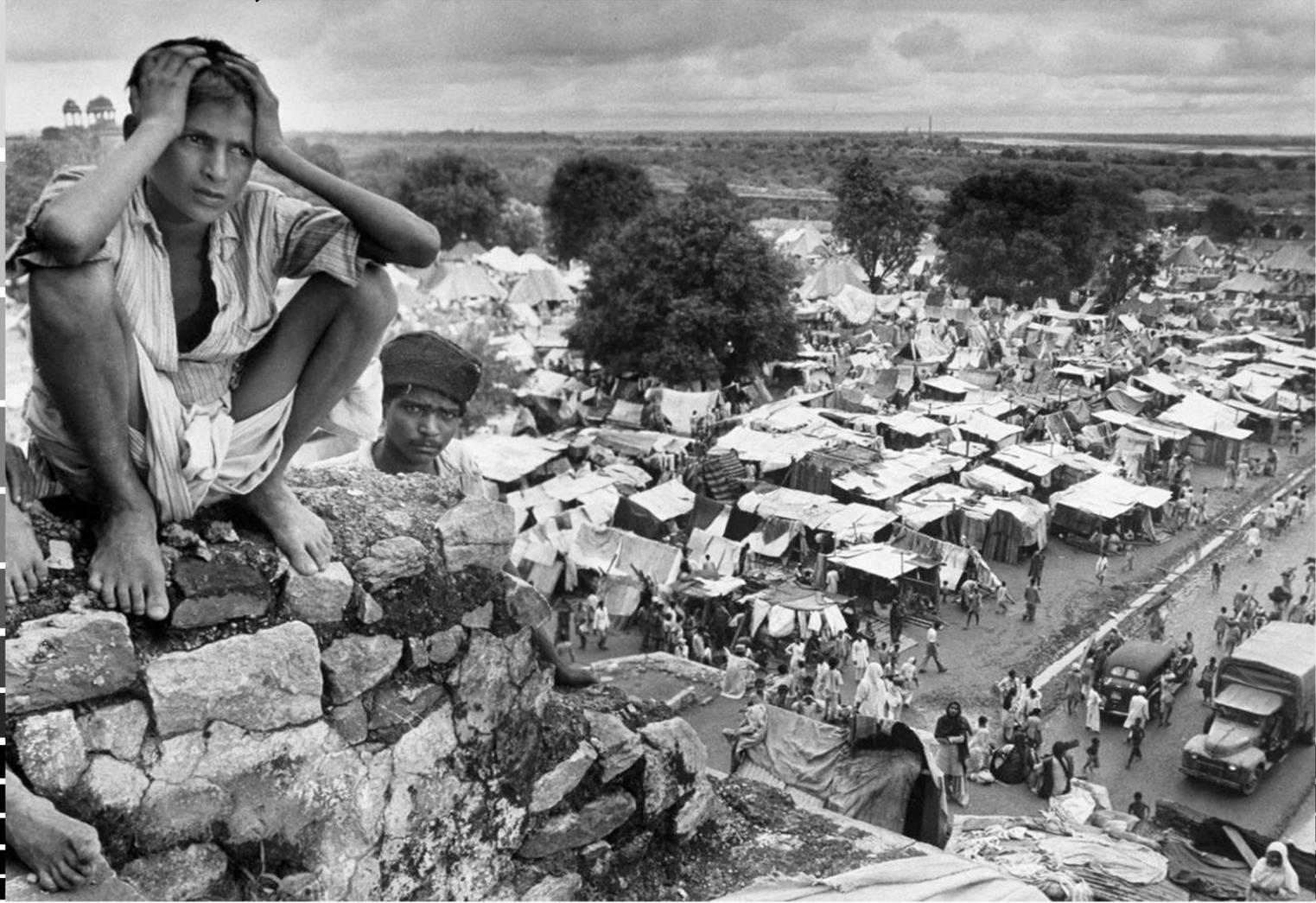


# Maharashtra, India



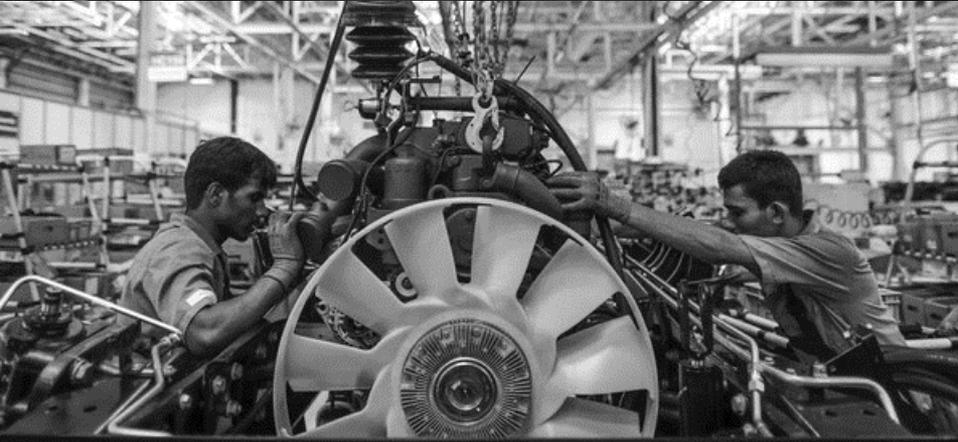
QUICK LOOK

# Situation

India's ethnic and religious diversity exists within a post-colonial caste system that creates a social dynamic unlike other South Asian societies. Stark social, economic, and political differences at the sub-national level render national analysis far less accurate than regional analysis. Within this dynamic social environment, personal identity is subordinate to ethnic, religious, and caste identity. Individual beliefs and behaviors reinforce and protect communal identity. This diversity creates layers of social complexity unique to Indian culture. As a result, identity politics is the primary source of unrest and conflict as individuals and communities struggle for resources, economic and social advantages, and defend their ethnic, sectarian, and caste identities.



# Approach



ENODO Global explores the social complexity that exists within Maharashtra society. Our analysis is designed to inform multinational corporations (MNCs) of the social risks they will encounter when investing in the state. Foxconn's \$5 billion investment in India over the next five years, General Motor's plan to spend \$1 billion mostly in Maharashtra, and South Korean steelmaker POSCO's intent to build a plant in Maharashtra all face significant social risks. Ethnic, religious, and caste conflict, competition for diminishing resources, cyber-attacks, and terrorist threats will negatively affect MNC's operations and revenues unless they are pinpointed and mitigated.

# Findings

Maharashtra and its capitol Mumbai possess a distinctive, complex sub-national culture.

Threats from persistent ethnic, caste, and religious struggles create relentless sources of instability and are the greatest challenge for MNC's.

## *Ethnic Conflict*

Ethnic conflict provoked by far-right extremist groups pose the greatest threat to MNCs operating in Maharashtra. Maharashtra has been on red alert since July 28<sup>th</sup> because of increased threats from ethnic militant groups ULFA, NDFB, and ISIS. Another violent organization, Shiv Sena, originated in Mumbai and was founded on the ideology of Marathi and Hindu nationalism. Their anti-immigration platform's slogan "Maharashtra for Marathis" demands preferential treatment for Maharashtrians over migrants. The group is not only anti-immigration but also anti-Muslim, anti-pluralism, anti-multilingual, and they project their platform with violence, orchestrated against immigrant communities. The Shiv Sena campaign encourages Marathis to boycott non-Marathi restaurants and businesses and attack non-Marathi speakers.



The Bharatiya Janata Party (BJP) is another group which has a history of Hindu nationalism "Hindutva" and violence. Shiv Sena and BJP aligned and together created a mandate to require all communications in the state to be conducted in Marathi only. Marathi is now a compulsory subject in all Maharashtrian schools and shop owners have been forced to replace English signposts. Moreover, BJP and Shiv Sena splinter groups are responsible for violent clashes against each other as well as against Muslims and other non-Hindis. Far-right ethnic groups, their extreme splinter groups, and the anti-Maharashtrian movement exemplify the ethnic conflicts MNCs will face when establishing operations in the state.

Westerners often confuse caste with class but they are very different; caste is a social system and class is an economic system.



## *Caste Conflict*

India's present day caste system is thought of as a result of colonialization. Caste, however, is not a British concept. Colonial authorities institutionalized an ancient Hindu social system to create a mechanism to administer or "divide and conquer." The post-colonial caste system remains a dominant force within contemporary Hindu practices and Indian society. Although caste originates from Hindu mythology, its social structure permeates the day to day practices of many other religions in India, even religions that expressly forbid caste discrimination. Caste creates an informal but rigid system of social stratification that leads to inter-caste tensions and violence.

In an effort to mitigate the effects of caste within Indian society, a quota-based reservation system was established. These reservations are laws, local rules, and regulations that set aside jobs and seats in government institutions for "backwards" castes and tribals. Affirmative action enforced via reservations has consistently sparked unrest; if not understood, MNCs can unknowingly fuel animosity and negatively impact their own operations. A recent protest in Gujarat by the Patel movement left eight people dead and shut down the local government, schools, businesses, and transportation systems.

## *Religious Conflict*

Devout religious ideology adds an additional layer of complexity to Maharashtra society. Hindus and Muslims are the two religious majorities with a long history of violence against each other, amongst themselves, and with minority religious groups: Christians, Buddhists, Sikhs, and Zoroastrians. Hindu-Muslim tensions are amplified and overshadow Maharashtra societal interaction since the state is credited for ending historic Muslim rule in India. Political, religious, and tribal leaders often tap into this identity and use other religions as scapegoats for societal problems.

Religious extremism has seen a sharp increase with violent attacks that have cut across demographics. Writers, intellectuals, secular humanists, and those with social influence are being targeted by Hindu extremists and the central government has removed secular voices from high-profile institutions. Religious restrictions are not limited to devotees of a particular religion; they are applied to everyone and often violently enforced. Unsuspecting victims have been targeted for eating the wrong meat, associating with members of the opposite sex, or appearing too “western” even if they are western.



## *Diminishing Resources*

Environmental change strains both rural and urban populations. Water shortages and the reduction in agricultural production and livestock farming are responsible for widespread urbanization. Increased demands for services strain Mumbai and other urban centers social welfare and municipal services. To reduce the effects of urbanization, national and regional authorities established programs, which have been relatively ineffective. In addition to unsuccessful government programs, infrastructure such as dams formerly used to irrigate farmlands are now being diverted to service urban industrialization. While a short-term benefit for MNCs, it reinforces perceived social tensions against MNCs, provides an opportunity for ethnic and religious groups to petition MNCs, and forces individuals and communities to rely on MNCs to provide services.

**Analysis of the Indian social landscape will be inadequate if it excludes state and regional investigation.**

# Outliers

## *Terrorist Threats*

Threats from Pakistan, China, and Muslim extremist groups, including ISIS, routinely infiltrate the border to launch attacks or initiate Kashmiri anti-Hindu sentiment. Indian intelligence agencies have warned about impending terrorist threats to infrastructure, businesses, and key locations in Mumbai.

## *Cyber-attacks*

India is emerging as the global target for malware attacks, particularly from China. Maharashtra has the highest incidents of cyber-crime incidents in India with Mumbai most targeted. These attacks have focused on the government, large businesses, and increasingly on banks.

## *Security Situation*

Maharashtra's infrastructure is unprepared for security emergencies due to poor contract management of vital security projects, inadequate equipment for security forces, and failure to maintain adequate security forces. There are also glaring gaps in its coastal security that allow insurgent-manned vessels free navigation and unrestricted entry into the state.

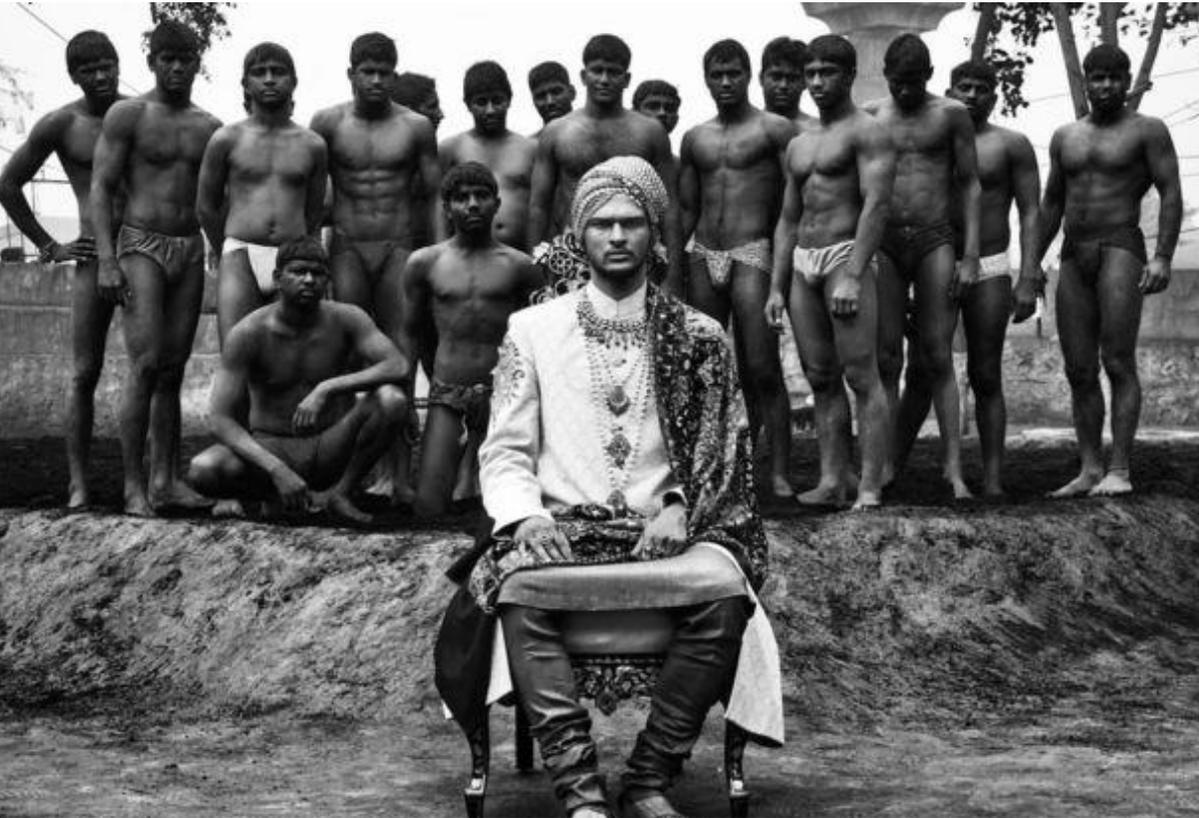
## *Grass Roots Campaigns*

Dharavi, the world's largest slum, is located in Maharashtra. The mixture of poverty and ethnically sectarian organizations that promote hatred via resource channels can be credited with much of the urban slum violence in Maharashtra. External threats manifest from extremist groups that exploit perceived internal injustices, particularly inequalities resulting from government and industrial coalitions, which are viewed as exploitive of the common man.

Analysis of the Indian social landscape will be inadequate if it excludes state and regional investigation.

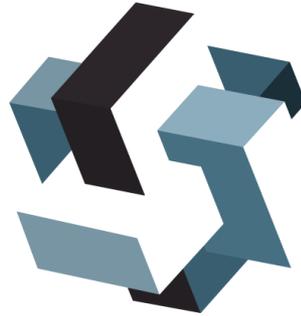
# Conclusion

Maharashtra's complex ethnic, caste, and religious dynamics will negatively impact MNC's operations. The Maharashtra Government's efforts to create favorable investment environments through an abundant supply of low-wage workers, and moderate-regulations will not protect MNC's investments from social risk. Understanding Maharashtra's diverse social complexity enables MNC's to mitigate the impacts of social risk, create secure operating environments, and set conditions for future success.



ENODO Global's process and methodology identify the challenges and opportunities that exist within Maharashtra's caste structure. Our analysis pinpoints individual and communal narratives and beliefs across various ethnic and religious groups that underpin social risk. ENODO's tailored engagement strategies leverage group identity, within the caste structure, to shape perceptions and influence behaviors. ENODO enables MNCs operating in Maharashtra to build cohesion with communities, channel resources towards activities of mutual benefit, and safeguard operations from extremist ideologies to create favorable investment environments and increases profits.

Ethnic, caste, and religious conflict present the greatest challenges for MNC's operating in Maharashtra



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