

PREFACE

With its grounding in the "guiding pillars of Access, Equity, Equality, Affordability and Accountability," the New Education Policy (NEP 2020) envisions flexible curricular structures and creative combinations for studies across disciplines. Accordingly, the UGC has revised the CBCS with a new Curriculum and Credit Framework for Undergraduate Programmes (CCFUP) to further empower the flexible choice based credit system with a multidisciplinary approach and multiple/ lateral entry-exit options. It is held that this entire exercise shall leverage the potential of higher education in three-fold ways - learner's personal enlightenment; her/his constructive public engagement; productive social contribution. Cumulatively therefore, all academic endeavours taken up under the NEP 2020 framework are aimed at synergising individual attainments towards the enhancement of our national goals.

In this epochal moment of a paradigmatic transformation in the higher education scenario, the role of an Open University is crucial, not just in terms of improving the Gross Enrolment Ratio (GER) but also in upholding the qualitative parameters. It is time to acknowledge that the implementation of the National Higher Education Qualifications Framework (NHEQF), National Credit Framework (NCrF) and its syncing with the National Skills Qualification Framework (NSQF) are best optimised in the arena of Open and Distance Learning that is truly seamless in its horizons. As one of the largest Open Universities in Eastern India that has been accredited with 'A' grade by NAAC in 2021, has ranked second among Open Universities in the NIRF in 2024, and attained the much required UGC 12B status, Netaji Subhas Open University is committed to both quantity and quality in its mission to spread higher education. It was therefore imperative upon us to embrace NEP 2020, bring in dynamic revisions to our Undergraduate syllabi, and formulate these Self Learning Materials anew. Our new offering is synchronised with the CCFUP in integrating domain specific knowledge with multidisciplinary fields, honing of skills that are relevant to each domain, enhancement of abilities, and of course deep-diving into Indian Knowledge Systems.

Self Learning Materials (SLM's) are the mainstay of Student Support Services (SSS) of an Open University. It is with a futuristic thought that we now offer our learners the choice of print or e-slm's. From our mandate of offering quality higher education in the mother tongue, and from the logistic viewpoint of balancing scholastic needs, we strive to bring out learning materials in Bengali and English. All our faculty members are constantly engaged in this academic exercise that combines subject specific academic research with educational pedagogy. We are privileged in that the expertise of academics across institutions on a national level also comes together to augment our own faculty strength in developing these learning materials. We look forward to proactive feedback from all stakeholders whose participatory zeal in the teaching-learning process based on these study materials will enable us to only get better. On the whole it has been a very challenging task, and I congratulate everyone in the preparation of these SLM's.

I wish the venture all success.

Professor Indrajit Lahiri

Authorised Vice-Chancellor

Netaji Subhas Open University (NSOU)

Netaji Subhas open University
Four Year Undergraduate Degree Programme
Under National Higher Education Qualifications Framework (NHEQF) &
Curriculum and Credit Framework for Undergraduate Programmes
Bachelor of Arts (Honours)
Subject : Honours in Sociology (NSO)
Course Title : Rethinking Development
Course Code : NEC-SO-03

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**Netaji Subhas
Open University**

**UG-Sociology
(NSO)**

**Course Title : Rethinking Development
Course Code : NEC-SO-03**

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Module I

Unpacking Development

Unit-1 □ Conceptualizing Development

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1.1 Learning Objectives

This unit will help you to explain -

- ❖ concept and characteristics of development;
- ❖ perspectives on development - social, human and capital development;
- ❖ gender perspective on development;
- ❖ sustainable development.

1.2 Introduction

The concept of development is often used in a positive sense to indicate the processes of advancement of individual or of collective phenomena or of objects or of actions. Human society has made a long journey in this; so, this is the concept of development. For centuries, development was understood as progress, thereafter as growth, as change, as transfer of notion, as modernisation and so on. Very recently it is understood as social and human development as well.

In social science literature, advancements have been viewed from diverse perspectives or orientations and have been diversely understood in philosophical, political, economic and social terms. This unit delineates the major perspectives on development.

Etymologically, "development" means "unfolding", that is, the progressive unfolding of a pre-existent form or pre-existent capacities. But every few would endorse

today this form of preformationism, which neglects interactions with the environment and stochastic effects (Lewontin:2000:63). According to Prof. Yogendra Singh, "Development is a strategy of planned social change which is considered desirable by the members of a society" (Singh:1986:57). Gunnell (1970:4) has clearly observed that the term development has been equated with various English terms like 'westernization', 'modernization', 'industrialization', 'self-sustained growth', 'structural differentiation', 'liberal-democracy' and 'increased political- participation'.

Development is either achieved; or consumed, a state of affairs resulting from the process of development; or it is this process itself, including the action constituting it. Development may be a goal, i.e., a condition to be achieved (Nieuwnhuyze:1982:8). Weidner (1962:99) has expressed the view that "Development is a state of mind; a tendency; a direction rather than a focused goal. It is a state of change in a particular direction".

Development is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components. Development is visible and useful, not necessarily immediately, and includes an aspect of quality change and the creation of conditions for a continuation of that change.

1.2.1 Ideas of Development

Development is an integral part of society. It is an indicator for change in society. Since, society is ever changing with interaction and adaptation of other cultures. It becomes very necessary to study the concept related to development and the factors which are indicators of development in society. The concept of development is one of the core areas of sociologists as the degree of development shows the degree of changes or modernisation in society. The rank of a society or country in context of development makes it superior or inferior, e.g., in case of countries, the United States of America is much more developed as compared to India which makes the rank of America superior to that of India in context of development.

The study of sociology cannot be completed without the study of development and its indicators. Various of the thinkers and sociologists have keen interest in development and hence, they have given, various conceptual perspectives on development. The concept of development has been seen by various sociologist by different angles, which hence, results in various sociological and conceptual perspectives

in development. Also, there are various indicators like economic growth, human development, social development and sustainable development etc which are key indicators of the development. Society is a complex unit which is a mixture of blend of various areas like economic, social, legal, environmental etc which together forms a society.

For an overall development measure, it becomes very necessary to study and analyse various areas which are indicator of development. Such areas make it possible to clearly measure the developmental changes which are occurring in society and which are affecting it with in positive or negative way.

1.2.2 Characteristics of Development

The following are the important characteristics of development -

1. Development is a Continuous Process

The process of development continues from the moment of inception of the society. The society always walks forward. Sometimes the process of development is faster and under some situations it slows down. However, it witnesses no complete halting point. It is ongoing in nature.

2. Development follows a Pattern

Development occurs in an orderly manner and follows a certain sequence. Thus, primitive, medieval and modern are the different phases of development of the society. The society cannot skip one stage to reach at the other in the process of development. The pattern is always maintained.

3. Development has a Direction

It runs as corollary from the above said feature that the process of development follows a definite direction. The direction is always forward and never backward. In the process of development, the society always progresses towards maturity.

4. Development can be Evolutionary or Revolutionary in Nature

Development when occurs in a slow and gradual manner it is said to be evolutionary in character. Evolutionary development takes its natural course, time and in not very spectacular in nature. In the long run the impacts of development become visible. On the other hand, revolutionary development refers to the abrupt and rapid change in the society. Revolutionary development is marked in a quick span and is vividly visible in nature. For example, transition of a society from pre

modern to modern is evolutionary development, but transition of a society from monarchy to democracy due to some revolution is revolutionary in nature.

5. Development is Multidimensional and Multidirectional

Development is multidimensional, which means that it occurs in many different dimensions, including biological, cognitive and socio-emotional. In addition, development is multidirectional which means that dimensions shrink and grow at different points in a person's life.

6. Development is Universal, but not Uniform

Development is a common process witnessed by every society however primitive or modern it is. Every society witnesses the process of development in some form or the other. Time and space cannot bind it. Right from the beginning of the society development process is initiated. The rich and the poor societies, the most developed and the most under developed societies too experience it. In some societies it is faster while in some societies it is slow. In some societies the yields of development are more remarkable than other societies. So, the process is universal, but the outcome is not uniform.

7. Development insists upon Adaptability

Development as process is driven by human needs. Human needs change with the changing time and situations. The process of development demands the existing institutions to change and adapt to the upcoming demands to fulfil the emerging needs of the individuals.

8. Development is Irreversible

Development as a process is always forward looking and has no look back. There may be temporary stalemates but once a society is into the process of development, it will never back to its original state. So, development is always progressive.

9. Development is Diffusive

Development never remains concentrated in the place of its origin. It has a natural tendency to spread beyond its place of origin. The best example of it is that when a new technology is innovated, very soon, it spreads to other areas beyond the place of its origin.

10. Development always has Positive Outcomes

The outcomes of development are always positive. It is for the betterment of the society. Development thus is progressive. But sometimes when development outcomes are used by human beings in a negative way its consequences become disastrous. For e.g. Development of technology necessarily improves human quality of life. But when men blindly use it for destructive purpose the outcomes become sorrowful.

1.3 Economic Growth and Economic Development

Economists have asked why certain places grow, prosper and attain a higher standard of living at least since Adam Smith's 'The Wealth of Nations' in 1776. Smith was motivated to understand the reasons why England had become wealthier than continental Europe. The transition that Smith analysed was profound: artisans disappeared; production become more centralized in large factories and towns, creating a geography of winning and losing places; while the incomes of industrial capitalists increased a new industrial working class faced lower incomes than artisans and more difficult working conditions. Still, there was a long-term take-off of per capita income that ended centuries of economic stagnation in the West (Maddison, 2007:59). Smith was not only concerned with the positive aggregate economic effects of the new system, but also the more complex picture of human and geographical development (Phillipson, 2010).

In the past, economic growth and economic development were used more or less with the same meaning. For example, the rate of growth of income per capita or per capita GNP was an index of economic development. The wellbeing of population depends on the rate of growth of 'real' per capita GNP. Real per capita GNP refers to the monetary growth of GNP per capita minus the rate of inflation.

The common notion says if there is decline in poverty, unemployment, and inequality, there is economic development in the country. Otherwise, even if per capita income doubles, it cannot be termed as economic development. So, when there is development, there must be improvement in the quality of life. That means people must have higher incomes, better education, better health care and nutrition, less poverty and more equality of opportunity.

1.4 Dimensions of Development

Development is always multi-dimensional. Some important dimensions of development can be introduced here. They are: social dimension, human dimension, economic dimension, sustainable dimension and the gender dimension.

1.4.1 Social Development: The Meaning

The concept or sociology of development is basically the application of social theory and analysis to societies which are regarded as the less developed or which are undergoing a slow transition to the capitalist industrialization. It has been particularly concerned with analysing the social effects of development on society and mainly the class relation and different other social group which are part of the society.

Social development is a process that results in the transformation of social structures to improve the capacity of a society in order to fulfil its objectives. It refers to a paradigmatic change within the social and economic structure. Midgley (2014:13) revised the definition as follows: a process of planned social change designed to promote the wellbeing of the whole population as whole within the context of dynamic multifaceted development process. Social development attempts to explain the qualitative changes in the structure and framework of society, that help the society to better realize its aims and objectives. When development takes place in progressive way featuring in greater levels of efficiency, quality, productivity, complexity, comprehension, creativity, mastery, enjoyment and accomplishment and brings qualitative changes in human existence, it can be termed as social development.

1.4.1.1 Features of Social Development

The main features of social development include:

- a) Promotion of social progress and betterment of human conditions of living by according human beings a life with dignity, equality, respect, mutual responsibility and cooperation.
- b) People centric development where economic development is a means to achieve human development by fulfilling the basic needs of the individuals.
- c) Making economic policies and social policies mutually supplementary to each other to maximize development.

- d) Ensuring social and distributive justice and to achieve maximum sustainable human development.
- e) Achieving equity and equality for all by ensuring access, opportunity and quality of life to all.

1.4.1.2 Factors Facilitating Social Development

Social development is a process. Different factors can contribute significantly towards it. These factors are:

- i) Education and awareness building
- ii) A strong political will
- iii) An ideology of equality among the people
- iv) Initiatives among the people to avail opportunities
- v) Change in cultural values

When there is a spread of education, there will be a greater awareness among the people. This will enhance their participation in the process of development. They will take initiatives to fight against poverty, inequality and to assert the human rights for all citizens which will trigger the process of social development. A committed government will make reduction of poverty, unemployment, inequality and social exclusion the priority areas of its development agenda and will gear efforts to achieve them in full length. When these social maladies will be removed by the will and effort of a government, social development will become a reality. Transformations in the attitude of the people and their practices along with a change in the cultural values and traditions will bring changes in the social institutions and promote social development.

1.4.1.3 Factors Hindering Social Development

There are certain factors which retard social development. Prominent among them are:

- i) Illiteracy and ignorance
- ii) Lack of political commitment
- iii) Social cleavages like caste, class, gender, and ethnicity based differentiations and social exclusions etc.
- iv) Apathy of the people

- v) Social taboos, cultural conservatism

The removal of these barriers can promote social development in a country.

1.4.2 Human Development: The Meaning

Human development is a process of enlarging people's choices and capabilities to lead a better life based on longevity, literacy, standard of living. Though theorists like Adam Smith (1959, 1977), Ricardo (1817), Malthus (1798) etc have defined human development. But human aspect was somewhere lagged behind the economic aspect of growth and development. UNDP defined human development, gave importance of human aspect of development.

Human development is measured in alignment with gross national product to evaluate overall development of society. Various indicators of human development are: 1. Life Expectancy 2. Literacy Rate, 3. Birth Rate, 4. Death Rate, 5. Infant Mortality Rate.

The human development concept was developed by the Pakistani economist Mahbub ul Haq. There was thinking on this human development concept at the World Bank in the 1970s. But it took the concrete shape as an approach when Dr. Haq argued that existing measures of human progress failed to improve people's lives. In particular, he believed that the commonly used measure of Gross Domestic Product failed to adequately measure well-being. He noted that the existing model of development had the lacunae of not trickling down to the lower rung of the social ladder. So, it was becoming pro rich and anti-poor. Working with Nobel Laureate Amartya Sen and others in 1990 Dr. Haq published the first Human Development Report, which was commissioned by the United Nations Development Programme.

1.4.2.1 Human Development Index

It is one of the latest tools or the indicator to evaluate human development in technical terms. It is originated by Mahboob-ul-Haq (1995: xii) under UNDP. HDI brings about 5 indices under it, which are human development indices. It has three areas under it.

- Longevity measured by life expectancy at birth
- Literacy measured by 2 parameters Adult literacy combined gross enrolment ratio.

- Standard of Living measured by GDP per capita PPP-US Dollar.

Human Poverty Index - 1

Tells us about extent of deprivation of the country in terms of longevity literacy and standard of living and is expressed in terms of per capita of population deprived in these three aspects. HPI-1 is for developing countries.

Human Poverty Index - 2

This index prepared for developed countries under terms of longevity, literacy, and standard of living.

Gender Development Index

This is same as human development index but is adjusted to reflect the inequalities between men and women. It gives a better view for gender relations in society as development can be successful only when gender gap is reduced.

1.4.2.2 Human Development Approach

The Human Development Approach to development is different from the conventional approach's development. According to human development approach, the conventional focus of the development approach on economic growth is an indicator of development, but it cannot be the sole and whole symbol of development. The human development approach subsumes within its human capital formation, human resources development, human welfare or the basic human needs approaches. Economic growth, that is, the increase in production (GDP) is necessary but not sufficient for human development.

The human development approach puts equal emphasis on the production and distribution of resources, expansion and use of human capabilities, scope of choice, livelihood security, participatory process, and social, economic and political freedom. All these indeed emphasises a paradigm shift in the social development strategy of the State.

1.4.2.3 Indicators of Human Development

There are six basic indicators of human development. They are: 1. Equity, 2. Sustainability, 3. Productivity, 4. Empowerment, 5. Cooperation 6. Security.

1. Equity is the idea of fairness for every person, between men and women. Every individual has the right to an education and health care.
2. Sustainability is the view that we all have the right to earn a living that can

sustain our lives and have access to a more even distribution of goods.

3. Productivity states the full participation of people in the process of income generation. This also means that the government needs more efficient social programs for its people.
4. Empowerment is the freedom of the people to influence development and decisions that affect their lives.
5. Cooperation stipulates participation and belongingness to the communities and groups as a means of mutual enrichment.
6. Security offers people development opportunities freely and safely with confidence that they will not disappear suddenly in the future.

1.4.2.4 Barriers to Human Development

There are several forces that constrain human development. The prominent among them are:

- An inegalitarian environment that promotes sectoral interest restricts human development. When the interest of a group is protected and promoted at the cost of the majority, the development of the majority is challenged.
- When the societal resources, economic opportunities are monopolized by a segment of the society, human development becomes retarded.
- Political disempowerment restricts the participation of the citizens in a healthy manner and this affects the process of human development.
- Poor quality of life and unequal distribution of power and resources negate human development in a society.
- Lack of cooperation among the people and rising conflict restrict human development. Because the enabling environment cannot be created when human safety is affected due to conflict and tensions created thereof. Under such situation human development becomes a myth.

So, all these barriers are to be fought against to make human development possible.

1.4.3 Capital Development: The Meaning

Capital development is the process by which the well-being of a nation improves because of progress in technology, progress in science and also because of general

economic growth and innovation. The term has been used frequently by economists, politicians, and others in the 20th and 21st centuries. The concept, however, has been in existence in the West for centuries. "Modernization, "westernization", and especially "industrialization" are other terms often used while discussing capital development. Capital development has a direct relationship with the environment and environmental issues. Capital or economic development is very often confused with industrial development, even in some academic sources.

Whereas capital development is a policy intervention endeavour with aims of improving the economic and social well-being of people, economic growth is a phenomenon of market productivity and rise in GDP. Consequently, as economist Amartya Sen points out, "economic growth is one aspect of the process of capital or economic development" (Sen, 1983 :745-762).

On the other hand, development capital that will be invested in a start-up or for the significant growth of a civil society organisation for the development of its products, services or projects which may generate surplus income.

Organisations that have plans to grow will be able to use this capital as the majority of charities and social enterprises use their income and expenditure directly on day-to-day activities, leaving little surplus in reserves. This leads to an inability to invest in innovation and development, which are important for the long-term robustness and growth of the organisation.

Growth and development may be achieved through investment in "assets" as these have the potential to generate additional income. It may also take the form of an upfront investment to seize a market opportunity. Financial instruments such as equity, quasi-equity and patient capital can support and supplement grant funding for such capacity building.

'Hard' development capital refers to investment in property or other tangible assets. 'Soft' development capital describes investment in products or services, e.g. additional staff for fundraising support.

1.4.3.1 Features of Capital Development

The study of capital or economic development is one of the latest and most enterprising branches of economics. It came into lime light after the Great Depression and Second World War.

Precisely speaking, it is not easy to give definition of capital or economic development in a precise way because different criteria have been used in making

distinction between developed and under-developed nations.

According to Prof. Meier and Baldwin, "Capital Development or Economic Development is a process, whereby, economy's real national income increases over a long period of time" (Somashekar, 2003:2).

This definition is simple as well as precise. It emphasizes three basic features of Capital development: (a) Capital development is a process. (b) The process results in the rise in 'real national income'. (c) Real Income must be sustained over a 'long period of time' (ibid, 2003: 2-3).

(a) Process : In the definition, process means the operation of certain forces which brings continuous change in the economic system. These forces are:

(i) Changes in basic factor supplies : It includes the discovery of additional resources. Capital accumulation, population growth, improvement in the technique of production, improvements in skills and other institutional and organisational changes.

(ii) Changes in the structure of demand for products :

It includes size and composition of population, level and distribution of incomes, taste and other institutional changes. So collectively changes in 'Factor supplies' and 'Structure of demand' result in the growth of real national income.

(b) Real national Income :

It refers to the country's total output of final goods and services mentioned not in money terms but in real terms (i.e. in terms of goods & services). National income might refer to the gross national product or Net national Product. As gross national product provides no provision for capital replacements (Depreciation), a better measure is net national product. Real national income refers to net national product corrected for price changes.

(c) Increase in net national product must be sustained one :

Net National product must be sustained for long period and not for short period. A short period expansion which occurs within a business cycle is of secondary results. The important is the long run upward trend in real national income. It is called economic development.

Broadly speaking the process of sustained increase in real national income over a long period of time is called capital or economic development. If the rate of

development is greater than the rate of population growth, then per capita real income will increase.

1.4.3.2 Factors Facilitating Capital Development

There are certain factors of capital development. According to Arthur Lewis, economic growth is conditioned by (1) economic activity, (2) increasing knowledge and (3) increasing capital. In other words, these three factors are labour, technical improvements and capital. Taking into consideration the aforesaid factors, the following factors can be discussed as the most important drivers of capital development.

Physical Capital Stock

The most important factor of capital development is the increase in the physical capital stock of a nation. The amount of physical stock determines the distribution pattern. Physical capital stock includes land available, natural resources, water, forest etc. In every country there is a dearth of physical capital available to the population. If the stock of physical capital can increase through the careful utilization pattern or better exploration of the natural resources, then there is a necessary increase in the stock and the number of users increase and the amount available to each user increases.

Increase Production and Labour Force Participation

An increase in the labour force participation rate symbolizes economic growth as well as capital development. The challenges of growth, job creation, and inclusion are closely intertwined. Increased labour force participation creates opportunities for people, increase their economic self-sufficiency and lead to a better standard of living among them. It also reduces the dependency rate. The demand for products increases and it brings transformations in the process of production. When production increases due to increased demand, the market expands and diversifies. This brings economic growth and capital development.

Along with physical capital an important factor of economic growth is productive labour force. Productive labour force is needed to make an optimal and efficient use of physical capital. Productive labour force is the outcome of an increase in the quality of human capital in the country.

Quantitative and Qualitative Increase of Production

When the human capital of a country is overstressed, there is a qualitative improvement in the labour force. This brings forth tremendous innovations and

transformations in the process of production. There are rapid technological progresses. The intelligent labour force provides a new face to the process of production. There is both a quantitative increase and a qualitative rise in production. This significantly contributes towards capital development.

Economic Stability and Stable Government

However economic growth is always tied to economic stability and a stable system of governance. Economic instability like recessions, depressions retard the process of economic growth. Economic stability is dependent on a prudent and stable government which plays a significant role in making economic policies, planning and programmes. A visionary government can better facilitate economic growth. Particularly, when a government remains free from rifts, challenges and threats it remains relatively stable and focuses on better investment of capital for economic or capital development.

Finally, the stock knowledge or knowledge capital plays a crucial role in capital development. Of all the factors of production, knowledge capital creates the longest lasting competitive advantage for capital development. Knowledge capital is an essential component of human capital. Stock knowledge is an intangible asset that comprises the information and skills of the individuals who serve as employees, their experience with the process of production, group work and on-the-job learning.

1.4.3.3 Factors Hindering Capital Development

Capital development depends on the quality and availability of these factors. If any of the factors of production suffers from a lack of quality or availability, then capital development will not be possible to take place. These factors include:

Lack of infrastructure :

- Insufficient or contaminated land
- Substandard labour supply
- Poor technical infrastructure, such as roads and communications
- Poor social infrastructure, such as schools or hospitals
- Poor industrial infrastructure, such as factories and machinery

These are basically the infrastructural support needed for capital development. In the absence of such infrastructural facilities, capital growth is unimaginable.

Along with the infrastructural barrier, a wide range of other barriers which halt

capital growth can be pointed as below.

Poverty cycle :

- low incomes
- low savings
- low investment
- low incomes

Poverty cycle reduces the capacity of the country to make flow of capital for production and thus the process of production is retarded and capital development is stunted.

Institutional and political factors:

- ineffective taxation structure
- lack of property rights
- political instability
- corruption
- unequal distribution of income
- formal and informal markets
- lack of infrastructure

Institutional and political factors play a crucial role in stagnating capital growth. When the institutional arrangements are not proper, there is inequality of income among the people, the country fails to generate adequate revenue needed to fuel the production process. Political instability leads to a shift of focus from economic growth to maintain stability and the system of governance withdraws its efforts from accelerating economic growth.

International trade barriers:

- overdependence on primary products
- consequences of adverse terms of trade
- consequences of a narrow range of exports
- protectionism in international trade

International trade barriers negate capital development. Over dependence on

primary products do not allow an economy to grow. Adverse terms of trade and limitations on exports cast its unfavourable consequences upon production. For such conditions, market expansion is blocked. Capital generation becomes difficult which is needed for production. Protectionism in international trade restricts consumer's choice and freedom and disallows the products of certain countries to get marketed outside. This negatively affects production and economic growth.

International financial barriers :

- indebtedness
- non-convertible currencies
- capital flight

International financial barriers like debt traps, capital flight and drain make investment limited for a country. This adversely affects capital development.

Social and cultural factors acting as barriers :

- religion
- culture
- tradition
- gender issues

Socio cultural factors too arrest economic growth. Religious segregation, taboos, cultural prescriptions and limitations, traditions and gender-based discriminations damage the human capital development and dissociate a major chunk of the population from getting integrated in the labour force and emerging as quality labour force. This becomes degrading for capital development.

However, today nations are taking measures to overcome such barriers to make economic or capital development a reality. The structural adjustment policies, liberalization process and globalization have significantly reduced the international trade and financial barriers. Inclusive policies have tried to put an end to the socio-cultural barriers to capital development.

1.4.4 Gender and Development : The Meaning

Gender relations has been one of the crucial factors for development of society as a whole. Gender equality has been theme for overall development seen in various policies and programmes. This gender and development approach evolved in 1980's

with impact of various feminist theorists for development of weaker section of women. Gender and development approach determine the best possible way to align policies, project and programmes of development with gender relationships (Momsen, 2013:23).

Since women and men are biologically different and their position in society is not same due to socio-economic and traditional constructs hence, development of society can be done only by tackling the different needs of both genders. Gender specification policies in development programs can bridge the gap between gender and can lead to overall development of society. Calkin said, "The 'Gender Equality as smart Economics' policy agenda today represents the dominant iteration of Gender and Development in mainstream institutions" (Calkin, 2018:19).

1.4.4.1 Gender and Development Perspective

There is various perspective are as follow-

Welfarist - Welfarist approach means an approach based on the premise that actions, policies and rules should be evaluated on the basis of the consequences. In case of gender and its development, Welfarist approach is an attempt to provide minimum utilities health, happiness and wellbeing. Government policies under Welfarist approach are focused on for betterment of social and economic conditions of women by providing them subsidies and other aids.

Developmentalist - Developmental approach or hard state approach when state has more independent or autonomous political power and various regulatory bodies work for betterment and development of gender specific. It has a macro planning to deal with the situation.

Empowerment - Empowerment refers to develop and increase the political, social, education or economic strength of individuals as well as communities and hence, society as a whole. Gender equality is a human right. Empowering women is hence, an indispensable tool for advancing development and reducing poverty.

Women empowerment is intel to sustainable development and realisation of human rights for all. When a women's status is low, family is large and sustainability decreases. Population and development programmes are more effective when they are more directed towards opportunities, status and empowerment of women.

1.4.4.2 Women and Development in India

India has been working towards empowering her women ever since independence

and especially since the 1990s. The government and non-governmental sectors have both seen pushing ahead with programmes aimed at imparting education to women, giving them better health care, providing them with means of livelihood and opportunities to participate in the decision making process at home and in the society special attention is being paid to improve the lot of the girl child giving her better chances of survival and opportunities for living a life of fulfilment.

The 73rd Amendment to our constitution in 1993 was a major milestone in this direction. The amendment, besides making provision for reservation of seats for scheduled castes and tribes proportionate to their population in the panchayat area, also ensured reservation of not less than one third of these reserved seats for the women. The impact of reserving one third of seats for women the Panchayati Raj institutions has been fruitful and has empowered women both politically and socially. At present, there are approximately 260000 panchayat representatives in India, out of which around 75,000 are women making it the largest number of elected women in the world. The Women's Reservation Bill 2010, approved by the Upper House of Parliament is another major step, basically aimed at giving more political space to the women and ensure their active participation in the development process (Razi, 2018:69).

1.4.4.3 Special Scheme for Women Development

There are various schemes which are special scheme for women development. These are as follows -

Indira Gandhi Matritva Sahyog Yojana - Under Indira Gandhi Matritva Sahyog Yojana, conditional Maternity benefit is a centrally sponsored scheme for pregnant and lactating women to improve their health and nutrition status by providing cash incentives to pregnant and nursing mothers. It is being implemented using the platform of ICDS. The scheme was introduced in October, 2010 on a pilot basis and is now operational in 53 selected districts. The scheme attempts to partly compensate for wage loss to pregnant and lactating women both prior to and after delivery of the child.

Rajiv Gandhi Scheme for Empowerment of Adolescent Girls - Sabla - The Rajiv Gandhi scheme for empowerment of adolescent girls Sabla is a centrally sponsored programme of Government of India initiated on 1st April, 2011 under Ministry of Child and Development, which aims at direct targeted intervention. The scheme is aimed at empowerment of adolescent girls. The adolescent girls aged 10-19 years constitute almost 47% of the total population of adolescents in India.

Rashtriya Mahila Kosh - Rashtriya Mahila Kosh was set up in 1993 to meet the credit needs of poor women in the informal sector for income generation and household activities. The RMK set up under the Societies Act, 1980, is managed by a governing board comprising members. The Minister of State for Women and Child Development is the chairperson of the Kosh.

Priyadarsini - Priyadarsini, is a Self-Help Group (SHG) based project for holistic empowerment of women and adolescent girls, with assistance from international organisation.

1.4.4.4 Strategies of Women's Development

The strategy of women's development comprises social and economic empowerment of women through attitudinal change towards girl child and education, training, employment, support services and emphasis on women's rights and law. Similarly, for the child, various schemes to raise nutritional and early childhood care and pre-school educational status have been implemented.

- Strengthening institutional framework offering support service for women.
- At policy level commission research, evaluation studies, review schemes, programmes and legislation, do gender audit and outcome assessment to build the evidence for policy and programme reform and scale up implementation of the initiatives
- Enhance economic empowerment of girls and women through skill development, microcredit, vocational training and entrepreneurship and SHG development
- Evolve with the support of community representatives and groups appropriate.

The principle of gender equality is enshrined in the Indian Constitution in its Preamble. Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only grants equality to women, but also empowers the State to adopt measures of positive discrimination in favour of women.

Within the framework of a democratic polity, our laws, development policies, plans and programmes have aimed at women's advancement in different spheres. From the 5th Five Year Plan (1974-78) onwards has been a marked shift in the approach to women's issues from welfare to development. In recent years, the empowerment of women has been recognised as the central issue in determining the status of women.

1.4.5 Sustainable Development: The Meaning

Sustainable development has thus, the potential to address fundamental challenges for humanity, now and into the future. It tries to bring a synergy between humanity and environment. The approach insists environment is not external to humanity, but an integral part of it. So, development concerns should take into consideration environment issues. Thus, as an approach of development it is environment centric in character (Patel & Nagar, 2018: 92).

Sustainable Development implies economic growth together with the protection of environmental quality, each reinforcing the other. Sustainable Development, thus, is maintaining a balance between the human need to improve lifestyles and feeling of well-being on one hand, and preserving natural resources and ecosystems, on which we and future generations depend (Gope et al, 2019: 23).

1.4.5.1 Ecological Sustainable Development

Sustainable development offers a vision of progress that integrates immediate and longer objectives, local and global actions and regards social economic and experimental issues as inspirable and interdependent components of human progress.

All countries either developing or developed are now focussing on sustainable development as due to climate change and other ill effects of present action which may affect future human civilisation. India in its five-year plan currently has followed approach for sustainable development and low carbon strategies. The 12th Five-year plan suggests that there are significant co-benefits for climate action with sustainable development.

1.4.5.2 Social Sustainable Development

Social development is an approach that focuses on the need to put people first in developmental process. Live overcoming poverty is not just a matter of getting economic policies right, but also about promoting social development, which empowers people by creating more inclusive cohesive resilient and accountable institutions and societies.

Social sustainability is a critical aspect of achieving long term development that significantly improves the life of world's people. Social development aims to strengthen the understanding and analytical underpinnings for inclusive and accountable organisations.

1.4.5.3 Objectives of Sustainable Development

Sustainable Development refers to the challenges of reducing global inequity and poverty, and promoting well-being, while reducing threats to the earth's systems from industrial production and consumption. Effective environmental care and management in relation to climate stability, other species and natural resources are the chief objectives of sustainable development.

Three main objectives of sustainable development are:

- It should be socially desirable: It means development should fulfil people's cultural, material and spiritual needs in equitable ways.
- It should be economically viable: It implies the costs of development should not exceed the output.
- It should be ecologically sustainable: It connotes maintaining long term viability for supporting the eco-system.

1.4.5.4 Necessities of sustainable Development

Sustainable development implies the fulfilment of several conditions. These conditions are: preserving the overall balance, respect for the environment, and preventing the exhaustion of natural resources. Reduced production of waste and the rationalization of production and energy consumption must also be implemented. Sustainable development is presented as a more or less clean break from other modes of development, which have led and are still leading to worrying social and ecological damage. In order to be sustainable development must combine three main elements: fairness, protection of the environment, and economic efficiency.

A sustainable development project must be based on a better-developed mode of consultation between the community and the members it comprises. The success of such a policy also depends on consumers accepting certain constraints and citizens observing certain requirements with regard to transparency and participation.

The concept of sustainable development is based on a set of requirements.

- It must allow the basic needs of present and future generations to be fulfilled with regard to demographic constraints, such as: access to water, education, health, employment, and the fight against hunger or malnutrition.
- Another requirement of this type of development is to improve quality of life, which involves easier access to medical care, social services, culture, and therefore also social well-being.

- In addition, respect for rights and freedoms and the promotion of new forms of renewable energy such as wind, solar, and geothermal power, are important requirements of sustainable development.
- Sustainable development is required to allow the planet's resources and condition to be protected for future generations and natural assets to be shared.
- The concept of sustainable development also involves narrowing the gaps between rich and poor countries, insofar as these gaps, if maintained or accentuated, could be the cause of violent conflict, which by its very nature leads to regression rather than development.

1.4.5.5 Challenges to Sustainable Development

Sustainable development encounters many challenges today. The prominent among them are:

- The world's population is growing rapidly and most of this growth is taking place in cities. Cities are particularly vulnerable to environmental challenges due to their high population density.
- Increased demand and competition for scarce resources such as energy, water and food are putting upward pressure on resources and threatening sustainable development.
- Population growth, poverty and degradation of natural resources often fuel one another and pose a challenge to sustainable development.
- Climate change and its potential impact also challenge sustainable development.
- Successive development and economic planning programmes have neither been thoroughly planned nor wholeheartedly implemented. Consequently, large segments of society remain economically deprived and socially marginalised. This has appeared as the greatest challenge to the notion of sustainable development.
- Techno driven culture undermines the significance of culture and disregards environment safety. This has posed a great challenge to sustainable development.
- Globalization, removal of trade barriers, rapid and blind industrialization are negations to the concept of sustainable development.

1.5 Conclusion

The term Development is however no more precise than the term evolution in its application to social phenomenon. Social development is equitable, socially inclusive and therefore sustainable. It promotes local, national and global institutions that are responsive, accountable and inclusive and it empowers poor and vulnerable people to participate effectively in development processes. Social development begins with the perspectives of poor and marginalized people and works towards positive and sustainable changes to make societies more equitable, inclusive and just.

1.6 Summary

In this unit we studied the various concepts related to development. The concept and definitions of development have changed due to various sociopolitical compulsions and the emergence of new economic order in the world. Therefore, the central theme of development shifted from economic components to human components. We have also examined various factors influencing the process of development. In this unit efforts have been made to describe various dimensions adopted for the measurement and ultimately in deciding the position of human development in developing and developed countries.

1.7 Questions

Answer briefly:

1. What are the characteristics of Development?
2. Short note on Economic Growth and Economic Development.
3. Short note on Gender and development perspective.
4. Briefly discuss challenges to sustainable development.

Answer in detail:

1. What is Social Development? What are the Features of Social Development?
2. Write a note factors of Social Development.
3. What is Capital Development? What are the features of Capital Development?
4. Answer in detail special scheme for women development and strategies of women's development.

Essay Type Question:

1. What is Human development? Write a note on indicators and barriers of human development.
2. What are the factors facilitating and hindering of capital development?
3. Critically discuss on human Development.
4. Write a note on Sustainable Development.

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Unit 2 □ Development and Under Development

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2.1 Learning Objectives

This unit will help you to explain-

- ❖ amass knowledge about the prevalent models of development that have been accepted by different countries in different times;
- ❖ a comparative picture of the two dominant models of development that is the capitalist and the socialist models adopted by different countries of the world;
- ❖ an impression about the Gandhian model of development, very much unique to India. It is distinct from the dominant models of development and distinguished and befitting for a nation like India. All these will become evident through the analysis of the principles of this model;
- ❖ different theoretical perspectives on development;
- ❖ concepts, features, causes and theoretical perspectives on under development.

2.2 Introduction

In a very general way, we can say Development means the securing of social and economic growth by changing the conditions of under-development through organised and planned efforts aimed at the control of poverty, hunger, disease, illiteracy, and economic and industrial under-development.

According to Weidner, "Development is a process directed towards socioeconomic development and nation-building" (Weidner, 1970:399).

These definitions, however, are not universally accepted definitions because the capitalists, the socialists, the dependency theorists, the liberalists and several other streams of thought define development in several different ways.

2.3 Approaches to Development

The post Second World War period has witnessed two dominant models of development shaping the development discourse, policies and practices of majority of the nations of the globe. They are the Capitalist model and the Socialist model.

The capitalist model of development is mobilization by provision of private ownership of property and means of production, minimum state control on economic enterprises, and a free economy regulated by competition. This developmental model also mobilized sustained growth and mobilization with massive state investment at the takeoff stage.

The socialist model was contradictory to the capitalist model of development as it propagated the abolition of ownership of private property and means of production, emphasised state ownership of means of production, state-owned public enterprise, and a state regulated economy and centralised planning by the state for economic growth. While both the capitalist and the socialist models laid primary emphasis on economic growth, the socialist model also emphasised on the equal distribution of the fruits of growth among all sections of the population.

The developing world is represented by the ex-colonial, newly independent and non-aligned countries of Asia, Africa and Latin America. These countries are marked with massive poverty, low literacy, low productivity, low technology and industrial backwardness. These countries represented a diverse variety in terms of their socio-cultural and political setting and historical experiences and levels of technological and economic development.

However, notwithstanding these variations these countries are economically and technologically underdeveloped, and are undergoing the process of nation-building and fast social transformation in the post-colonial era. As against these backdrops, these countries have been experimenting with diverse models of development. For example, India has followed the path of "mixed economy" (Namjoshi, 1966; Powell, 2019; Nayar, 1989) by adopting a path of development in between the capitalist and socialist models. It becomes worthwhile here to mention the typical indigenous model of development found in India. It is based on the ideology of Mahatma Gandhi. Therefore, it is called the Gandhian model of development. The prosperous society visualised by Gandhi, is not a materially or economically affluent society, as conceived by mainstream economists. Gandhi called his prosperous society Sarvodaya. It is a society that ensures the welfare and well-being of all its members. Its emphasis is on all the three components of well-being that are: material, mental and moral-spiritual.

2.4 The Capitalist Model of Development

The capitalist model of development became a dominant model of development

with the growth and success of the industrialised nations of the west. Simply speaking a capitalist model of development is characterised by free markets and the absence of government intervention in the economy (Sweezy, 2016). It is a social system based on the principle of individual rights. It is based on the principles of laissez-faire which advocates for "letting the individuals free." Fundamentally the capitalist model of development rests upon the ideological tenets of capitalism (Nigam, 2010).

The engine of capitalism is private property and its primary motivational factor is profit. The capitalist model of development is the polar extreme of the socialist model of development in its principles and practice.

Capitalist model of development was the model of development followed by the first world. It was adhered to by the industrialised nations of the west. The inherent miseries of capitalism had led to the introduction of the socialist model of development. So, now capitalist model of development has become a dominant world model of development (Sanyal, 2013).

2.4.1 Features of the Capitalist Model of Development

The capitalist model of development has got its typical features which are discussed below.

(i) Private Property : The institution of private property lies at the basis of modern capitalist model of economic development. It is the guiding principle of capitalism. In capitalism every person has the right to earn and maintain property. The right to property is considered as a basic human right. Private property without state regulation is encouraged to motivate people for production and profit.

(ii) Large Scale Production : It is another important feature of capitalist model of development. Capitalism arose as a result of industrial revolution which made large scale production possible. Under the capitalist model of development, capital is the chief driver and deciding factor of change and development. It insists upon mass scale machine-based production to capture the market.

(iii) Profit Motive : Capitalist model of development is tuned according to the philosophy of capitalism. According to Marx, capitalism cannot exist in the absence of institution of profit. Property and profit are the lubricating principles of the capitalist model of development. The capitalists invest money and out of investments earn profit. Production under capitalist model of development is profit-oriented.

(iv) Competition : Competition is one of the inevitable principles of a capitalist model of development. The capitalist model of development intends to bring development by encouraging competition. Competition is encouraged to maintain the quality, introduce innovations in production which ultimately contribute for development. There is a sharp growth due to rising competition which subsequently increases production quality and enriches the market by competitive prices, better alternatives and quality products.

(v) Price Mechanism : Under the capitalist model of development, price of products is in a changing situation. Demand and supply positions in the market determine the price. The people become the ultimate deciding authority for price determination. With increasing demand, the price increases and this generates profit and leads to capital formation. Capital formation is the foundation of economic growth and development.

(vi) Wage Distribution : In capitalist model of development, the wage distribution is not equal. Wages are determined on the basis of the skill and productive capacity of the workers. There is heavy competition among the labourers and they try to improve their skill, knowledge and capacity to deliver the best.

(vii) Business Organization : Capitalist model of development is marked by vast business structures. The capital of numerous shareholders is pooled and an industrial house is set up. Business organizations are the hall mark of modern-day economic development. The role of the state is very limited under the capitalist model of development. The business organizations become the development designers and drivers.

(viii) Market Economy : Under the capitalist model of development, there is no governmental control over the forces of production, distribution and exchange. It is controlled by the forces operating in the market. There is no price control or regulated distribution by the government. The economy operates freely under the law of demand and supply. The capitalist economy is a liberalised or market economy.

2.4.2 Types of Capitalist Model of Development

The capitalist model of development has taken different forms. Though the ideology remains almost the same, there is a little variation in practice among them. These models are:

1. The agrarian capitalist model

2. Mercantile capitalist model
3. The industrial capitalist model
4. The post globalization neoliberal model

The Agrarian Capitalist Model : The agrarian capitalist model of development had its origin in the 16th century England. It was established with the emergence of large estate system in England with the concentration of large acres of lands with few landlords. Under this system, workers were increasingly being employed as part of a broader and expanding money economy. The system put pressure on both the landlords and the tenants to increase the productivity of the agriculture to make profit. The landlords encouraged the labourers to try out better methods, and the tenants were also given incentive to improve their methods, in order to flourish in an increasingly competitive labour market.

Mercantile Capitalist Model of Development : This model of capitalist development took place between 16th to 18th centuries. The age of discovery, geographic explorations, and discovery of sea routes contributed significantly to the development of this type of capitalist model. This type of capitalist model is often said to be the founder of modern capitalist model of development and laid the foundation of colonialism.

The Industrial Capitalist Model : During the Industrial Revolution, the industrialists replaced the merchants as the dominant and deciding group in the capitalist system. It affected the decline of the traditional handicraft skills of artisans, guilds. Industrial capitalism marked the development of the factory system of manufacturing, characterized by a complex division of labour between and within work process and the routine of work tasks; and finally established the global domination of the capitalist mode of production. During this system of capitalist development, there was mass scale machine-based production. Market was becoming expanded and diversified.

The Post Globalization Capitalist Model of Development : The post globalization period stressed on a neoliberal economy and private ownership started gaining momentum. There was the withering away of the state. Market started becoming the guiding and governing actor. This led to the development of a temperament to maximize profit and capital accumulation was triggered. This established the post globalization capitalist model. This became a confirmed aim of both the socialist as well as the capitalist countries.

2.4.3 Positive Impacts of Capitalist Model of Development

Capitalist model of development secures its own positive outcomes. The most remarkable among them are :

1. The governmental interference is minimized under this model of development. So, corruption, lack of a self-interest and poor circulation of information within the market are prevented allowing freedom to individual enterprise and allowing individuals to exercise their choice, decision and reap their results. This not only encourages individuals, but also seems to be highly yielding for the country's economy.
2. Capitalist model of development is market driven in character. It honours individual's choice both in commodity purchase and employment opportunities. It allows resources to be distributed according to consumer choice rearing the market to be more productive and consumer friendly in character.
3. Capitalist model of development promotes economic efficiency. A capitalist model of economy is efficient as it yields high levels of GDP, innovation is encouraged, and one is allowed to exercise freedom of choice. It is positive for economic growth.
4. Capitalist model of development increases productivity. It solicits rapid innovations in designs, in technology, in products. So, it is always forward looking and development boosting in nature.
5. Under the capitalist model of development, social mobility is better. It pushes individuals to work harder in the interest of self-preservation to achieve more. Profit increase within the economy and changes the personal identity of the individual. The society becomes not only economically prosperous, but socially progressive.

2.4.4 Negative Impacts of Capitalist Model of Development

The capitalist model of economic development however profitable it may be suffering from certain inherent drawbacks. The worst among them are :

1. Capitalist economic development always favours the rich and is alleged to be anti-poor. It invariably leads to inequalities in the distribution of wealth and income which negates healthy development to a society.
2. In a capitalist society, markets dominate the economy. The owners of property

gain monopoly power over consumers and workers. So, capitalist model of development leads to mal development and lop-sided development which are identified as development maladies by development theorists.

3. A society based on a capitalist model of development is driven by the profit motives. It tries to maximize economic income in the short term. There is ruthless production and industrial production is emphasized to increase the quantity of production. It has a huge cost on environment in the long-term. It is against the norms of sustainable development.
4. Under capitalist model of development income is distributed in accordance to the skills and qualifications an individual possesses. Those possessing the skills, qualifications as well as capital resources are highly valued by the market and are entitled to receive high incomes, whereas lower incomes are allocated to persons without such skills and resources. Thus, there is wide spread income inequality in the society which is not a healthy sign for development.
5. Economic growth is liable to be slow in a capitalist economy. Economic growth can be measured as the increase in real GDP. Productivity is the key component, i.e. producing more at a lesser operational cost. There are fluctuations in the business cycle under a capitalist model of development. This makes economic growth unstable.
6. Capitalist model of development remains blind to the ideals of distributive justice and human rights and as such resist the principles of balanced development.

Thus, the capitalist model of development becomes growth centric, materialistic and often ignores people centric development and quality of life which have appeared as the new sets of development.

2.5 The Socialist Model of Development

Socialism as an ideology emerged as a counter result of narcissism of industrial system and capitalism. Socialism as a politico-economic doctrine is the product of western thought. Although socialist sentiments like the urge for social amelioration, concern for the downtrodden, the craving for social justice and cooperative living are expressed in the scriptures of the East as well as the west, the doctrine of socialism in the present form is not older than the 19th century (Kagalker, 1996:1).

Socialism targets to abolish and eliminate the private ownership of means of production as such ownership lead to social inequalities. Socialists believe in promotion of common economic, political and moral interest of proper by replacing the individualistic ownership with public ownership and public control of means of production. Coker remarks, "they agree in certain of their general aims; all seek to secure, through some substantial limitations on the private ownership of property, a fairer and practically more satisfactory apportionment of wealth and economic opportunity" (Coker, 1966:37).

However, it was Karl Marx's theory which gave a practical approach to socialist ideas. Being a critique of capitalism in his book 'Das Capital' Marx discuss about two classes and how one class bourgeoisie exploits other class proletariat for surplus profit in a capitalist society. According to Marx, when proletariat class will convert from 'class in itself to class for itself', there will be class conflict between two classes. This class struggle will terminate only with the overthrow of the capitalist by workers. Hence, will emerge the new order of classless society with industries by proletariat (Wilber and Jameson, 2013).

2.5.1 Features of Socialist Model of Development

The socialist model of development has its typical features which can be stated as follows.

1. Public or Collective Ownership of Resources :

The socialist model of development opposes ownership of private property. To the advocates of the socialist model of development, private property is the root cause of social inequality and social disparity which challenge development of a society. In the socialist economic model of development, all the material means of production are owned and used by state organs in order to avoid private ownership and control.

2. Economic Planning :

Under socialist model of development, the economy is well planned. Planning may be centralized or decentralized. All the basic decisions for the control and regulation of the economy are taken by government. Similarly, all the basic and strategic functions are performed according to a definite plan. Formulation of plans is the responsibility of a central planning authority which is again state decided, state established and state directed in nature.

3. Social Welfare Motive :

The socialist model of development aims to maximize the welfare of the people. It focuses on equal rights of all individuals and equal opportunity for all members. Social welfare becomes the basis of all economic decisions and economic policies. Price policy is guided by social welfare motive. Everyone is entitled to the benefits of socialized production on the basis of equal rights. According to the socialist model of development, welfare of the people is not only the aim of development but the prime measure to assess development.

4. Little Importance of Price Mechanism :

A socialist model of development is not growth centric, but people centric in nature. Therefore, price regulation remains in the hands of the state to benefit all. The socialist model of development tries to maximise availability, accessibility and affordability of resources and opportunities for the people.

5. People's Co-operation :

Socialist model of development rests on the ideology of people's participation through cooperation rather than cut throat competition. It aims at a planned economy. No plan can possibly succeed without the active participation of people. The government makes provisions for special incentives to seek people's cooperation in the process of production. Community planning, bottom up planning ideas later on became outcomes of the socialist model of development.

6. Lack of competition :

The resources are under government ownership in a society adhered to the socialist model of development. Therefore, government decides-what to produce, how to produce and for whom to produce. Prices are determined by government because productive enterprises are monopolised by the state. Govt., avoids all sorts of rivalries and competition among state enterprises.

7. Non-existence of Social Parasites :

The socialist model of development tries to break the division between haves and have-nots or between 'master and servants' or the economically rich and economic under dogs. It does not create a group of producers and a group of consumers. Everyone is both a producer and a consumer. The philosophy of a socialist model of development is "to each according to his needs and from each according to his ability." Thus, there is no place of social parasites and no possibility of exploitation.

8. Equality of Opportunity :

Under a socialist model of development design, the state guarantees equality of opportunities and equal pay for equal work. Government does not discriminate among members of the society on the basis of caste, creed, religion and sex. In short, a socialist economy is not regulated and driven by market mechanism. It is a comprehensively planned economy.

2.5.2 Advantages of Socialist Model of Development

Prof. Schumpeter has advanced four arguments in favour of socialism: which are reflected in the model of development based on this ideology. Advantages of the socialist model of development which can be stated as follows.

1. Greater Economic Efficiency :

Under this model of development there is efficient use of resources to produce socially useful goods without taking the profit margin into account. Production is increased by avoiding wastages of competition.

In this type of development model, over-production and unemployment are arrested.

2. Welfare due to Less Inequality :

Under this model of development social welfare is well ensured and basic needs for human development are met. This type of development practises egalitarianism. Social inequality is prevented to a great extent.

3. Absence of Monopolistic Practices :

There is no corporate monopoly under the socialist model of development.

4. Absence of Business Fluctuations :

There is no business fluctuation. The economy is stable as production and consumption of goods and services are well regulated by the state mechanism.

2.5.3 Disadvantages of Socialist Model of Development

1. Bureaucracy :

One of the disadvantages of being in a socialist society is bureaucracy that hampers the delivery of services to people. This is because people have to pass through different channels to access basic services. As a result, they are not given immediate service or assistance that should be accorded to them.

2. People are unmotivated to develop Entrepreneurial Skills :

With the government controlling most of the industry sectors, people who want to capitalize will be discouraged to do so since they know that the government will have a say on their businesses. This is also because they are aware that if they earn more, they will be subjected to higher taxes.

3. The Government has too much Control :

With socialism, apart from communal ownership and the government being in control of certain industries and facilities, people feel that they are dictated upon on how to live their lives, where they live and how much they should be paid for their services and goods.

Socialism centres on common ownership and this can either go for or against the people in a society or nation.

4. Loss of Consumers' Sovereignty :

There is loss of consumers' sovereignty in a socialist economy. Consumers do not have the freedom to choose the products they want in terms of quality, diversity and quantity. Often the quality, variety and quantities which they can buy are fixed by the state.

2.6 Gandhian Model of Development

Gandhian philosophy is an ideology or set of principles believed by Mahatma Gandhi which are still relevant in every aspect of society. It spells out the socio-economic vision of this great proponent who had his experience of the society by working close with the social milieu. It is based on ethical and moral considerations. It was human centred in nature. His stress on rural economy and emphasis on a simple life, coupled with his concern for universal well-being formed the foundation of his unique views on economics of development.

The Gandhian model of development floated around the ideas of nationalism, protectionism, humanism, socialism and securing social harmony by removing cleavages. Gandhian economics and development model are based on ethics and directed towards spirituality. As J.B. Kripalani has rightly pointed out Gandhi did not recognise the separation of economics from ethics (effected by mainstream economists). On the contrary, he wanted to achieve an ethical ordering of the economic life of society (Mathai, 2000:180).

Basic Principles of Gandhian Model of Development

Gandhian philosophy is an ideology or set of principles believed by Mahatma Gandhi which are still relevant in every aspect of society. Though Gandhiji has been criticised on many grounds in contemporary scenario as 'anti progress principles' but Gandhian visualisation of socio-economic structure cannot be neglected in path of development.

Basic principles of Gandhian Model of Development are as follows :

1. Self-sufficient Village Economy :

Gandhiji's concept of self-sufficiency was not a narrow one, nor was it that of selfishness or arrogance. He realized the need for villagers to get those things from outside the village, which they could not produce in the village. Gandhiji insisted on the self-sufficiency of Indian villages. Self-sufficiency was advocated by him as a basic principle of life because dependence brings in exploitation which is the essence of violence. The poor is exploited by the rich, the village by the city and the undeveloped country by the developed ones due to lack of self-sufficiency". He suggested that villages should be self-sufficient i.e. they should produce their own food, clothing and other articles needed for meeting their basic needs. He insisted on the promotion of village or cottage industries and handicrafts because they can provide employment, necessary to meet the basic needs of the villagers and also facilitate village self-sufficiency.

2. Decentralisation :

Gandhiji believed that human happiness with mental and moral development should be the supreme goal of society, and that this goal should be achieved through decentralization of political and economic powers.

Gandhi firmly believes that village republics can be built only through decentralisation of social and political power. In such a system decision-making power will be vested in the Village Panchayat rather than in the State and the national capital. The representatives would be elected by all adults for a fixed period of five years. The elected representatives would constitute a council, called the Panchayat. The Panchayat exercises legislative, executive and judicial functions. It would look after education, health and sanitation of the village. It would be the Panchayats responsibility to protect and uplift 'untouchables' and other poor people (Gandhi, 1968).

3. Khadi and Village Industries :

For Gandhiji, khadi was an instrument of decentralization of production and distribution of the basic necessities of life, and of ensuring 'work to all'. He also favoured the promotion of other village industries, such as hand grinding, hand pounding, soap making, paper making, oilseed crushing, tanning, etc. He advocated the use of manual labour and opposed the introduction of machine, fearing that they would displace human labour. But he appreciated the role of new technologies if they were appropriate, indigenous, and did not affect the level of employment and standard of living.

Khadi mentality means decentralization of production and distribution of the necessities of life. Khadi has to play an important role in the village economy of India. It can fulfil the poor's three basic necessities: cloth, work and self-confidence to articulate themselves.

4. Cooperatives :

Gandhiji saw a great virtue in cooperation as an instrument of rural development. He assigned specific roles to cooperatives in the field of agriculture, commending the promotion of cooperative farming and thereby preventing further fragmentation of landholdings. He also advocated the establishment of other types of cooperatives, such as credit cooperatives, weavers and spinner's cooperatives and dairy cooperatives. India now has the world's largest network of cooperatives, which occupy an important place in India's rural economy.

5. Trusteeship :

Gandhiji considered trusteeship an instrument of transforming the capitalist order of society into an egalitarian one. In his opinion, all the land belonged to God, that is, the community, and therefore he advocated that land and other natural resources should be collectively owned by, and operated for, the welfare of the community. Landlords should merely be trustees of land and other natural resources and capital assets. He saw in the principle of trusteeship a non-violent method of persuading landowners to donate their land voluntarily for community welfare purposes, and of avoiding class conflicts. According to Gandhiji, trusteeship is a way of life rather than just a method to achieve a particular end. According to his holistic approach, "everything on this earth belongs to God and is from God. Therefore, it was for this people as a whole not for a particular individual.

6. Swaraj :

Gandhian concept of development was tied to his ideas on swaraj. To him swaraj implied self-rule and self-restraint. It is related to people's inner strength and capacity to understand their social world. To Gandhiji, outer freedom is to be supplemented by freedom from within. Freedom from within implies control over one's own self. It is based on the principles of Ahimsa or non- violence. Non-violence is the means to attain self-control. It is to be reflected in human thought, words and action. Swaraj is a basic need of humanity. Irrespective of their caste, class, ethnicity, people need swaraj. When humanity is guaranteed with swaraj, societal development becomes smooth and hassle-free (Gandhi, 1938).

2.6.1 Implementation of Gandhian Model of Development

Gandhian model of development which was an indigenous model of development and was developed keeping in view the needs, culture of the Indian social milieu was rampantly implemented by the country in the pre and in the early years of post-independent India. During India's independence struggle as well as after India's independence in 1947, Gandhi's advocacy of simple khadi clothing, the khadi attire developed into popular symbols of nationalism and patriotism.

Gandhian model of development influenced the Gandhian activists such as VinobaBhave and Jayaprakash Narayan. Both the activists were involved in the Sarvodaya movement, which sought to promote self-sufficiency amidst India's rural population by encouraging land redistribution, socio-economic reforms and promoting cottage industries. The movement sought to combat the problems of class conflict, unemployment and poverty while attempting to preserve the lifestyle and values of rural Indians, which were eroding with industrialisation and modernisation.

Gandhian model of development has become reflected in India's planning process and rural development programmes. The SHG movement, decentralised democracy which are the cornerstone of India's development have drawn heavy sustenance from the Gandhian vision of development.

Gandhi's views on economics were simple and straight forward at the outset. They have even been criticized at various levels from being utopian to regressive. In his time, the influence of his economic model was immense and has been followed in various parts of the world as well as in India, with varied degrees of success. Many international development agenda today carry the essence of Gandhian principles. Particularly the women empowerment strategies, sustainable development vision

and action plans are driven by the propositions of Gandhian model of development (Nanda, 1958).

2.6.2 The Rural Developmental Model based on Gandhism

India has achieved impressive growth in production and income. However, India's efforts to remove poverty and inequality in rural areas have failed. The reason for this is that strategies for rural development have been aimed primarily at raising production, without any understanding of social and class structure and their relation to production and its distribution. According to Gandhi, the salvation of the Indian economy depends on rural development and rural transformation. The prevailing agrarian situation indicates that this cannot be brought about in the context of India's present obsession with economic growth, and the trend of economic development in the world, in general. In the present state of socio-politico-economic affairs, the current growth model benefits the dominant class of the population at the cost of the rural poor. Some aspects of the Gandhian model, e.g., the expansion of village and cottage industries, the decentralization of production and wealth and the institution of trusteeship by the state may be implemented to build the social base for economic prosperity.

The Gandhian concept of Man is one of an integral man, and the Gandhian concept of society is that of an integral society. The Gandhian model is based on an integral transformation of Man and society. In the Gandhian conception, the processes of individual transformation and political transformation are inevitably interconnected. The Gandhian concept basically pursues the unity of the individual and the social order. Gandhi stresses the unity of private and public life. In the Gandhian view, private life must be transparent, and in that transparency, we can see the public life, too. In Gandhian thought, the stress is on the unity of the individual and social praxis. The Gandhian view may be seen as the 'Unity of Existence'. The social, economic, and political subsystems are closely interwoven as an organic whole, and the poor man remains outside that enclosure. His voice, his priorities, and his problems remain unheard. So, Gandhi argued against the central planning.

The Gandhian decentralized approach strengthens the feedback system which ensures self-correction and self-direction. It emphasizes gram swaraj (village autonomy) and human values. It emphasizes production by the masses, but not mass production. It emphasizes labour intensive technology, small scale village and cottage industries, handicrafts, charkha and the use of renewable energy, and ecological balance. The

decentralized model removes all kinds of constraints, and ensures three types of balance- Spatial balance, Sectoral balance and Operation balance. According to Gandhian thought, rural development is not a tailor-made programme, or a process which can be triggered by outside agencies and authorities.

2.7 Under Development: The Meaning

The term underdevelopment refers to that state of an economy where levels of living of masses are extremely low due to very low levels of per capita income resulting from low levels of productivity and high growth rates of population. Underdeveloped countries are now known as 'developing countries' signifying that such nations are capable of and are indeed making serious efforts to overcome their problems of poverty and low income.

According to the United Nations definition, an underdeveloped country is one which has a real per capita income that is lower in relation to the real per capita income of the USA, Canada, Australia and Western Europe. Emphasis here is on the low-income level relative to the advanced countries and lack of any perceptible success in making substantial improvements in quality of life of the masses. In simple words, underdeveloped country is just another name by which a poor backward country is known (Robinson, 1979).

2.7.1 Features of Under Development

Underdevelopment is the state in which full realization of development in a country has not been attained either due to lack of resources or under-utilization of the available resources.

The affected state portrays the following characteristics:

1. Low per Capita Income :

The per capita income of underdeveloped countries is very low compared to that of the developed countries. This low per capita income reflects the low standards of living in these countries.

2. Inequality Distribution of Income :

The majority of underdeveloped countries suffer from income inequality, where a small percentage of the population earn very high incomes and a big percentage of it earn very low incomes. This means that the poverty is actually worse than what the per capita income figures reveal for these countries.

3. High Population Growth Rate :

The population growth rates for underdeveloped countries are very high. These growth rates are primarily as a result of high birth rates, low death rates, improved health standards, high fertility rates and improved nutrition.

4. High Dependency Ratio :

In most of the developing countries, majority of the population is below the age of 16. These people have to be supported by the few who are in the working age bracket, creating a burden on the few employed people. This phenomenon is normally referred to as the dependency burden.

5. Untapped Resources :

Underdeveloped countries have not been able to fully exploit their natural resources. The main drawbacks to this have been lack of capital, technology and skilled labour.

6. Lack of Capital :

As already pointed out, less developed countries have low per capita income. This means that savings and investment are low, resulting in low capital formation. This makes it difficult for these countries to create the necessary infrastructure to support economic development.

7. Low levels of Technological Developments :

Most of the developing countries lack the necessary technological know-how to fully exploit their resources. This is a result of inadequate education and training, insufficient research and dependency on inappropriate foreign technologies.

8. High Unemployment Rates :

Developing countries experience problems of high unemployment rates. This is caused by the under-utilization of resources, high population growth rates and use of inappropriate technology.

9. Dual Economies :

In many developing countries there exists a modern commercialized industrial sector alongside a traditional subsistence sector. In the subsistence sector production is not intended for the market, but for the direct use of the producers. This is a drawback to rapid economic development.

10. Lack of Skilled Manpower :

The majority of less developed countries suffer from lack of skilled manpower. This has been brought about by inappropriate education systems that have not been producing the relevant manpower for the economy. The problem of brain drain, whereby skilled manpower from developing countries is lured to the more developed countries by better employment terms.

11. Trade Dependence :

The underdeveloped countries mainly depend on the export of a few primary products. This is dangerous in case of a natural calamity.

2.7.2 Causes of Under Development**(i) Capital Deficiency :**

Capital is of crucial importance for economic growth, but this is what the under-developed countries lack. With the low level of national output much saving is not possible but whatever there is, it is frittered away in conspicuous consumption and extravagance in social ceremonies or is invested in real estate or jewellery.

Lack of sufficient capital handicaps all productive enterprise and inhibits economic growth. Such countries are caught up in a vicious circle of poverty explained below.

(ii) Lack of Entrepreneurial and Managerial Talent :

It is the bold and prudent entrepreneur and a wise manager who makes success of a business enterprise. Lack of this talent is responsible for missing available opportunities of profitable investment. Hence such countries remain economically backward.

(iii) Lack of Skilled Personnel and Technical Know-how :

Another very important bottleneck in the way of economic growth is the scarcity of technical know-how and skilled personnel. These elements of productive power take long in building up and foreign technicians are very costly. Hence, the underdeveloped countries remain under-developed.

(iv) Limited Size of the Market :

The purchasing power of the people is very low on account of their proverbial poverty. Hence the productive enterprises are handicapped in the sale of goods. Only an expanding market can provide a fruitful field for profitable investment and result in economic development of the country.

(v) Weak Infrastructure :

The backward countries lack an adequate and efficient means of transport and communications, a well-organised and developed banking system and adequate facilities for technical education. Without these no country can develop economically. Lack of adequate infrastructure is a big abstracted to economic growth.

(vi) Social and Institutional Set-up :

Social customs and attitudes of the people of backward countries are a great bar to economic progress. Conservatism, superstition, lack of ambition, undue regard for custom and status are a drag on economic progress. Economic backwardness in India is in no small measure due to joint family system, caste system, peculiar laws of inheritance and the other-worldly attitude of the people.

(vii) Alien Rule :

Most of these countries have been under foreign rule which has kept them down. The foreign rulers could not be expected to take any genuine interest in the economic regeneration of the people. Economic backwardness of India may be largely attributed to the policies followed by its British rulers.

(viii) Growing Population :

The explosive rate of population growth in the backward countries undoubtedly retards their economic growth. Whatever development takes place is swallowed up by the rising tide of population. The fruits of development are hardly sufficient to feed the torrent of babies.

(ix) Preponderance of Agriculture :

The bulk of the population is engaged in agriculture which is carried on in a primitive manner. Naturally the national income remains at a low level. Economic development cannot be brought about in the absence of rapid industrialization.

2.7.3 Theories of Under Development

Under development is that stage of economy where country is not able to use the resources at its full potential. There is wide disparity between population of rich and poor along with unhealthy trade. There is lack of job opportunities, proper education, drinking water, housing, other infrastructures (Singh, 2010). There have been many theories of under development by many thinkers.

2.7.3.1 Liberal Theory of Max Weber

In Weber's best work "Protestant Ethics and the Spirit of Capitalism" he has traced the impact of ascetic Protestantism especially Calvinism on rise of capitalism. The protestant ethic is not about the rise of modern capitalism exactly, but it is about the origin of peculiar spirit that eventually made modern rational capitalism expand and dominate the country.

According to Weber, protestants, primarily Calvinism believes that only a small number of people are elected by God and chosen for salvation and people were predestined to be either among the saved or among the damned. People were uncertain of their destiny of saved and damned. To reduce uncertainty Calvinists developed the idea that signs could be used as the indicators of whether the person was saved. They interlinked signs with economic success. Calvinists followed certain rules and regulations and self-control to conduct life. They believed in hard work and simple living. Hence, the profit which they used to earn with hard work, they used to reinvest in their work. Hence according to Weber such ethics and ideology lead to spirit of capitalism which lead of expansion of capitalism in its modern form.

Weber also compared the economics of under developed and developing countries with developed countries of West. He observed that though in Eastern developing countries there are resources, technology and funds, but they are not developed as compared to West due to lack of spirit of capitalism. Hence, he argued that religious ideology affects the economic system of society. Though in his book, Weber focus on the effect of Calvinism on spirit of capitalism, but he was also well aware of the social and economic conditions having reciprocal impact of on religion.

2.7.3.2 Gunnar Myrdal's Circular Cumulative Causation Theory

According to Myrdal, "In a time of deepening crisis in under developed world of social malaise in the affluent societies it seems likely that Gandhi's idea and techniques will become increasingly relevant".

In his theory underdevelopment, he quoted about 'circular cumulative causation' which according to him is multi causal approach where core variables and their linkages are delineated. Myrdal saw development and underdevelopment process as an upward or downward spiral. According to him, the economic growth process increases rather decreasing the gap between rich and poor.

The idea behind his circular cumulative causation theory is that a change in one form of institution will lead to successive changes in other institutions. These changes are inter related and circular that is they continue in a cycle and mostly in negative way in which there is no end and cumulative in that they persist in each round. Myrdal stated that immediate effect of closing down certain lines of products in a community is reduction of employment, income and demand. Through the analysis of multiplier, he pointed out that other sectors of economy are also affected.

Then he argues that the contraction of market in that area tends to have depressing effect on new investments which in term causes a further reduction of income and demand and if nothing happens to modify the trend, there is net movements of enterprises and workers in other areas. Along with this, as a result fewer local taxes are collected in time when more social services are required and vicious downward cumulative cycle is started and a trend towards a lower level of development will be further reinforced.

2.7.3.3 Uneven Development Theory by Samir Amin

According to Amin, dependency theory views the world economy as single integrated system. The system of exploitation of labour and the system of status are in disguise. As such system of state is an effect of global expansion of capital which makes rich and poor countries inseparable analytically. Amin views globalisation as an extension of capitalism imperialism. As a result, dependency theory is political rather empirical. Underdevelopment is not lack of development. It is reverse side of development of rich countries. The rich countries depend on active exploitation of other countries which renders the latter underdeveloped (Singh, 2010).

Development in poor countries tends to be "development of underdevelopment". They undergo economic growth but in ways which do not contribute to long term development. Their surpluses are expropriated by rich countries, rather using for their own. According to Amin, major means of surplus extraction today is structural adjustment and debt repayment.

The world is divided into between rich 'centre' countries and 'poor peripheral' countries. Centre countries are less structurally dependent than peripheral countries and tend to produce mainly capital goods and consumer goods. Accumulation in centre countries is cumulative over time while in peripheral countries is stagnant. This leads to never development.

2.8 Conclusion

The term Development is however no more precise than the term evolution in its application to social phenomenon. The term underdevelopment refers to that state of an economy where levels of living of masses are extremely low due to very low levels of per capita income resulting from low levels of productivity and high growth rates of population. Underdeveloped countries are now known as 'developing countries' signifying that such nations are capable of and are indeed making serious efforts to overcome their problems of poverty and low income.

2.9 Summary

In this unit we studied the various concepts related to under development. We have also examined various approaches to development influencing the process of development. We have also studied in this unit the concept and definition of underdevelopment and its relationship with development. In this context the Capitalist, Socialist and Gandhian model of development has been analysed which attaches prime importance to the development of human being and society.

2.10 Questions

Answer briefly:

1. What are the features of Capitalist Model of Development?
2. Briefly answer on features of Socialist Model of Development.
3. Short note on rural development model based on Gandhism.
4. Briefly answer on Causes of Underdevelopment.

Answer in detail:

1. Write a note on Positive and Negative outcomes of Capitalist Model of Development.
2. Write a short note on advantage and disadvantage of Socialist Model of Development.
3. What is Gandhian Model of Development? Discuss basic principles of Gandhian Model of Development.
4. What are the Features of Underdevelopment?

Essay Type Question:

1. Critically evaluate the Capitalist Model of Development.
2. Write an essay on Socialist Model of Development.
3. Write a note on Gandhian Model of Development.
4. Critically discuss theories of Underdevelopment.

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Unit 3 □ Human Development Indicators

Structure

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 - 3.3.1 Human Development Index**
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- 3.9 Gender Development Index (GDI)**
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- 3.13 Conclusion**
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3.1 Learning Objectives

- ❖ To appraise the history of human development
- ❖ To understand the various dimensions of Human Development
- ❖ To explain the Indian scenario

3.2 Introduction

The concept of human development is the most influential idea that has shaped development thinking in recent times. Studies have shown that there is no positive correlation between economic growth and quality of life. The nations into high level of growth need not have similar social development, so an integral link between economic growth and social development is needed. "Human Development" is probably that link, which not only brings together the production and distribution of commodities but also expansion and use of human capabilities. It focuses on measuring well - being and uneconomical growth that comes at the expense of human health. However, it tries not only to measure but also to develop a model of how social and institutional capital can be deployed to optimize the overall value of human capital in an economy. Infact, it is considered to be people centered strategy of development.

The transformation of landscape of development theories, measurement and policy was done with the publication of the first Human Development Report (HDR) by the United Nations Development Programme (UNDP) in 1990 and introduction of the concept of Human Development. HDR, 1990 presented the concept of human development as the progress towards greater well-being and provided with country level data for wide range of development indicators. The three important ends of development used in HDR are access to health, education and standard of living. Empowered by these three and other capabilities an individual can achieve desired state of well - being.

The first Human Development Report published under the inspiration and leadership of its architect, Mahbubul Haq (1990) came after a period of crisis and retrenchment, in which concern for people had given way to concern for balancing budgets and payments. It met a felt need and was widely welcomed. It has caught the world's imagination, stimulating disparagements and argument, original explanations, improvements and additions.

Human development is the process of enlarging people's choices - not just choices among different detergents, television channels or car models but the choices that are created by expanding human capabilities and functionings - what people do and can do in their lives. At all levels of development a few capabilities are essential for human development, without which many choices in life would not be available. These capabilities are to lead a long and healthy lives, to be knowledgeable and to

have access to the resources needed for a decent standard of living. But many additional choices are valued by people. These include political, social, economic and cultural freedom, a sense of community, opportunities for being creative and productive, and self-respect and human rights. Yet human development is more than just achieving these capabilities; it is also the process of pursuing them in a way that is equitable, participatory, productive and sustainable.

Getting income is one of the options people would like to have. It is important but not an all - important option. More income is only one of the things poor people desire. There are non-material benefits that are often more valued by poor people than material improvements. Some of these partake in the characteristics of rights, others in those of states of mind. Among these are good and safe working conditions, freedom to choose jobs and livelihoods, freedom of movement and speech, liberation from oppression, violence and exploitation, security from persecution and arbitrary arrest, a satisfying family life, the assertion of cultural and religious values, adequate leisure time and satisfying forms of its use, a sense of purpose in life and work, the opportunity to join and actively participate in the activities of civil society and a sense of belonging to a community. These are often more highly valued than income, both in their own right and as a means to satisfying and productive work. No policy-maker can guarantee the achievement of all, or even the majority, of these aspirations, but policies can create the opportunities for their fulfillment.

3.2 History of Human Development

Human development grew out of global discussions on the links between economic growth and development during the second half of the 20th century. By the early 1960s there were increasingly loud calls to oust GDP: economic growth had emerged as both a leading objective, and indicator, of national progress in many countries, even though GDP, was never intended to be used as a measure of wellbeing. In the 1970s and 80s development debate considered using alternative focuses to go beyond GDP, including putting greater emphasis on employment, followed by redistribution with growth, and then whether people had their basic needs met.

These ideas helped pave the way for the human development approach, which is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. It is an approach that is focused on creating fair opportunities and choices for all people. The rationality behind these ideas are:

- **People:** the human development approach focuses on improving the lives people lead rather than assuming that economic growth will lead, inevitably, to greater opportunities for all. Income growth is an important means to development, rather than an end in itself.
- **Opportunities:** human development is about giving people more freedom and opportunities to live lives they value. For example, educating a girl would build her skills, but it is of little use if she is denied access to jobs, or does not have the skills for the local labour market.

3.2.1 Dimensions of Human Development

- a) Directly enhancing human abilities :** Long and healthy life, Knowledge, Decent standard of living.
- b) Creating conditions for human development :** Participation in political and community life, Environment sustainability, Human security and rights, Gender equality.

The above dimensions of human development looks at the fundamental aspects of human development on one hand and at the aspects which help to create the conditions that allow people to flourish. Three foundations for human development are to live a healthy and creative life, to be knowledgeable, and to have access to resources needed for a decent standard of living. Many other aspects are important too, especially in helping to create the right conditions for human development, such as environmental sustainability or equality between men and women. Once the basics of human development are achieved, they open up opportunities for progress in other aspects of life.

- **Choices:** human development is, fundamentally, about more choice. It is about providing people with opportunities, not insisting that they make use of them. No one can guarantee human happiness, and the choices people make are their own concern. The process of development—human development—should at least create an environment for people, individually and collectively, to develop to their full potential and to have reasonable chance of leading productive and creative lives that they value.

The human development approach, developed by the economist Mahbubul Haq, is anchored in Amartya Sen's work on human capabilities, often framed in terms of whether people are able to "be" and "do" desirable things in life. Examples include

Beings: well fed, sheltered, healthy

Doings: work, education, voting, participating in community life.

Freedom of choice is central : someone choosing to be hungry (during a religious fast say) is quite different to someone who is hungry because they cannot afford to buy food.

The human development approach encompasses all sections of society, but there is a heavy emphasis on the situation of the poor, whose potential for living full and flourishing lives is most limited. Compared with the growth maximization goal, economic expansion is seen as a means to advance human development, rather than an end in itself. Employment too is a means to advance human development since being employed contributes directly to human fulfilment. The fulfilment of basic needs is a central component of human development, but the human development approach goes well beyond the basic in two ways: first, it includes aspects human flourishing which are not normally considered to be basic. Secondly, the approach is not confined to developing countries but applies globally. The major contribution of Sen's capabilities approach to development is the emphasis on choice and agency as well as moving beyond the basic. The human development approach, however, has a pragmatism that the capabilities approach sometimes seems to lack, by focusing particularly on the needs of the poor and adding up outcomes so as to assess country performance. Whatever may be the agenda, the human development approach remains useful to articulating the objectives of development and improving people's well-being by ensuring an equitable, sustainable and stable planet.

3.3 Human Development Indicators

Indicators published annually by United Nations Development Programme (UNDP) provide that there are three data dimensions: life expectancy, education and purchasing power parity or collectively called Human Development Index (HDI). In addition to the main index, the UNDP issues three supplementary resources:

- Inequality - adjusted HDI
- Gender Inequality Index
- Multidimensional Poverty Index

3.3.1 Human Development Index

Growth in national income (GNP) or per capita income considered above as

indicator of economic growth does not represent a true and adequate measure of welfare and economic development of the people of a country. Therefore, a need was felt to put forward an index which should truly and correctly reflect the level of economic welfare and economic development of a nation. Thus, Human Development Report (1997) states, "Income is clearly only one option that people would like to have, though an important one. But it is not the sum total of their lives. Income is also a means, with human development, the end". Human development index is a composite measure of three aspects of good life and well-being. Three questions were raised regarding what people want in order to have a good and cherished life. The answers provided were: - people want to lead a long and healthy life; they want to be educated and to acquire knowledge and they want to have access to resources so that they enjoy a decent standard of living.

The Human Development Index is an aggregated indicator, designed by the UNDP to track progress in the development of countries and provide useful information for policymakers. Since, it was published in the 1990 Human Development Report, it has become widely accepted as a global yardstick for the development performance of nations and a starting point for drawing up rankings in three key areas of life: health, education and income. Health is assessed by life expectancy at birth, education by the mean years of schooling for adults and the expected years of schooling for children and income by gross national income per capita. The indicators of HDI are used to rank countries into four tiers of human development. A country scores higher HDI when the life expectancy at birth is longer, the education period is longer, and the income per capita is higher.

The origins of the HDI are found in the annual Development Reports of the UNDP. These were devised and launched by Pakistani economist Mahbubul Haq in 1990 and the explicit purpose was "to shift the focus of development economics from national income accounting to people - centered policies". To produce the Human Development Reports, Mahbubul Haq formed a group of development economists including Paul Streeten, Frances Stewart, Gustav Ranis, Keith Griffin, Sudhir Anand and Meghnad Desai. Working alongside Noble laureate Amartya Sen, they worked on capabilities and functions that provided the underlying conceptual framework. Haq was sure that a simple composite measure of human development was needed in order to convince the public, academics, and politicians that they can and should evaluate development not only by economic advances but also improvements in human well-being. Sen initially opposed this idea, but he soon went on to help Haq develop the Index. Sen was worried that it was going to be difficult to capture

the full complexity of human capabilities in a single index, but Haq persuaded him that only a single number would shift the immediate attention of politicians from economic to human well-being.

3.3.2 Indicators of Human Development Index (HDI)

Published on 4 November 2010 (and updated on 10 June 2011), the 2010 Human Development Report on HDI combines three different criteria or indicators which represent different aspects of good life or the three goals of human development:

1. **Longevity:** It is measured by life expectancy at birth. Life expectancy at birth means how many years a newly born infant can hope to live in this world. This represents element of health in the Human Development Index (HDI).
2. **Education or Knowledge:** It is measured by the weighted average of adult literacy and mean years of schooling. For this 2/3rd weight is given to adult literacy and 1/3rd weight is given to the mean years of schooling.
3. **Standard of Living:** It is measured by real per capita income of a country at purchasing power parity (PPP) prices that is, adjusted for purchasing power of currencies of different countries.

The UNDP provides the following explanation of the HDI data dimensions:

- **Life expectancy at birth:** Number of years a newborn infant could expect to live if prevailing patterns of age-specific mortality rates at the time of birth remain the same throughout the infant's life.
- **Mean years of schooling:** average number of years of education received by people ages 25 and older, converted from education attainment levels using official durations of each level.
- **Expected year of schooling:** Number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrolment rates persist throughout the child's life.
- **Gross National Income (GNI) per capita:** Aggregate income of an economy generated by its production and its ownership of factors of production, less the incomes paid for the use of factors of production owned by the rest of the world, converted to international dollars using purchasing power parity (PPP) rates, divided by mid-year population.

- **Gross National Income per capita rank minus Human Development Index rank:** Difference³ in rankings by GNI per capita and by the HDI. A negative value means that the country is better ranked by GNI than by the HDI.
- **Non-income Human Development Index:** Value of the HDI computed from the life expectancy and education indicators.

3.4 Calculation of HDI

The main purpose of calculating HDI is to measure the level of achievements in three basic aspects of human development in a given country. Four indicators belonging to three dimensions are used: Long and healthy life, knowledge and decent standard of living.

There are two methods of calculation of HDI. One is old method and another is revised method developed in 2010 where instead of Arithmetic mean, Geometric Mean is considered.

Old method :

As an indicator, it is "...a mathematical relationship that expresses how various inputs - such as nutrition or primary schooling - produce a certain level of human development". The formula for its calculation is as follows:

$$\text{Life Expectancy Index (LEI)} = \text{LE} - \frac{20}{85} - 20$$

LEI is 1 when Life expectancy at birth at birth is 85 and 0 when life expectancy at birth is 20.

$$\text{Education Index (EI)} = \text{MYSI} + \text{EYSI} / 2$$

$$1. \text{ Mean Years of Schooling Index (MYSI)} = \text{MYS} / 15$$

(Fifteen is the projected maximum of this indicator for 2025).

$$2. \text{ Expected Years of Schooling Index (EYSI)} = \text{EYS} / 18$$

(Eighteen is equivalent to achieving a master's degree in most countries).

MYS: Mean years of schooling (Years that a person 25 years of age or older has spent in schools)

EYS: Expected years of schooling (Years that a 5 - year old child will spend in schools throughout his life)

Income Index (II) = $\frac{\ln(\text{GNIpc}) - \ln(100)}{\ln(75,000) - \ln(100)}$

II is 1 when GNI per capita is \$75,000 and 0 when GNI per capita is \$100.

GNIpc : Gross national income at purchasing power parity per capita.

Finally, in constructing overall HDI we take average of three individual index with each having 1/3 weight. Thus,

HDI = 1/3 (life expectancy index) + 1/3 (education index) + 1/3 (income index).

After finding the values of Human Development Index (HDI) for countries they are ranked from the highest to the lowest.

New method:

- **Life Expectancy Index assessment as per new method:**

New Life Index calculation has come out with changing its goalposts (minimum and maximum of the life expectancy). For life expectancy, it has taken 1980-2010 as years which are considered to form these values. Minimum value for life expectancy is fixed at 20 years in new calculation. Maximum value for life index is kept at 83.2 years.

Life Expectancy Index (LEI) = $\frac{\text{Life Expectancy of a country} - 20}{83.2 - 20}$

- **Education Index assessment as per new method:**

Education Index (EI) assessment is composite of two indices. They are:

- 1. Mean Years of Schooling Index (MYSI)**

- 2. Expected Years of Schooling Index (EYSI)**

Mean Years of Schooling means the spent years by a 25 years or older person in school. The low value was fixed at 0 and the maximum value for mean years of schooling is fixed at 13.2. These values are taken after observation of various countries in the time of 1980-2010.

Mean Years of Schooling Index (MYSI) = $\frac{\text{Mean years of schooling} - 0}{13.2 - 0}$

Expected Years of Schooling means years that is to be spent by a 5 year old boy in school in a particular country. This assessment of goal posts (Minimum and maximum values) for expected years of schooling is also based on 1980 - 2010 in various countries. Low value for expected years of schooling is fixed at 0 and high value is fixed at 20.6.

Expected Years of Schooling Index (EYSI) = Expected Years of Schooling - 0/ 20.6 - 0

Therefore, Education Index = (MYSI x EYSI) $1/2$ - 0/ 0.951 - 0

• Income Index assessment as per new method:

To calculate this index, goal posts are set as per observations during 1980 - 2010 in various countries. Gross National Income per capita is taken as measure to calculate new Income Index in new HDI. Minimum income is set as \$163 and maximum income is set as \$108,211.

Income Index = Log (Country's GNIPC) - Log (\$163) / Log (\$108,211) - Log (\$163)

" Human Development Index as per new method:

Human Development Index (HDI) =

(Life Expectancy Index × Education Index × Income Index) $\frac{1}{3}$

New Human Development Index (HDI) is geometric mean of Life Expectancy Index (LEI), Education Index (EI) and Income Index (II).

After this calculation total value will be between 0 and 1. As per the values gained, countries will be placed in the list of division of countries. They are divided into very high human development, high human development, medium high human development and low high human development countries.

Difference between the old method and new method of calculating HDIs are:

Human development assessment cannot be an easy task as it is multi-dimensional rather than single issue. To assess human development, one index cannot be the solution. Countries utilised Gross Domestic Product as human development which can show only economic sphere excluding all other elements. In order to assess better than GDP and other calculations used by different countries United National Development Programme began to report it through multi-dimensional method known as Human Development Index. It is upgraded all the time to show better results and changed recently to have better result. In 2010 HDI report, this change was used to declare various nations' HDI.

Changes occurred in new Human Development Index (HDI)

The differences between old and new HDIs are given in below explanation.

The basic differences in old and new HDIs are as follows:

1. There is a change of goalposts in three indices of HDI.
2. Geometric mean is taken for assessment of HDI.

There are three indices used in Human Development Index. Those are Life Expectancy Index, Education Index and Income Index. This article gives the comparison of old and new HDIs.

Changes occurred in Life Expectancy Index (LEI) in new HDI calculation

As per old HDI, the minimum life expectancy was 25 years. In new HDI, the minimum life expectancy is reduced to 20 years. As per old HDI, the maximum life expectancy was 85 years. In new HDI, the maximum life expectancy is reduced to 83.5 years. The formula to calculate the LEI is same given in old HDI.

Changes occurred in Education Index (EI) in new HDI calculation

As per old HDI, there were two indices named Adult Literacy Index (ALI) and Gross Enrolment Index (GEI). As per new HDI, these are replaced by Minimum Years of School Index (MYSI) and Expected Years of Schooling Index (EYSI). MYSI is given minimum value as zero and maximum value as 13.2 and EYSI is given minimum value of zero and maximum value as 20.6. For total education index minimum value is set as zero and maximum value is set as 0.951.

Changes occurred in Income Index (II) in new HDI calculation

As per old HDI, the minimum income was \$100 and maximum was \$40,000. As per new HDI, the minimum income is \$163 and maximum income is \$108,211. In old HDI, Gross Domestic Product was taken and in new HDI, Gross national Income was taken. The formula to calculation of new Income Index remained the same.

Changes occurred in new HDI calculation

There used to be taking of average mean of three indices to determine old HDI, but as per new HDI, the geometric value of three indices is taken as HDI.

Human Development Index is even though is not ultimate index to calculate and assess human development, it is better than other indices which are being used by various countries. Now, there can be assessment as per the new HDI which can better assess than old HDI.

3.5 Human Development Index In India

The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. Wide inequalities in people's well-being cast a shadow on sustained human development progress, with people in very high human development countries living 19 years longer, and spending seven more years in school, than those living in the group of low human development countries. Rising economic inequalities and wide gender gap don't let India achieve a faster ascent among 189 countries.

India now ranks 131 of 189 countries in the latest human development rankings released by the UNDP(2020). This means the average age a child is expected to spend in school is now 6.4 years, which was three in 1990 and the life expectancy is 68.8 years, which was 57.9 years 28 years ago. India fares better than other South Asian countries like Bangladesh and Pakistan. According to a report, India's HDI for 2017 is 0.640, which puts the country in the medium human development category. Between 1990 and 2017, India's HDI increased from 0.427 to 0.640, a rise of almost 50 per cent - an indicator that the country has lifted millions out of poverty. Between 1990 and 2017, India's life expectancy at birth has also increased by nearly 11 years. School - age children in the country can expect to stay in school for 4.7 years longer than what they did in 1990. The country's Gross National Income per capita too has gone up by a staggering 266.6 per cent between 1990 and 2017.

Within South Asia, India's HDI is above average of 0.638 for the region, with Bangladesh and Pakistan, countries with similar population size, being ranked 136 and 150. The UN report says that an unequally growing economy leads to a low HDI. This is why low and medium human development countries lose 31 and 25 percent of their human development index to inequality. But those with high human development index face an average loss of 11 per cent. India loses 26.8 per cent HDI owing to inequalities. It is the highest among all other South Asian nations. The average loss in South Asian countries is 26.1 per cent. This confirms that inequality remains a challenge for India as it progresses economically, though the government and various state government have, through a variety of social protection measures, attempted to ensure that the gains of economic development are shared widely and reach the farther first.

Francine Pickup, country director, UNDP India, has noted the steady progress India made on HDI. " The success of India's national development schemes like Bet Bachao Beti Padhao, Swach Bharat, Make in India, and initiatives aimed at universalizing school education and health care, will be crucial in ensuring that the upward trend on human development accelerates and India achieves the key principles of the Sustainable Development Goals so one is left behind, " says Pickup.

3.6 Shortcomings and Criticisms of Human Development Index

First, for estimating literacy rate, expected years of schooling by children at the entrance age is used which overstates the literacy rate as in many countries many children who join primary school later drop out at some stage.

Secondly, in preparing HDI equal weight of $1/3$ is given to each of the three variables namely, life expectancy, literacy rate and GNI per capita. This involves some value judgment and seems to be quite arbitrary. Besides, since these three components of HDI are measured in different units, to give equal weight to each component of HDI does not make much sense.

Thirdly, in constructing human development index, role of quality has been ignored. For example, there is a big difference between extra year of life for a healthy well-educated person and extra one year of life for a person who is bed-ridden and has limited capability to do work. Similarly, in constructing HDI only the number of years of schooling is taken into account while the quality of education also matters a lot for good living. Due to lack of adequate data about quality of health and education, it is not incorporated in the construction of HDI. But without the quality of health and education being considered, HDI does not represent the true index of human development.

But the important drawback of human development index, is that it is of composite character which makes it an imperfect indicator of development or well-being of the people. If these three components are highly correlated to each other, then a single one will serve the purpose of comparing the levels of development and well-being of the people of different countries.

However, in our view it is not proper to put the three variables reflecting development into a single composite index. It is better and much more revealing if performance of different countries is compared in respect of various indicators

separately because putting them together obscures the performance of development of various countries in respect of some crucial areas. Thus, in our view human development index hides more than it reveals. Besides, in constructing HDI there is problem of what to be included and what to be excluded and what weights be assigned to the various variables included for construction of the index.

In fact until recently human development index was prepared taking into account three variable, namely, life expectancy, literacy and per capita income and inequality in income distribution which also determines well-being of the people was ignored. Realizing the importance of inequalities in income distribution, the Human Development Report, 2013 has also given '**inequality-adjusted HDI**' in addition to the HDI without such adjustment.

Besides, human development index still does not take into account social, economic and political freedoms as well as human rights. Further, human development index as it is being presently constructed is not comprehensive as it does not include the two important indicators such as poverty and unemployment as reduction in them are important indicators of development. However, UNDP which constructs human development index separately calculates 'human poverty index' (HPI) which has now been replaced by '**multi-dimensioned poverty index**'.

But the existence of unemployment which is an important aspect of human development still remains excluded. Thus in our view, the chief drawback of human development index (HDI) is that it obscures many dimensions of the concept of development. The concept of development is so much wider, deeper and richer that single composite measure like HDI cannot adequately measure it. Therefore, it is better to judge and assess the development performance of different countries by a number of indicators that reflect different aspects of development rather to judge it by a single composite index of HDI.

3.7 Inequality Adjusted HDI

Purpose: The IHDI combines a country's average achievements in health, education and income with how those achievements are distributed among country's population by "discounting" each dimension's average value according to its level of inequality. Thus, the IHDI is distribution - sensitive average level of Human Development. Two countries with different distributions of achievements can have the same average HDI. Under perfect equality the IHDI is equal to the HDI, but falls below the HDI when inequality rises.

The difference between IHDI and HDI is the human development cost of inequality, also termed the loss to human development due to inequality. The IHDI allows a direct link to inequalities in dimensions, it can inform policies towards inequality reduction and leads to better understanding of inequalities across population and their contribution to the overall human development cost. A recent measure of inequality in the HDI, the coefficient of human inequality is calculated as an average inequality across three dimensions. The IHDI is calculated for 151 countries.

Dimensions	Long and healthy life	Knowledge	A decent standard of living
Indicators	Life expectancy at birth	Expected years of schooling and means years of schooling	GNI per capita (PPP \$)
Dimension index	Life expectancy	Years of schooling	Income/consumption
Inequality adjusted index	Inequality adjusted life expectancy index	Inequality adjusted education index	Inequality adjusted income index

3.8 Inequality Adjusted Human Development Index (IHDI)

(Table showing what is Inequality adjusted human development index)

The IHDI takes into account not only the average achievements of a country in health, education and income, but also how those achievements are distributed among its population by "discounting" each dimension's average value according to its level of inequality.

How should the IHDI be interpreted?

While the HDI can be viewed as an index of average achievements in human development when the distribution of achievements across people in the society is accounted for. The IHDI will be equal to the HDI when there is no inequality but falls below the HDI as inequality rises. The difference between the HDI and IHDI expressed as a percentage of the HDI, indicates the loss in human development due to inequality.

Limitations: The IHDI captures the inequality in distribution of the HDI dimensions. However, it is not association sensitive, meaning that it does not account

for overlapping inequalities - whether the same people are at the lower end of each distribution. Also individual values of education and income can be zero or even negative (for income), so they have been adjusted to non - negative non - zero values uniformly across countries. This adjustment reshapes the distributions for a bit, so it is fair to say that the inequality measure provides an approximation of the magnitude of inequality.

3.9 Gender Development Index (GDI)

GDI is one of the gender sensitive measures by UNDP to assess overall development with a note on inequality. GDI is a gender-adjusted HDI measured in the equally weighted components, same as HDI, but formulated in a way to take note of the gaps between male and female on each of these components. The GDI measures differences between male and female achievements in three basic dimensions of human development: health, education and command over economic resources. Gender disaggregated data is used in each dimension. The health dimension is captured by female and male life expectancy at birth. Education is measured by using two indicators - female and male expected years of schooling for children, and female and male mean years of schooling for adult ages 25 and older. Command over economic resources is measured by female and male estimated earned income.

GDI is the ratio of female HDI to male HDI. To calculate it, the HDI is first calculated separately for females and for males. The same goalposts as in the HDI are used for transforming the indicators into a scale lying between zero and one. The only exception is life expectancy at birth where the goalposts are adjusted, to reflect the empirical finding that on average, women have a biological advantage over men, and live about 5 years longer. The income component, female and male estimated earned income, is calculated based on GNI per capita in PPP\$(2011 constant prices), female and male shares of the population, female and male shares of economically active population, and ratio of female to male wages in all sectors. The income component of the GDI is a proxy to command over economic resources. This component captures income gaps in a way similar to the focus on gender gaps in other HDI components.

Estimating the female and male HDIs for all countries relies on many approximations, such as assuming wage ratios of 0.8 for many countries. Because of this the estimated HDIs need to be interpreted with caution. We prefer not to rank the countries based on these approximated HDIs. Instead, we group countries

into five GDI groups by absolute deviation from gender parity in HDI values. Group 1 countries have high equality in HDI achievements between women and men; group 2 has medium-high equality in HDI achievements between women and men; group 3 has medium equality in HDI achievements between women and men; group 4 has medium-low equality in HDI achievements between women and men; and group 5 countries has low equality in HDI achievements between women and men.

The GDI helps in better understanding of the gender gap in human development achievements. It provides insights into gender disparities in achievements in three basic capabilities: health, education and command over economic resources, and is useful for designing and monitoring policies to close the gap.

In the years since its creation in 1995, much debate has arisen surrounding the reliability, and usefulness of the Gender Development Index (GDI) in making adequate comparisons between different countries and in promoting gender-sensitive development. The GDI is particularly criticized for being often mistakenly interpreted as an independent measure of gender-gaps when it is not intended to be interpreted in that way. Additionally the data that is needed in order to calculate the GDI is not always readily available in many countries, making the measure very hard to calculate uniformly and internationally. There is also worry that the combination of so many different developmental influences in one measurement could result in muddled results and that perhaps the GDI actually hide more than they reveal. More specifically, there has been a lot of debate over the life-expectancy component of the Gender-related Development Index (GDI). It has been argued that if the GDI was really looking to promote true equality, it would strive to attain the same life-expectancy for women and men, despite what might be considered a biological advantage or not. However, this may seem paradoxical in terms of policy implications, because, theoretically, this could only be achieved through providing preferential treatment to males, effectively discriminating against females. Furthermore, it has been argued that the GDI doesn't account for sex-selective abortion, meaning that the penalty levied against a country for gender inequality is less because it affects less of the population. Another area of debate surrounding the GDI is in the area of income-gaps. The GDI considers income-gaps in terms of actual earned income. This has been said to be problematic because often men make more money than women, but their income is shared. Additionally, the GDI is criticized since it doesn't take into account the value of care work as well as other work performed in the informal sector. Another criticism of the GDI is that it only takes gender into account as a

factor for inequality, it does not, however, consider inequality among class, region or race, which could be very significant. Another criticism for GDI is that heavily depended on GDP and GNP.

3.10 Multidimensional Poverty Index

The Multidimensional Poverty Index (MPI) looks beyond income to understand how people experience poverty in multiple and simultaneous ways. It identifies how people are being left behind across three key dimensions: health, education and standard of living, comprising 10 indicators. The method was developed following increased criticism of monetary and consumption based poverty measures, seeking to capture the deprivations in non-monetary factors that contribute towards well-being. The Global MPI was developed in 2010 by the Oxford Poverty & Human Development Initiative (OPHI) and the United Nations Development Programme. It has since been used to measure acute poverty across over 100 countries. It replaced the Human Poverty Index. The MPI uses micro data from household surveys, and -unlike the inequality-adjusted Human Development Index - all the indicators needed to construct the measure must come from the same survey. Each person in a given household is classified as poor or non-poor depending on the weighted number of deprivations his or her household, and thus, he or she experiences. These data are then aggregated into the national measure of poverty. The MPI reflects both the incidence of multidimensional deprivation (a headcount of those in multidimensional poverty) and its intensity (the average deprivation score experienced by poor people). It can be used to create a comprehensive picture of people living in poverty, and permits comparisons both across countries, regions and the world and within countries by ethnic group, urban or rural location, as well as other key household and community characteristics. The MPI offers a valuable complement to income-based poverty measures. The Global MPI uses the following ten indicators with the following cutoffs:

Dimension	Indicators	Deprivation Cut offs
Health	<ul style="list-style-type: none"> • Child Mortality • Nutrition 	<ul style="list-style-type: none"> • Deprived if any child has died in the family • Deprived if any adult or child, for whom there is nutritional information, is underweight.

Education	<ul style="list-style-type: none"> • Years of schooling • School attendance 	<ul style="list-style-type: none"> • Deprived if no household member • has completed six years of schooling • Deprived if any school-aged child is • not attending school up to class 8
Living Standards	<ul style="list-style-type: none"> • Cooking fuel • Sanitation • Drinking water • Electricity • Housing • Assets 	<ul style="list-style-type: none"> • Deprived if the household cooks with dung, wood or charcoal <p>Deprived if the household's sanitation facility is not improved (according to MDG guidelines), or it is improved but shared with other households</p> <ul style="list-style-type: none"> • Deprived if the household does not have access to safe drinking water (according to MDG guidelines) or safe drinking water is more than a 30 - minute walk from home roundtrip • Deprived if the household has no electricity • Deprived if the household has a dirt floor • Deprived if the household does not own more than one of: radio, TV, telephone, bike, motorbike or refrigerator and does not own a car or truck.

People who experience deprivation in at least one third of these weighted indicators fall into the category of multidimensional poor.

The MPI reflects the multiple deprivations that people face at the same time. We have described the MPI as a measure of "acute" poverty because it reflects overlapping deprivation in basic needs and also to avoid confusion with the World Bank's measure of "extreme" poverty that captures those living on less than \$1.90 (in 2011 \$PPP) a day. Including income as an indicator might imply double counting people's deprivations. The standard of living dimension of the MPI acts as a proxy for economic wellbeing. The MPI, which also includes other dimensions of wellbeing, should be seen as a complementary measure of income poverty that goes beyond the monetary aspect of people's lives. An interesting analysis would be to explore the overlap between income poverty and multidimensional poverty, i.e. to distinguish those who are income poor and MPI poor versus those who are poor according to one concept only or those who are not poor at all. The MPI, measures acute multidimensional poverty, and only includes indicators that are available for many countries. National poverty line measures are typically monetary measures, and, thus, capture something different. The fact that there are differences does not mean that the national poverty number or the MPI headcount are wrong - these simply measures different concepts of poverty.

The MPI methodology shows aspects in which the poor are deprived and helps to reveal inter-connections among those deprivations. This enables policy makers to target resources and design policies more effectively. This is especially useful where the MPI reveals areas or groups characterized by severe deprivation. The multidimensional poverty approach can be adapted using indicators and weights that are more relevant to national context at the country level to create tailored national poverty measures. The MPI can be useful as a guide to help local governments tailor a poverty measure that reflects local indicators and data. The MPI methodology can be, and often is, modified to generate national measures of Multidimensional Poverty that reflect local cultural, economic, climatic and other factors. The global MPI was devised as an analytical tool to compare acute poverty across nations.

The MPI has some drawbacks, mainly due to data constraints. First, the indicators may not reflect capabilities but instead reflect outputs (such as years of schooling) or inputs (such as cooking fuel). Second, the health data are relatively weak and overlook some groups' deprivations, especially for nutrition, though the patterns that emerge are plausible and familiar. Third, in some cases careful judgments were needed to address missing data. But to be considered multidimensional poor, households

must be deprived in at least six standard of living indicators or in three standard of living indicators and one health indicator, or in two health or education indicators. This requirement makes the MPI less sensitive to minor inaccuracies. Fourth, intra-household inequalities may be severe, but these could not be reflected. Fifth, while the MPI goes well beyond a headcount ratio to include the intensity of poverty, it does not measure inequality among the poor, although decompositions by groups can be used to reveal group - based inequalities. Finally, the estimates presented here are based on publicly available data and cover various years between 2006 and 2016-17, which limits direct cross-country comparability.

3.11 Indian Scenario at Human Development Index

- India climbed one spot 10 130 out of 189 countries in the latest HDI ranking as compared to 131st out of 188 countries in the 2017 Human Development Index (HDI).
- India's Human Development Index (HDI) value for 2018 is 0.640, which puts the country in the medium human development category. Between 1990 and 2018, India's HDI value rose from 0.427 to 0.640, an increase of nearly 50%, indicating rapid progress in poverty eradication.
- People are living longer, are more educated, and have greater income today as seen in the rise in average HDI levels since 1990 at 22 percent globally. The least developed countries registered a 51 per cent increase. In keeping with the global trend, in the last 17 years since 1990, India registered a 50 per cent increase.
- Life expectancy at birth in the country has increased by 11 years and children have been predicted to stay in school for 4.7 years longer than in 1990. Further, the highest leap has been in GNI per capita which registered more than 200 per cent increase between 1990 and 2017.
- At the same time the value of India's Inequality-adjusted HDI (IHDI) falls by more than 25% to 0.468, far worse than the global average decrease in the global HDI value due to the stark inequality in access to education, health, and income.
- India ranks 127 out of 160 countries on the Gender Inequality Index which reflects gender-based inequalities in reproductive health, empowerment (political and educational), and economic activity.

- The report notes that in India women hold only about 11 per cent of parliamentary seats which implies that women hardly have a role in policy making, while only about 40 per cent of adult women have reached at least a secondary level of education as compared to more than 60 per cent.
- India's worst performance on the gender scale is with regards to its female participation in the labour market which is about 30 per cent compared to 80 per cent for men even as globally about 50 per cent women are part of the labour force as compared to 75 per cent men.

3.12 Limitations of HDI

- It provides a limited evaluation of human development which is much beyond the parameters considered for its measurement.
- It does not specifically reflect quality of life factors, such as empowerment movements or overall feelings of security.
- In recognition of these facts, the Human Development Report Office provides additional composite indices to evaluate other life aspects, including inequality issues such as gender disparity or racial inequality.
- So, examination and evaluation of a country's HDI is best done in coordination with examining other factors, such as the country's rate of economic growth, expansion of employment opportunities, and success of initiatives etc undertaken to improve the overall quality of life within a country.

3.13 Conclusion: Way Forward

India's HDI has increased tremendously in the last two and half decades. However, we need to focus on inequality and the pockets of deprivation that are dragging the HDI down for achieving development for all and the key principle of the Sustainable Development Goals to leave no one behind. Gender inequality is another big issue which adversely affects human development. So the development schemes like Beti bachao Beti Padhao, Sukanya Samridhi Yojana, and Stand-up India etc. would be crucial in ensuring the upward trend of human development.

3.14 Summary

Deteriorating air quality in major Indian cities and its impacts on human health

are also worrying. There should be more sensitization towards eco-friendly solutions for mobility like the recent Global Mobility Summit to make transition towards sustainable alternatives for transport. Climate change is likely to increase migration, displacement and negatively affect livelihoods. As the solution lies in innovation, so the government with all the stakeholders including community participation should create an ecosystem that fosters creative thinking and innovation to make India climate change resilient.

3.15 Questions

1. Write a note on the history of Human Development
2. What are the dimensions of Human Development
3. What are the Human Development Indicators
4. What is Human Development Index
5. What are the Indicators of Human Development Index
6. Write a brief note on the calculation of HDI
7. Explain the Shortcomings of Human Development Index
8. What is meant by Multidimensional Poverty Index?

3.15 References

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Unit 4 □ Participatory development Gender and Development GAD & Grassroots initiatives SHG and NGO

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4.1 Learning Objectives

- ❖ To explain the idea of the Gender and Development Approach
- ❖ To understand its dimensions, role and relevance
- ❖ To understand the underpinnings of SHGs and NGOs

4.2 Introduction

Men in many contexts, through their roles in the home, the community and at the national level, have the potential to bring about change in attitudes, roles a, relationships and access to resources and decision making which are critical for equality between women and men. In their relationships as fathers, brothers, husbands, and friends, the attitudes and values of men and boys impact directly on the women and girls around them. Men should therefore be actively involved in developing and implementing legislation and policies to faster gender equality and in providing role models to promote gender equality in the family, the workplace and in society at large.

-Kofi Annan- Report of the UN Secretary General

'The Role of Men and Women in Achieving Gender Equality', December 2003

For centuries, people held the belief that women's and men's characteristics were natural and unalterable, determined by differences that were biological or divinely decreed. Those characteristics included the ideas and values considered to be feminine or masculine (women are emotional, en rational), and a set of behaviors, aptitudes and practices (women do the dishes, men work with machines). Well before the U.N. Decade for Women, intercultural research demonstrated that these characteristics are engendered and created by society rather than being determined or natural. In gender and development, the term gender is used to describe characteristics determined by society, while the term sex is used to describe characteristics that are determined biologically. However, there is nothing in the

fact that women bear children implies that they alone must care for them throughout childhood, any more than that they must feed and take care of adults, care for the sick, perform certain agricultural tasks or work in a factory producing electronic parts. A society in which women and men were equal would not rely on arbitrary sex differences to determine individual's possibilities and restrict their economic activities. It is important to realize that gender relationships and identities are not universal, but vary across cultures and sometimes from community to community.

Around the world women, as a group, earn less than men, receive fewer facilities and work longer hours every day. Their work and their opinions are criticized. In general, women have more laborious family responsibilities and are frequently threatened with violence. They are also under-represented at the decision making level and face many problems when they aspire to positions of authority.

In taking into account of gender, development practitioners and social movement activists are looking at disparities that exist in male and female rights, responsibilities, access to and control over resources, and voice at household, community and national levels. Men and women often have different priorities, constraints and preferences with respect to development projects and campaigning interventions. To enhance effectiveness, these considerations must be addressed in all programme and campaign design and interventions. If such considerations are not addressed thoughtfully and adequately, these interventions can lead only to inefficiency and unsustainable results, but may also aggravate existing discriminations. Understanding gender issues can enable projects to take account of these and build in capacity to deal with discriminatory impacts and to ensure sustainability.

According to the United Nations statistics,(2018) worldwide:

- Women put in 67% of all working hours;
- They earn 10% of all the income in the world;
- Two - thirds of all the illiterates in the world are women;
- Women own less than 1% of property in the world.

There is no hope of solving development problems if this reality is not taken into account. Three observations are central to the Gender and Development (GAD) Approach:-

- The fact that in every society women form a disadvantaged group compared to men in terms of well-being(education, health care, income, etc.), in

terms of access to and control of means of production, and in terms of power;

- The fact that in every society, women and men have different needs, given their distinct roles and responsibilities, and given their unequal access to and control of resources;
- The fact that this situation of inferiority is a barrier to development, limiting the chances and opportunities of one-half of the population.

4.3 Historical trends in integrating gender into development: The Approaches

The history of this field, states that during the 1950s, studies of economic development first brought women into its discourse, focusing on women only as subjects of welfare policies. The focus of women in development increased throughout the decade, and by 1962, the UN General Assembly called for the Commission on the Status of Women to develop a longstanding programme dedicated to women's advancement in developing countries. A decade later, feminist economists, Ester Boserup's pioneering book 'Women's Role in Economic Development' (1970) was published radically shifting perspectives of development and contributing to the birth of what eventually became the gender and development field. Since Boserup's assertion that development affects men and women differently, the study of gender's relation to development has gathered major interest amongst scholars and international policy makers.

Since the U.N. Decade for Women, people have realized that since women still live in poverty, excluding women from the development process is a very real problem. Different approaches taken since then have attempted to solve this problem. Approaches regarding women in development fall under three categories: **women in development, women and development and gender and development (GAD)**. Over the years, there has been and continues to be a considerable degree of overlap among the terms.

Women in Development (WID) Approach :

The scenario during the First Development Decade, i.e., 1961-70, there was no mention of women specifically. It was assumed that social and economic development in general, would bring about the desired changes for women. Women were seen as passive beneficiaries of development with focus on their reproductive role. However,

at this early stage, the emphasis was on equal rights for women rather than on economic development. The Women in Development Approach dates back to the 1970s when the belief was that women had not only been left out of development but had also become even more disadvantaged as a result. The WID approach believed the central issue to be the absence and exclusion of women from development programmes and approaches. Women played a central role in the life of their community and particularly within their family as mother, educators, care-givers and as workers. This approach supported the solution of integrating women into development behaviours in order to improve women's access to resources and their participation in development.

Despite increasing the visibility of women in development issues, the WID approach had a number of limitations. Though this approach made demands for women's inclusion in development, it did not call for changes in the overall structure or economic system in which were to be included. The WID approach concentrated very narrowly on the inequalities between men and women and ignored the social, cultural, legal and economic factors that give rise to those inequalities in society. WID focused on women almost exclusively and assumed that women were outside the mainstream of development.

Women and Development (WAD) Approach :

The Women and Development approach arose in opposition to WID in the later part of the 1970s and argued that women had always been part of the development process, where the work women undertook both inside and outside the household was vital to the survival and continuance of society. WAD saw both women and men as being disadvantaged by the global economic structures, including class issues and the way wealth was distributed. WAD therefore argued that the integration of women into development was to their disadvantage and only worsened their chances of equality.

This approach was criticized for assuming that the position of women would improve if and when international structures became more equitable, thereby underplaying the role of patriarchy and not adequately addressing the question of social relations between men and women and their impact on development.

Gender and Development (GAD) Approach :

Since the early 1980s, the WID and WAD came under severe attack mainly from the "Third World" women's movements, who are questioning the relevance of

such development programmes in the context of continuing poverty and depression. This has led to rethinking of the earlier approaches and resulted in the emergence of the Gender and Development (GAD) approach. The Gender and Development approach was developed in the late 1980s as a way of acknowledging the contribution women make to society and targeting women's empowerment at all levels. In contrast to the earlier approaches, the Gender and Development approach to development policy and practice focuses on the socially constructed basis of differences between men and women and emphasizes the need to challenge existing gender roles and relations. This approach acknowledges the contribution women make to society and targeting women's empowerment at all levels. This holistic approach, links production relationships to reproduction relationships and reflecting all aspects of women's lives. The Gender and Development approach goes hand in hand with the concept of sustainable and equitable development. The approach represents a coming together of many feminist ideas. It very obviously looks at the impact of development on both men and women - supporting the equal participation of both men and women in development and emphasizing equality of benefit and control in everyday events. Gender and Development is not concerned with women exclusively, but with the way in which gender relations allot specific roles, responsibilities and expectations between men and women, often to the disadvantage of women.

Gender and Development focuses on the social or gender relations (division of labour etc) between men and women in society and seeks to address issues of access and control over resources and power. It emphasizes both the reproductive and productive role of women and argues that it is the State's responsibility to support the social reproduction role (mostly played by women) for caring and nurturing children. Gender and Development treats development as a complex process that is influenced by political, economic and social factors rather than as a state or stage of development. This approach is about those who are disadvantaged in a community and enhancing and changing their lives for the better.

The application of the gender and development approach should help development programmes and projects to meet women's practical needs and respond to their strategic interests. Practical needs are connected to women's living conditions, and strategic interests should correspond to long-term interests so that women's status can be improved. Satisfying women's strategic interests is closely related to the concept of development. This approach focuses on women's autonomy so that they are not used as a development device. Gaining more power means going beyond financial autonomy to political autonomy. The Gender and Development approach

considers women to be agents of change rather than passive beneficiaries of development assistance. It affirms the need for women to organize in order to gain more political power.

4.4 Features and Benefits of Gender and Development approach:

Gender and Development Approach has quite some important features and benefits which must be discussed below. Let us look into the features and the functions it performs.

1. A strategy that is designed to enable gender concerns to be built into the analysis, planning and organization of development policies, programmes and projects.
2. An approach that seeks to promote equality between the sexes through the empowerment of women and men in the population and in development activities.
3. An approach that values equality in all areas in which there are major gaps between man and women, notably in: the division of labour; access to services and resources; control of resources and benefits; decision making power.
4. An approach that does not focus solely on women or on men, but rather on transforming the relationships between genders in a more egalitarian sense.
5. An approach that does not attempt to marginalize men, but tries to broaden women's participation at every level.
6. An approach that is not designed to turn women into men, but rather to make sure that access to resources is not tied to belonging to one sex or the other.

Let us now review some of its benefits which have been illustrated below.

- Positive changes in gender relations and more respectful social attitudes towards men.
- More decision making and political participation by women in the community.
- Women's increased knowledge of their legal rights.

- Greater likelihood that girls would stay in school.
- Reduced violence against women.
- Improved communication and mutual support between men and women on family planning, HIV and other sexually transmitted infections.
- Increase knowledge by men of women's health care issues.
- Shifts in attention about shared roles and responsibilities between men and women in child rearing, labour and reproductive health issues.

4.5 Some relevant points for Gender and Development Approach

This brings us to some relevant points that can be made in the context of the relation between the gender and the development approach. To stress upon the fact that gender equally affects men, the following points can be put forward:

- The establishment of more equitable relationships between men and women requires a redefinition of the rights and responsibilities we all have in every sphere of daily life.
- Men's life are markedly influenced by gender. Cultural and social norms related to masculinity confine men to certain social roles (e.g. leader, husband, son), which sometimes prevent them from achieving their full human potential in other areas.
- Therefore seeing things from a gender perspective is important for men, since they also suffer the disadvantages of the way they have been socialized.

Men are equally affected by the Gender and Development approach and can make an active contribution to promoting equality between the sexes in many ways, such as

1. Sharing domestic duties and responsibilities for raising children;
2. Sharing resources and the family income;
3. Confronting often men's sexist behavior;
4. Protesting when certain decisions or distribution of responsibilities in the workplace appear to be unequal;
5. Objecting to the imposition of gender-based limitations in the socialization of children.

Recent work has focused on the Gender, Law, and Development (GLAD) approach which takes a rights-based approach to development and brings law and development together to support a more equal access to resources and equal rights in law. The GLAD approach sets out to ensure legal change to laws that discriminate against women's right.

4.6 GRASSROOTS INITIATIVES: The Roles of Self Help Group (SHG) and Non-Governmental Organization (NGO)

Introduction:

Economic and social marginalization of poor by formal credit agencies led to the emergence of Self Help Groups (SHGs). SHGs are an outcome of the neo-liberal paradigm of development, where the poor take charge of their lives and fashion new improved future through self-reliant and socially sustainable efforts. Self-help group is a method of organizing the poor people and the marginalized to come together to solve their problems. The SHG method is used by government, NGOs and others worldwide. In India, SHGs are novel and innovative organizational set up for the woman upliftment and welfare. All women in India are given chance to join any one SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The 9th Five Year Plan of the Government of India had given due recognition on the importance and the relevance of Self Help Group method to implement developmental schemes at the grassroots level. As a social movement with the support of the Government, SHGs become more or less part and parcel of the society.

4.7 Concept of Self Help Group

A self-help group is defined as a "self-governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose". Self-help group have been able to mobilize small savings either on weekly or monthly basis from persons who were not expected to have any savings. They have been able to effectively recycle the resources generated among the members for meeting the productive and emergent credit needs of members of the group. Thus SHGs members try to achieve the following:

1. To save small amount of money regularly.

2. To mutually agree to contribute to a common fund.
3. To meet their emergency needs.
4. To have collective decision making.
5. To solve conflicts through collective leadership and mutual decision.
6. To provide collateral free loan with terms decided by the group at the market driven rates.

Today the self-help group movement is increasingly accepted as an innovation in the field of rural credit in many developing countries including India, to help the rural poor and considered a vehicle to reach the disadvantaged and marginalized section, which in the normal course cannot avail of credit facility from the bank. Self-help groups are formed voluntarily by the rural and urban poor to solve and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community. The features have been discussed below:

1. An SHG normally consists of not less than 10 persons (with a maximum of 20) of similar economic outlook and social status.
2. It has its own by-laws for the proper functioning of the group.
3. The form of such a group could be mostly on an informal basis (unregistered).
4. Periodical meetings of members are held for solving their problems (economic and social) and they collect fixed savings of the members.
5. The savings of members are kept with a bank in the name of group and authorized representative of the groups operates the bank account. The deposit kept in the bank is used for giving loans to members for purposes including consumption at the rate of interest decided by the group (usually higher than what the bank charge but less than the moneylenders).
6. Sources of fund are contribution of member's savings, entrance fee, interest from loans, proceeds of joint business operation and income from investment. Funds may be used for loans social services and common investment.

4.7.1 Importance of self-help group

The rural poor are in-capacitated due to various reasons such as - most of them are socially backward, illiterate with low motivation and poor economic base. Individually,

a poor is not only weak in socio-economic terms but also lack access to the knowledge and information which are the most important components of toady's development process. However, in group they are empowered to overcome many of these weaknesses, hence there are needs for SHGs which in specific terms are as under:

1. To uplift the living conditions of the poor.
2. To create a habit of savings.
3. To create awareness of right.
4. To assist the members financially at the time of need.
5. Entrepreneurship development.
6. To identify problems, analyzing and finding solutions in the groups.
7. To act as a media for socio-economic development of village.
8. To organize training for skill development.
9. To help in recovery of loans.
10. To use it as an effective delivery channel for rural credit.

In this case, the characteristics of the SHGs may be delineated below. It is important to discuss the characteristics of SHGs to understand its relevance in the changing times.

4.7.2 The Basic Characteristics of SHGs

1. They usually create a small fund by contributing their small savings on a regular basis.
2. The groups evolve a flexible system of operations often with the help of non-governmental organizations (NGOs).
3. Groups consider loan requests in periodical meetings.
4. Loaning is mainly on the basis of mutual need and trust with minimum documentation and without any tangible security.
5. The amounts loaned are small, frequent and for short duration.
6. At periodical meetings, besides collecting money, emerging rural, social and economic issues are discussed.

7. Defaulters are rare due to group pressure and intimate knowledge of the end use of the credit as also the borrower's economic resources.

This brings us to the fundamental functions of the SHGs which provide the basis to these SHGs that add vitality to the contemporary society. We have discussed below the basic functions to understand the relevance of these groups.

4.7.3 Functions of the SHGs

1. Enabling members to become self-reliant and self-dependent.
2. Providing a forum for members for discussing their social and economic problems.
3. Enhancing the social status of members by virtue of their being members of the group.
4. Providing a platform for members for exchange of idea.
5. Developing and encouraging the decision making capacity of members.
6. Instilling in member a sense of strength and confidence which they need for solving their problems.
7. Providing organizational strength to members.
8. Providing literacy and increasing general awareness among members, and
9. Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.

Thus the SHGs function on the principle of the five "P"s

- i. Propagator of voluntarism.
- ii. Practitioner of mutual help.
- iii. Provider of timely emergency loan.
- iv. Promoter of thrift and savings, and
- v. Purveyor of credit.

4.8 Types of Self Help Groups

Now we come to yet another relevant dimension of SHGs wherein we tried elaborating on its various types to help understand the forms and classifications of such groups. Understanding the typology is essential to comprehend the dynamics

of the Indian society in which it is embedded. The aim of the self-help groups is not only to have individuals' progress but also that of the society. The people from different sections of the society should know about the concept of the Self Help Groups. The SHGs should help all segments of society. Thus, there are different types of SHGs as mentioned below :

1. Below Poverty Line Women (B.P.L) Self Help Group:- In this type of SHGs, all members are women. All of them are below poverty line. If the number of members is small, then two members from above poverty category could be included. The BPL maximum women SHGs are formed under the SwarnaJayantiSwarojgarYojana(SGSY). Under this scheme, only one person from one family can become member of an SHG.
2. Above Poverty Line Women (A.P.L) Self Help Group:- In this type of the SHGs, all the members are women belonging to the above poverty line category. So, they have relatively fewer economic problems. The APL SHGs don't receive any funds from Government. However, they can get loans from banks. But in absence of any funds or concessions from any agencies, the APL SHGs usually try to avoid taking loans.
3. Below Poverty Line Men (B.P.L) Self Help Group:- Such SHGs have the same concessions and facilities as that of the BPL Women SHGs. There is no discrimination on the part of the government in distributing funds to the men BPL SHGs on the ground of gender. But, BPL Women SHGs are preferred as the women are weaker and oppressed and do not have access to economic resources to undertake some business activities.
4. Above Poverty Line Men (A.P.L) Self Help Group:- the Government does not provide funds to the APL Men SHGs. Therefore, such SHGs are very few. These are found mostly among the working class or small business class.
5. Mixed Self Help Group: As the name suggests, such SHGs comprise both men and women, but the gender composition could be different.

4.9 Problems of Self Help Groups

Now that ample discussions have been made on the idea, functions and relevance of the SHGs, let's come to identify the problems it faces. This is necessary to disentangle the group from the choking issues that continue to disrupt its functioning in the present society.

1. Though authorities take ample measures to create awareness among group members about the schemes beneficial to them, still majority of them are unaware of the schemes of assistance offered to them.
2. Training facilities are not adequate to compete with that of strong units.
3. Most of the SHGs are ignorant about the major raw material suppliers and their terms and conditions. All these causes high cost of raw materials.
4. SHGS face different problems in the marketing of products produced by them.
5. Lack of stability and unity especially among women SHGs.
6. It is also found that in certain units the return from the business is not properly invested further in units.
7. It is found that in most of the SHGs the financial assistance provided to them by the agencies concerned is not adequate to meet their actual requirements.
8. The financial institutions do not consider SHGs seriously while providing finance and other help.

This brings us to the idea of Grameen Bank which has a very positive role to play in regard of SHGs and their dispensations. Let's come and explore the world of the rural banks.

4.10 Grameen Bank

Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral. At GB, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the over all development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence not bankable. Professor Muhammad Yunus, the founder of "Grameen Bank" reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder."

The Grameen Bank was established in 1976 when Professor Muhammad Yunus,

Head of the Rural Economics Programme at the University of Chittagong, launched an action research project to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor. The Grameen Bank was established with the sponsorship of the central bank of the country and support of the nationalised commercial banks in selected districts in Bangladesh in 1979. In October 1983, the Grameen Bank Project was transformed into an independent bank by government legislation.

Grameen means 'village' in Bengali. The Bank is owned by the rural poor. Borrowers of the Bank own 90% of its shares, while the remaining 10% is owned by the government. As of December, 2008, the Grammen Bank has 7.67 million borrowers, 97 percent of whom are women. They have 2,539 branches, provide services in 83,566 villages, covering more than 99 percent of the total villages in Bangladesh. Let us focus on the objectives of the Grameen Bank.

4.10.1 Mission and Objectives of Grameen Bank

- extend banking facilities to poor men and women;
- eliminate the exploitation of the poor by money lenders;
- create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh;
- bring the disadvantaged, mostly the women from the poorest households, within the fold of an organizational format which they can understand and manage by themselves; and
- " reverse the age-old vicious circle of "low income, low saving & low investment", into virtuous circle of "low income, injection of credit, investment, more income, more savings, more investment, more income".

Methodology of The Grameen Bank

The Grameen Bank has its own distinctive methodology of dealing with its subjects. The Grameen Bank adopts the following methodology for empowering women through Microfinance while dispensing gender equality in India. Let us look at some of its focal points.

1. There is an exclusive focus on the poorest of the poor (esp. women);
2. Borrowers are organized into small homogeneous groups.
3. Special loan conditionalities which are particularly suitable for the poor

(very small loans given without any collateral, loans repayable in weekly instalments spread over a year etc);

4. Simultaneous undertaking of a social development agenda addressing basic needs of the clientele;
5. Design and development of organization and management systems capable of delivering programme resources to targeted clientele;
6. Expansion of loan portfolio to meet diverse development needs of the poor.

4.11 The Grameen Bank and its multiple dimensions

There are many aspects of the formation and the development of the bank. The Grameen Bank gives high priority to poor women, who are the least likely to receive credit from formal institutions and are particularly vulnerable to poverty. A striking characteristic of the bank 97 % of Grameen Bank's borrowers are women. The Bank works to raise the status of poor women in their families by giving them ownership of assets. Due to its success in Bangladesh, the Grameen Bank has been replicated worldwide. The Grameen Foundation was founded in 1997, and works with 58 microfinance institutions, and has touched more than 45 million people in 23 countries.

Muhammad Yunus and the Grameen Bank were awarded the Nobel Peace Prize in 2006 for their work in poverty reduction in rural Bangladesh. As of October, 2021, it has 9.44 million members, 97 percent of whom are women. With 2,568 branches, GB provides services in 81,678 villages, covering more than 93 percent of the total villages in Bangladesh. Grameen Bank's positive impact on its poor and formerly poor borrowers has been documented in many independent studies carried out by external agencies including the World Bank, the International Food Research Policy Institute (IFPRI) and the Bangladesh Institute of Development Studies (BIDS).

4.12 Suggestions to overcome the problems

The bank struggles hard to combat some impending problems and tries getting out of it. We will suggest some ways to mend the problems.

1. Information about locally available materials and their varied uses should be disseminated to SHGs.

2. In order to solve the various problem relating to marketing of SHGs, the state-level organizations should extend the activities throughout the state.
3. Non-Governmental Organizations (NGOs) can play a significant role in empowering women entrepreneurs by providing basic education, motivation training and financial help and so on.
4. NGOs can identify the inefficient members of the group and can impart proper training to them in order to make them competent.
5. Frequent awareness camps can be organized by the Rural Development Department authorities to create awareness about the different schemes of assistance available to the participants in the SHGs.
6. Lastly, arrangements may be made by the financial institutions for providing adequate financial assistance to the SHGs strictly on the basis of their actual performance without any discrimination of caste, politics, etc.

4.13 Non-Governmental Organization (NGOs)

Let us now come to NGOs which is yet another important sector of development. Come let's explore it. Non - governmental organizations (NGOs) are now recognized as key third sector actors on the landscapes of development, human rights, humanitarian action environment and many other areas of public action. The non-governmental organizations, with their participatory approach, people's mobilizing capacity, closeness to grass-roots and better insights into the needs of the people have emerged as alternative development agencies. The world of NGOs contains a confusing variety of labels. While the term "NGO" is widely used, there are many other over-lapping terms, such as "non-profit", "voluntary", and civil society" organizations. In many cases, the use of different terms does not reflect descriptive or analytical rigour, but is instead a consequence of the different cultures and histories in which thinking about NGOs has emerged. The work undertaken by NGOs is wide - ranging but NGO roles can be usefully analyzed as having three main components: implementer, catalyst and partner. The implementer role is considered with the mobilization of resources to provide goods and services to people who need them. The catalyst role can be defined as an NGOs ability to inspire, facilitate or contribute to improved thinking and action to promote social transformation. The role of partner reflects the growing trend for NGOs to work with government, donors and private sector or joint activities.

4.13.1 History of NGOs

NGOs have been active at the international level since the 18th century. In Western countries, when national level issue-based organizations focused on the abolition of the slave trade and movements for peace. By the start of the 20th century, there were NGOs associations promoting their identities and agendas at national and international levels. In 1945, Article 71 of the UN charter formalized NGO involvement in UN processes and activities and some NGOs even contributed to the drafting of the Charter itself. UNESCO and WHO both explicitly provided for NGO involvement in their charters. But NGOs again began to lose influence, hampered by Cold War tensions and by the institutional weaknesses of the UN Economic and Social Council (ECOSOC). It was not until the 1970s when NGO roles again intensified and they played key roles within a succession of UN conferences from the Stockholm Environment Conference in 1972 to the Rio Environment and Development in 1992, where NGOs were active in both the preparation and the actual conference itself, which approved a series of policy statements relating to the role of NGOs within the UN system in policy and programme design, implementation and evaluation. Globalization, during the 20th century gave rise to the importance of NGOs. Many problems could not be solved within a nation. International treaties and inter-national organisations such as World Trade Organization were centered mainly on the interests of capitalist enterprises. In an attempt to counterbalance this trend, NGOs have developed to emphasize humanitarian issues, developmental aid and sustainable development.

4.13.2 History of NGOs in India

India has a long history of civil society based on the concept of daana (giving) and seva (service). Voluntary Organizations were active in cultural promotion, education, health and natural disaster relief as early as the medieval era. They proliferated during British rule, working to improve social welfare and literacy and pursuing relief projects. During the second half of the 19th century, nationalist consciousness spread across India and self-help emerged as the primary focus of socio-political movements. Numerous organisations were established during this period, like, PrarthanaSamaj (1864), Arya Samaj (1875) and the National Council for Women in India (1875), to name a few. The Societies Registration Act was approved in 1860 to confirm the legal status of the growing body of non-governmental organizations (NGOs).

Christian missionaries were active in India during this time and they directed their efforts towards reducing poverty and constructing hospitals, schools, roads and other infrastructure. Meanwhile NGOs focused their efforts on education, health, relief and social welfare. A firm foundation for secular voluntary action in India was not laid until the Servants of India (1905), a secular NGO was established.

Mahatma Gandhi's return to India in 1916, shifted the focus of development activities to economic self-sufficiency. His Swadeshi Movement, which advocated self-sufficiency through small-scale local production, swept throughout the country. He also believed that voluntary action, decentralized to Gram Panchayats (village councils) was the ideal way to stimulate India's development. Gandhi supported civil society in India by stressing that political freedom must be accompanied by social responsibilities.

After independence, the Government of India, increased its presence in social welfare and development but recognized the potential for civil society to supplement and complement its efforts. This was well reflected in the First Five Year Plan which stated, "Any plan for social and economic regeneration should take into account the services rendered by these agencies and the state should give them maximum cooperation in strengthening their efforts."

The Central Social Welfare Board (CSWB) was established in 1953 to promote social welfare activities and support people's participation programmes through NGOs. The Government of India, decentralized development activities throughout the 1950s. Further decentralization was achieved with the introduction of the three-tier Panchayati Raj system in 1958. Many farmers unions and agricultural cooperatives were founded around this time, and networking became more commonplace in civil society.

International NGOs entered India in significant numbers during 1965-67, which led to the flowing of foreign funds to domestic NGOs in India, once more changing the character of civil society. Foreign trained Indians entered civil society at around 1970s in greater numbers, leading to a professionalization of the sector.

During 1970s, both welfare and empowerment oriented organizations emerged, and development, civil liberties, education, environment, health and livelihood all became the focus of attention. With community participation as a defined component in a number of social-sector projects during the 1970s - 1980s, NGOs began to be formally recognized as developmental partners of the State.

The process of structural adjustment began in the early 1990s - and the more recent approach of bilateral and international donors channeling funds directly through the government, NGO networks, and large corporate NGOs - have somewhat pushed people's organisations into the background. Small spontaneous initiatives at the community level, as a response to social and economic exploitations at the community level, are no longer the hallmark of the NGO sector.

4.13.3 NGO: The Concept

The term NGO became popular after the establishment of the UN in 1945. NGOs play different roles and take different shapes within and across different societies. As a result, "NGO" as an analytical category remains complex and unclear.

The World Bank, defines NGOs as...."private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development".

The United Nations describes an NGO as: Any non-profit, voluntary citizen's group which is organized on a local, national or international levels. Task - oriented and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions bring citizen's concerns to governments, monitor policies and encourage political participation at the community level. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement agreements.

The Government of India Planning Commission policy (2007) defines them as "organizations engaged in public service, based on ethical, cultural, social, economic, political, religious, spiritual, philanthropic or scientific and technological considerations". The policy specifies that NGOs should have the following characteristics:

- They do not return profits generated to their owners or directors;
- They are all self-governing, i.e. not controlled by the government;
- They are registered organizations or informal groups, with clearly defined aims and objectives.

So, we can define NGO as a non-governmental organization which is independent from government, non-profit, voluntary agency which is organized on a local, national or international level and undertaking a wide variety of services and humanitarian interventions for the benefit of citizens and their communities.

But while we use the term "non-government", we do not imply that there is no

relationship whatsoever with the government. For instance, to start with, an NGO must be registered body registered through the right Government agencies in a particular State. They will be therefore under some restrictions from the government.

4.13.4 NGO:The Types

NGO types can be understood by their orientation and on the level of their operation.

By orientation :

1. Charitable orientation: It includes NGOs with activities like food, clothing, housing of the disadvantaged people. Such NGOs may also undertake relief activities during a natural or man-made disaster.
2. Service orientation: It includes NGOs with activities such as the provision of health, family planning or education service in which the programme is designed by the NGO and people are expected to participate in its implementation and in receiving the service.
3. Participatory orientation: It includes NGOs with participation of local people in organization's activities. It is characterized by self-help projects where local people are involved particularly in the implementation of projects by contributing cash, tools, land, materials, labour, etc.
4. Empowering orientation: It is where the aim is to help poor people develop a clearer understanding of the social, political, and economic factors affecting their lives and to strengthen their awareness of their own potential power to control their lives.

By level of Operation :

1. Community - Based Organizations (CBOs): They arise out of people's own initiatives. These can include sports clubs, women's organizations, religious or educational organizations.
2. City Wide Organizations: It includes organizations like Rotary or Lion's Club, Chamber of Commerce and industry coalitions of business, ethnic or educational groups and associations of community organizations. Some exist for other purposes and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.

3. National NGOs: They include organizations such as Red Cross, YMCAs, YWCAs, professional organizations etc. some have State or city branches and assist local NGO.
4. International NGOs: These ranges from secular agencies such as CARE, Ford and Rockefeller Foundations to religiously motivated groups. Their activities vary from funding local NGOs, institutions and projects, to implementing the projects themselves.

World Bank typology divides NGOs into Operational NGOs and Advocacy NGOs. These may be 'relief oriented' or 'development oriented' organizations. Operational NGOs can be community based, national or internal. However, it does not view these distinctions as rigid and recognizes that the majority of NGOs function along a continuum in which a great deal of overlap exists.

Apart from "NGO", often alternative terms are used as for example: independent sector, volunteer sector, civil society, grassroots organizations, transnational social movement organizations, private voluntary organizations, self-help organizations and non-state actor (NSAs).

Though laws in India classify organizations working in development into three categories; viz; - charitable trusts, societies and Section 25 companies, all these classifications are valid and needed to comprehend the wide varieties of dimensions the non-governmental organizations serve. Demographic and geographic constraints along with political and economic outline are framing the environment where the NGOs attempt to find a space for itself. This environment largely affects the scope of non-governmental organizations in their existence and endeavor.

4.13.5 The Scope and the role of NGOs:

The scope of the NGOs is large and may be diversified in the following branches.

- Education and research
- Human rights
- Animal rights
- Women and child welfare
- Community development, Training and Capacity building
- Health services, Counselling and Rehabilitation

- Socio-economic development
- Entrepreneurship development and training
- Environmental protection
- Media and infrastructure\culture and recreation\participatory democracy; and
- Other social services.

Role of NGOs :

India, being a largely populated country, it is not easy to meet all social and human needs by the government without the help of NGOs. NGOs takes effort to satisfy the needs of common man and development of nation by undertaking various projects and thus help the Government to fulfill its objectives. The various role performed by the NGOs can be briefed as follows:-

1. NGOs perform a very important role in helping the needy people.
2. NGOs are of great help in case of natural disaster or calamity, like, earthquake, tsunami and floods.
3. NGOs are contributing in important research and education for development of the country.
4. NGOs supplement governmental efforts.
5. NGOs try to reach the underprivileged children and youth and make sure they get education.
6. NGOs helps to bring about sustainable development of the country.
7. Many NGOs actively bring about social mobilization on issues like, empowerment of women, human rights, environment concern through campaigns, rallies or workshops.
8. NGOs being more knowledgeable about social structure and social problems, expert advice or assistance of NGOs is very useful for corporate sectors in executing their CSR (Corporate Social Responsibilities) activities.

4.13.6 Strengths and Weaknesses of NGOs

As in case of any other type of organizations, every set of NGOs has its own set of strengths and weaknesses. There is no thumb - rule which can be applied to list the strengths and weaknesses of NGOs as no two NGOs are identical. According

to World Bank, the strength and weakness of the NGOs are as follows:-

Strengths :

- Strong grassroots links
- Field based development activities
- Ability to innovate and adapt
- Process - oriented approach to development
- Participatory methodologies and tools
- Long-term commitment and emphasis on sustainability
- Cost effectiveness

Weaknesses :

- Limited financial and management expertise
- Limited institutional capacity
- Low-levels of sustainability
- Isolation/lack of inter-organizational communication and/or coordination
- Small scale interventions
- Lack of understanding of the broader social or economic context

Sources of funding of NGOs :

The NGOs rely on funding from variety of sources for their projects, administrative costs and their overall functioning. These sources could be internal as well as external. The internal sources include: membership fees, subscriptions, interests/dividends, sales of products, individual donation and rent. The external sources are Government, Foundations, Trusts, Funding agencies, Corporations, Public donations, self - financing.

4.14 Conclusion

In the emerging changes in the values and attitudes of the members of the SHGs are a clear manifestation of socio-economic empowerment interventions yielding relatively quicker results. The socio-economic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities. It is a process which ultimately leads to self-fulfillment of

each member of the society. It is in this direction that SHGs are moving towards fulfilling their objectives with a meaningful strategic direction.

SHGs can become a major catalyst in turning around the rural economy along with achieving the goal of empowerment of the poor. However, their success will depend on adequate support from passionately engaged stakeholders.

4.15 Summary

NGOs are the ones who really intend to care the uncared sections and the people at the bottom of the social stratum. India being a developing nation, requires these type of committed, devoted and dedicated organizations for the development of the country. So, the government, the leaders, the donors, the politicians and the people should support these organizations and help them to solve their problems at the grassroots level. These organizations has been serving as an effective non-political link between the people and the government. They can play an important role in the development process, particularly through community participation. They also can offer alternative perspectives; committed expertise; an understanding of the local opportunities and constraints; and perhaps most importantly the capacity to conduct a meaningful dialogue with the communities, particularly those that are disadvantaged. It is therefore essential that the Government and the NGOs work together.

4.16 Questions

1. What do you mean by Gender and Development Approach?
2. What are SHGs? What is their role in the development of the economy?
3. What are NGOs? Write a brief note on its history?
4. What is Grameen Bank? Discuss its diverse dimensions.

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Unit 5 □ Private-Public Partnership-PPP

Structure

- 5.1 Learning Objectives**
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5.1 Learning Objectives

- ❖ To understand the idea of PUBLIC PRIVATE PARTNERSHIP (PPP)
- ❖ To find the difference between ppp project and conventional project
- ❖ To explain the different dimensions of the PPP Projects
- ❖ To understand its relevance in India

5.2 Introduction

We are in the 21st century and still India is an infrastructure deficit country. The need of the hour is to transform India into a developed economy by the integration of vital sectors, networking, technological advancement and connecting the rural-urban economies. The government sector both at the central and the state level find itself helpless to cope with the growing demands of the economy on its own funds. Hence, need is to look for other sources of development and private participation through PPP which is the best viable option available. Public Private Partnership (PPP) ventures guarantee proficient utilization of assets, accessibility of cutting edge innovation, better venture outline, ideal risk distribution, enhanced deliverance of public services and push to public sector reforms. Under the PPP arrangement, the government part gets re-imagined as one of the facilitators and empowering agents, while the private partner assumes the part of financier, manufacturer and operator of the services. PPPs expect to join the abilities, skill and experience of both people in public and private segments to convey higher gauges of services to clients or residents. People in public and private sector guarantees as far as steady administration, nationals' bolster, financing furthermore deals with social, natural and political risks. The private division brings operational proficiency, creative advanced techniques, administrative efficiencies, access to extra funds, development and business risk sharing.

Governments in most developing countries face the challenge to meet the growing demand for new and better infrastructure services. As available funding from traditional sources and capacity in the public sector to implement many projects at one time remain limited, governments have found that partnership with the private sector is an attractive alternative to increase and improve the supply of infrastructure services. It is here that public private partnership or PPP has been the buzzword in policy debates on development strategies. The concept of PPP has emerged as a vital option for infrastructure development especially in the context of developing countries. PPPs are emerging as an innovative policy tool for remedying the lack of enthusiasm in traditional public service delivery. They represent a claim on public resources that needs to be understood and assessed. They are often complex transactions needing a clear specifications of the services to be provided and an understanding of the way risks are allocated between the public and private sector. Though the practice of PPP is not altogether a new phenomenon, it has become popular in the neo - liberal era, assuming high magnitude on the one hand, entering sectors that

have had hitherto been reserved for public monopoly and on the other hand, taking different forms which were until recently unknown. While some project PPP as a major strategy of development, some question the legitimacy of PPP as a tool of governance and some other critics position PPP as a tool of neo-liberal globalization, which undermines democratic forms of politics.

Public-private-partnership or PPP is a mode of implementing government programmes or schemes in partnership with the private sector. The term private in PPP encompasses all non-government agencies such as the corporate sector, voluntary organizations, self-help groups, partnership firms, individuals and community based organization. PPP, moreover, subsumes all the objectives of the service being provided earlier by the government and it is not intended to compromise on them. Essentially, the shift in emphasis is from delivering services directly to service management and coordination. The roles and responsibility of the partners may vary from sector to sector. While in some schemes or projects, the private provider may have significant involvement in regard to all aspects of implementation; in others they may have only a minor role.

5.3 Definition

A public-private partnership (PPP) involves the private sector in aspects of the provision of infrastructure assets or of new or existing infrastructure services that have traditionally been provided by the government. While there is no single definition of PPPs, they refer to a cooperative arrangement between the public sector and private organizations for the implementation of government schemes or programmes. In other words PPP may be defined as an exceptional public-private cooperation framework model which has its own structure, contractual relations, clearly labelled implementation and expected benefits. The private sector invests its own funds and experience and initiative while implementing such programme or project to provide public services, to improve services, or to create the social and financial capital needed for the provision of public services. Hence, PPP may be regarded as a model of public procurement based long term relationship between the government or other public bodies and the private sector for the delivery of services. PPP can also be viewed as a contractual arrangement whereby the resources, risks and rewards of both the public and private sectors are combined to provide greater efficiency, better access to capital and improved compliance with a range of government regulations regarding the environment and workplace.

The UN defines PPPs, as voluntary and collaborative relationships between various parties, both state and non-state, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks and development.

The World Bank defines PPP as "joint initiatives of the public sector in conjunction with the private, for profit and not-for-profit sectors", also referred to as the government, business and civic organizations. In these partnerships, each of the actors contributes resources (finance, human, technical and tangibles, such as information or political support) and participates in the decision making process.

The Ministry of Finance, Government of India, has accepted the following definition as an umbrella definition.

- Public private partnerships means an arrangement between a government/statutory entity/government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or management being undertaken by the private sector entity, for specifies period of time, where there is well defined allocation of risk between the private sector and the public entity and the public entity; and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative".

The following are the essential components of this definition.

- 1. Arrangement with private sector entity:** The asset and/or service under the contractual arrangement will be provided by the private sector only.
- 2. Public asset or service for public benefit:** The facilities/services being provided are traditionally provided by the government as a sovereign function to the people.

What is meant by public services?

They are those services that the state is obligated to provide to its citizens or where the state has traditionally provided to its citizens

What is meant by public asset?

Public asset is that asset the use of which is inextricably linked to the delivery of a public service, or, those assets that utilize or integrate sovereign

assets to deliver public services. Ownership by the government need not necessarily imply that it is a PPP.

3. **Investments being made by and/or management undertaken by the private sector entity:** The arrangement could provide for financial investment and/or non-financial investment by the private sector; the intent of the arrangement is to harness the private sector efficiency in the delivery of quality services to the users.
4. **Operation or management for a specified period:** The arrangement cannot be permanent. After a pre-determined time period the arrangement with the private sector entity comes to a closure.
5. **Risk sharing with the private sector:** Mere outsourcing are not PPPs.
6. **Performance linked payments:** The central focus is on performance and not merely provision of facility or service.
7. **Conformance to performance standards:** The focus is on a strong element of service delivery aspect and compliance to pre-determined and measurable standards to be specified by the sponsoring authority.

Objectives: The draft National Public Private Partnership Policy of Government of India, sets the following objectives of PPP:

- Harnessing private sector efficiencies in asset creation, maintenance, and service delivery.
- Providing focus on a lifecycle approach for development of a project involving asset creation and maintenance over its lifecycle.
- Creating opportunities to attract innovation and technological improvements.
- Facilitating affordable and improved services to the users in a responsible and sustainable manner.

CHARACTERISTICS : Government of India, through its Department of Economic Affairs under the Ministry of Finance, has developed a toolkit forming a consulting consortium with Economic Consulting Associates (ECA) of London, UK, and CRISIL Risk and Infrastructure Solutions Limited. The said toolkit characterizes PPP as follows :

1. The private sector is responsible for carrying out or operating the project and takes on a substantial portion of the associated project risks.

2. During operational life of the project the public sector's role is to monitor the performance of the private partner and enforce them the terms of the contract.
3. The cost of the private sector may be recovered in whole or in part from charges related to the use of the services provided by the project, and may be recovered through payments from the public sector.
4. The payments of public sector are based on performance standards set out in the contract.
5. More often the private sector will contribute the majority of the project's capital costs, although this is not always the case.

There are significant differences between PPP Projects and conventional projects. This must be explained below.

5.4 Difference between PPP Project and conventional Project

There are significant differences between a conventional project and a PPP project that need to be clearly understood. The main differences include:

1. PPP projects are different from conventional projects in terms of project development, implementation, and management. The administrative and approval processes in the case of PPP projects are also different.
2. A PPP project is viable essentially when a robust business model can be developed.
3. The focus of a PPP project should not be on delivering a particular class/type of assets but on delivering specified services of defined quantity and levels.
4. The risk allocation between the partners is at the heart of any PPP contract design and is more complex than that of a conventional one. Both partners should clearly understand the various risks involved and agree to an allocation of risks between them.
5. A PPP contract generally has a much longer tenure than a conventional contract. Managing the relationship between the private company and the implementing agency over the contract tenure is vital for success of a PPP project.

DIFFERENCE BETWEEN PPP AND PRIVATIZATION

The key differences between a public-private-partnership and 'privatization' can be summarized as follows:

1. Under privatization the responsibility for delivery and funding a particular service rest with the private sector. PPP, on the other hand, involves full retention of responsibility by the government for providing the service.
2. While ownership rights under privatization are sold to the private sector along with associated benefits and costs. PPP may continue to retain the legal ownership of assets by the public sector.
3. While nature and scope of service under privatization is determined by the private provider, under PPP the nature and scope of service is contractually determined between the two parties.
4. Under privatization all the risks inherent in the business rest with the private sector. Under PPP, risk and rewards are shared between the government (public) and the private sector.

ADVANTAGES OF PPP

Governments worldwide have increasingly turned to the private sector to provide infrastructure services in energy and power, communication, transport and water sectors that were once delivered by the public sector. There are several reasons for the growing collaboration with the private sector in developing and providing infrastructure services, which includes:

- Increased efficiency in project delivery and operation and management;
- Availability of additional resources to meet the growing needs of investment in the sector and
- Access to advanced technology (both hardware and software)

Properly executed planning and development of a project also allows better screening of options and helps in deciding appropriate project structure and choice of technology considering cost over the whole lifecycle of the project.

LIMITATIONS OF PPP

There are many important economic, social, political, legal, and administrative aspects which need to be carefully assessed before approvals of PPPs are

considered by the government: PPPs have various limitations which should be taken into account while they are being considered. The major limitations are as follows:

- Not all projects are feasible for various reasons, like political, legal, commercial, liability, etc.
- The private sector may not take interest in a project due to perceived high risks or may lack technical, financial or managerial capacity to implement the project.
- A PPP project may be more costly unless additional costs - due to higher transactions and financing costs - can be cut-off through efficiency gains.
- Change in operation and management control of an infrastructure asset through a PPP may not be sufficient to improve its economic performance unless other necessary conditions are met.
- Often, the success of PPPs depends on regulatory efficiency.

There can be underlying fiscal costs and contingent liabilities of PPPs on the government that may arise in the medium and long term. These underlying fiscal costs and contingent liabilities on the government should be given due consideration when a PPP project is considered.

5.5 Evolution of PPP in India

In India there is no precise date and year which could speak of the beginning of PPP, but it is said that the PPP story began with private sterling investments in Indian railroads in the latter half of the 1800s. By 1875, about 95 million pounds was put by British organizations in Indian "ensured" railroads. Then again we could follow it to the mid-1900s, when private makers and merchants developed in power sector in Kolkata (Calcutta Electric Supply Corporation) and in Mumbai with the Tata playing a prominent role in starting the "Tata Hydroelectric Power Supply Company" in 1911.

A new wave in PPP was felt when a policy was made by the Central government in 1991 and it was decided to allow private participation in the Power sector which opened up the doors for independent power producers. The National Highway Act, 1956 was altered in 1995 to empower private support. In 1994, through a focused offering process, licenses were conceded to eight cell cellular telephone utility

administrators in four metro urban areas and 14 administrators in 18 circles.

The major shift in PPP was experienced in true sense when the Infrastructure Development Finance Company (IDFC) was incorporated on 30th January 1997 in Chennai under the initiative of the then Finance Minister P. Chidambaram. The firm, promoted by the Government of India, was laid down upon the recommendations of the "Expert Group on Commercialization of Infrastructure Projects" under the chairmanship of Rakesh Mohan. This was the government's serious initiative towards allowing private participation in infrastructure development by utilizing their expertise, capital and managerial skills. There were enactment of many other legislations in various fields which brought a remarkable change in the PPP arena. Notable among them are the Electricity Act 2003; and the Land Acquisition Bill etc. various new sources of funding projects by Asian Development Bank (ADB), Viability Gap Funding (VGF), India Infrastructure Finance Company Limited (IIFCL) under Economic Affairs Department etc. paved the way for movement of PPP project forward. The Prime Minister's office, Planning Commission of India, Department of Economic Affairs, different service sector departments of the government have all played an active role. Various states have also shown enthusiasm in PPP and the notable among them are Maharashtra, Madhya Pradesh, Karnataka, Tamil Nadu, Gujarat, Punjab, Delhi, Andhra Pradesh etc. The period between 1997 and 2016 marks two decades for PPP and present NDA government is very enthusiastically taking the reins of PPP forward towards shining India.

5.6 PPP: The various types, components and their relevance

Economic survey 2009 - 10 brings out the importance of PPP projects, "PPPs provide variety of benefits in terms of investing public capital to draw in private capital and undertake a bigger number of infrastructure projects, introducing private - sector experience and cost -reducing technologies further leading to efficiencies in operations and maintenance. Hence, other than financial implications, PPPs are unit tools to meet the fundamental obligations of governments to produce higher infrastructure services (with massive externalities), by increasing the answerability of the private sector as a service supplier".

The advocates of PPP advance the following point of view :

Firstly, as the government does not have money, it is necessary to opt for PPP. It is claimed that PPP will ease financial constraints, as the private sector makes huge investments on its own under PPP. The PPP is projected as a major strategy

to tap untapped financial and human resources, including specialized skills that may not be available in government and to encourage active participation of the private sector in national development.

Secondly, PPP is advocated to overcome the weaknesses of the public system and provide flexibility in relaxing restrictions associated with the public sector. It promptly responds to changing market signals; it even promotes innovativeness; and increases transparency. It is considered as a model that embraces market - based 'efficient' solutions and logics with the state sector and is free of the rigidities associated with state sector.

Thirdly, it is argued that PPP increases competition, brings in efficiency associated with the private sector improves accountability, reduce costs, and improves cost-effectiveness.

PPP is projected as a model which imbibes in it the best features of both - the state and the private sector models and each controlling for the weaknesses of the other. It is considered as the best middle path. Under PPP, government will be free from certain functions and can focus on functions where it has a comparative advantage, and so will the private actors. Thus, it is argued that the PPP provides for a middle path and that the middle path is not only necessary but also desirable.

TYPES OF PPP :

The approach of developing and operating public utilities and infrastructure by the private sector under terms and conditions agreeable to both the government and the private sector is known as public private partnership. There are various types of Public Private Partnership. The types are given below:

Service Contract

- Under a service contract, the Government (public authority) hires a private company or entity to carry out one or more specified tasks or services for a period, typically 1 - 3 years.
- The public authority remains the primary provider of the infrastructure service and contracts out only portions of its operation to the private sector.
- The private partner must perform the service at the agreed cost and must typically meet performance standards set by the public sector.
- The Government pays the private partner a predetermined fee for the service, which may be a one-time fee, based on unit cost, or some other basis.

Management Contract :

- A management contract expands the services to be contracted out to include some or all of the management and operation of the public service (i.e., utility, hospital, port authority, etc.).
- Although ultimate obligation for service provision remains in the public sector, daily management control and authority is assigned to the private partner or contractor. In most cases, the private partner provides working capital but no financing for investment.
- The private contractor is paid a predetermined rate for labour and other anticipated operating costs.
- Management contract variants include supply and service contract, maintenance management and operational management.

Lease Contract :

- Under a lease contract, the private partner is responsible for the service in its entirety and undertakes obligations relating to quality and service standards.
- Except for new and replacement investments, which remain the responsibility of the public authority, the operator provides the service at his expense and risk.
- The duration of the leasing contract is typically for 10 years and may be renewed for up to 20 years.
- Responsibility for service provision is transferred from the public sector to the private sector and the financial risk for operation and maintenance is borne entirely by the private sector operator.
- In particular, the operator is responsible for losses and for unpaid consumers' debts.
- Leases do not involve any sale of assets to the private sector.

Concessions :

- A concession makes the private sector operator (concessionaire) responsible for the full delivery of services in a specified area, including operation, maintenance, collection, management, and construction and rehabilitation of the system.

- Importantly, the operator is now responsible for all capital investment. Although the private sector operator is responsible for providing the assets, such assets are publicly owned even during the concession period.
- The public sector is responsible for establishing performance standards and ensuring that the concessionaire meets them. In essence, the public sector's role shifts from being the service provider to regulating the price and quality of service.
- The concessionaire collects the tariff directly from the system users.
- The tariff is typically established by the concession contract, which also includes provisions on how it may be changed over time.
- In some cases, the government may choose to provide financing support to help the concessionaire fund its capital expenditures.
- The concessionaire is responsible for any capital investments required to build, upgrade, or expand the system, and for financing those investments out of its resources and from the tariffs paid by the system users.
- A concession contract is typically valid for 25 - 30 years so that the operator has sufficient time to recover the capital invested and earn an appropriate return over the life of the concession.
- Government may contribute to the capital investment cost by way of subsidy (Viability Gap Funding - VGF) to enhance commercial viability of the concession
- The concessions are effective contracts to provide investment for creation of new facilities or rehabilitation facilities.

Build Operate Transfer (BOT)

- BOT and similar arrangements are a kind of specialized concession in which a private firm or consortium finances and develops a new infrastructure project or a major component according to performance standards set by the government.
- Under BOTs, the private partner provides the capital required to Build the new facility, Operate and Maintain (O&M) for the contract period and then return the facility to Government as per agreed terms.
- Importantly, the private operator now owns the assets for a period set by

contract - sufficient to allow the developer time to recover investment costs through user charges.

BOTs generally require complicated financing packages to achieve the large financing amounts and long repayment periods required. At the end of the contract, the public sector assumes ownership but can opt to assume operating responsibility, contract the operation responsibility to the developer, or award a new contract to new partner. The main characteristics of BOT and similar arrangements are given below:-

- Design Build (DB): Where private sector designs and constructs at a fixed price and transfers the facility.
- Build Transfer Operate (BTO): Where Private sector designs and builds the facility. The transfer to the public owner takes place at the conclusion of construction. Concessionaire is given the right to operate and get the return on investment.
- Build - Own - Operate (BOO): A contractual arrangement whereby a Developer is authorized to finance, construct, own, operate and maintain Infrastructure or Developer facility from which the Developer is allowed to recover his total investment by collecting user levies from facility users. Under this Project, the Developer owns the assets of the facility and may choose to assign its operation and maintenance to a facility operator. The Transfer of the facility to the Government, Government Agency or the Local Authority is not envisaged in this structure; however, the Government, may terminate its obligations after specified time period.
- Design - Build Operate (DBO): Where the ownership is involved in private hands and a single contract is let out for design construction and operation of the infrastructure project.
- Design Build Finance Operate (DBFO): With the design - build - finance - operate (DBFO) approach, the responsibilities for designing, building, financing, and operating and maintaining, are bundled together and transferred to private sector partners. DBFO arrangements vary greatly in terms of the degree of financial responsibility that is transferred to the private partner.
- Build - Operate - Transfer (BOT): Annuity/Shadow User Charge: In this BOT Arrangement, private partner does not collect any charges from the users. His return on total investment is paid to him by public authority

through annual payments (annuity) for which he bids. Other option is that the private developer gets paid on the usage of the created facility.

Joint Venture :

- Joint ventures are alternatives to full privatization in which the infrastructure is co-owned and operated by the public sector and private operators.
- Under a joint venture, the public and private sector partners can either form a new company (SPV) or assume joint ownership of an existing company through a sale of shares to one or several private investors.
- A key requirement of this structure is good corporate governance, in particular the ability of the company to maintain independence from the government, because the government is both part owner and regulator.
- From its position as shareholder, however, the government has an interest in the profitability and sustainability of the company and can work to smoothen political hurdles.

5.7 Why PPPs have become attractive to governments

PPPs have become attractive to governments as an off - budget mechanism for infrastructure development. They have become quite attractive for the Indian economy. Let us find the causes below:

- They can enhance the supply of much needed infrastructure services.
- They may not require any immediate cash spending.
- They provide relief from the burden of the costs of design and construction.
- They allow transfer of many project risks to the private sector.
- They promise better project design, choice of technology, construction, operations and service delivery.

Advantages of PPP to the private sector :

- Availability of finances available from government and other commercial lenders.
- Fixed concession period.
- Pre - determined scope of work for the concessionaire.

- Pre - determined bidding parameters (VGF/Revenue, Sharing/Lease, Rent/Premium)
- Land required for the project are available with the implementing authority.
- All conditions, specifications and agreements pre decided and frozen prior to inviting bids
- Fair chance to all eligible concessionaire to participate in the infrastructure development
- Pre - determined user charge/tariff and scope of revision from time-to-time.

5.8 PPPs and the Indian state

From protecting bio-diversity to producing biofuels PPPs is the latest 'one size fits all' mantra viewed as a magic bullet to solve India's development problem by both interventionists and free-marketers. In less than a decade, the PPPs have proliferated in innumerable sectors. It is proposed to assess below the nature and scope of PPPs, especially in the health, education and water sector. The aim is not to provide an exhaustive list of projects under operation, but to analyze the multiplicities of issues involved both in the paradigm shift in the role of the state while it moves to the PPP model, and the functional bottlenecks in successful operationalization of PPPs.

Health

There is almost a consensus that the Indian state has a dismal record at providing healthcare to its vast population, especially the poor. There are evidences that the rich access the public health care system more than the poor, both quantitatively and qualitatively. This increasing demand for the private health care coupled with inequity in access is given as a rationale for encouraging private health services for the poor. It is recommended that strengthening the state's PPP capacity by contracting out the primary health centers, social franchising and demand-led financing is the way forward, and these are promising areas for the private sector in the health industry. It is being suggested that the delivery of health insurance should be left to the private sector and that the government should focus its efforts on improving the regulatory and enabling framework. But to ask the government to retreat from a universal coverage system and hope that scalable replicable projects will be able to replace the public health system is hollow idea. Besides accountability issues, access, equity and finances remain crucial. It is argued that experiences of PPPs in

health services shows that these partnerships have been built without the organizational and administrative preparedness that is required, which raises questions regarding their role, accountability and effectiveness. While government is grappling to comprehend new institutional realities in the public private model, its scope and extent seem limited both on theoretical and empirical ground.

Education :

There are serious issues in the public educational system with respect to quality and efficiency of services provided and its escalating claim on the state's finances. The mushrooming of private educational facilities in the recent years reflect the ever increasing demand for educational service on the one hand, and the state's inability to provide quality education on the other. PPPs have been very much operational in India, before they recently came into vogue. It is argued that generally the elementary education system shows the signs of a dual system where public schools are meant for the poor, who are unable to pay for quality education, characterized widely by teacher absenteeism and private schools cater to the requirements of quality education involving high user costs.

However, elementary education has been remains the realm of the state and the high public visibility of the NGOs gives a false impression of the extent of their activities. Arvind Kumar argues that teacher education and training has been a sadly neglected area, and still PPPs in their current form are not forthcoming in the same. It seems to lend strength to the view that PPP is no an idea with a considerable inheritance, but rather an ideology which promotes privatization as a means of reducing the government's responsibility to increase the number of schools.

There is widespread recognition of government failure in the delivery of education and PPPs are broadly seen as a solution to the problem. At the World Economic Forum, 2004, 54 participants, involved in PPPs in basic education from various part of the world reported the key obstacles of partnerships between public and private sectors as 'capacity to negotiate with non-traditional partners', 'political will and public support', 'agreeing key performance targets' and 'transparency and accountability between PPP partners'. These issues remain crucial in the Indian case as well, and PPP has not been able to emerge as a magic potion to solve the country's complex problems in the educational sector.

Water and Sanitation :

In the water sector, privatization failed miserably in the 1980s and 1990s in the

developing world especially India, leading to disastrous results which were at best a surreptitious exit of private companies, and at worst water riots and violence. Even the World Bank (2004) acknowledges that on its part, there has been irrational exuberance on the potential benefits of privatization. The PPP projects in India, are confronted with the same issues of inequity in access and marginalization of the poor. While the state and private players remain determined to preach the benefits of PPPs, and distance themselves from echoes of privatization, there is increasing evidence to show that PPPs seem to be a manifestation of a stubborn form of privatization where all the risks are borne by the government while the companies do not invest a penny.

In a study of a PPP project of the Delhi Jal Board (DJB), the public utility responsible for supplying water to the city of Delhi, using information obtained through a recently enacted law on the right to information by Parivartan, it is revealed that government of Delhi over the last decade has spent millions of rupees on consultations with IFIs, which resulted in the policy recommendation that management of water distribution be handed over to private multinational companies through a 'management model', where the finances for day to day operations (with no upper limit) would be provided by the DJB.

5.9 Key Issues and Challenges for PPP in India

There are many challenges for implementation of PPP in India. Let us discuss the challenges faced by the Indian economy.

- **Commercial viability:** Projects as water supply and sanitation are yet to demonstrate their commercial viability to the public.
- **Contractual and Capacities Imbalances:** Insufficient experience of the partners, particularly of the public sector while contracting such projects, where we can notice an informational asymmetry operating in favour of private companies, which naturally use their endeavor and potential to negotiate better conditions for themselves.
- **Hidden Debt:** From the macroeconomic point of view, we can see a substantial disadvantage in the fact that as a consequence of the long term character of PPP projects, the mandatory expenses grow and the hidden debt arises, and this debt will exist for a lot of years, and thus it can affect negatively the fighting power of the future governments and burden significantly the future generations.

- **Long Gestation Period:** Generally the preparation of individual PPP projects may take up to 2 - 3 years (depending on project size and complexity). This long gestation period along with its attendant uncertainties are a big dampener for private sector enthusiasm.
- **Breaking of Partnerships:** Considerably negative financial impacts in the case, the partnership has to be repudiated.
- **Transfer of Risk:** The transfer of risks from the private sector to the public sector, possible a new set of risks, e.g. possible risk of bankruptcy of the private player.
- **Focus on Economic Benefits:** PPP projects tend to focus on the economic aspects of the project, sometimes to the detriment of social and environmental aspects.

5.10 Cases of successful PPP Models

Let us discuss some of the successful models implemented in the various sector like health, transport etc.

In transport sector:

Underground Car Parking System City - Kolkata, West Bengal

- Year of execution - April 2007.
- Parking in central Kolkata, the heart of this mega city, has always been a hassle is the case with most of the inner city areas. In an attempt to address the situation, the Kolkata Municipal Corporation (KMC) decided to utilize the rights to underground space and undertake the parking project as a Public Private Partnership project on a Build - Own - Operate - Transfer (BOOT) basis for 20 years.
- The Private parties involved were KMC and Simplex.

In health sector improving the health of population:

Yeshasvini Health Scheme in Karnataka

- It is a health insurance scheme targeted to benefit the poor.
- It was initiated by NarayanaHrudalaya, a super speciality heart hospital in Bangalore and by cooperatives of the Govt. of Karnataka.

- The incentive of getting treatment in private hospital with government paying half of premium attracts more members to the same.
- Cardholders could get access to free treatment in 160 hospitals located in all districts of the state for any medical procedure costing up to Rs. 2 lakhs.
- Premium is deposited in the account of a charitable trust, the regulatory body for implementing the scheme.
- Recognized hospitals have been admitted to the network throughout Karnataka known as NWH.

5.11 Cases of failure

However, all cases have not been successful and there are troubled ones as well. We shall discuss them as well. There have been several cases of such failure as well which has been described below.

New Chennai Airport: In this case, the tussle between the Airport Authority of India (AAI) and the private consortium on controlling rights became a case in point.

The impediments faced while inaugurating the new Chennai Airport throw open more questions than answers. The government's decision to hand over the terminals to private parties has made the AAI extremely dissatisfied because they were and are striving for having a control! Further ubiquitous red tape played its usual role in delaying the project that consequently failed to meet deadlines not once but twice over a dozen times. And running parallel to this, corruption has no lesser a role to play either. From power companies to telecom giants, wherever there is involvement of private companies in sync with the government, the unholy trail of corruption can be seen decaying the best of models.

The Vadodara - Halol Toll project: It suffered due to mistaken traffic projections, due to which proposed government incentives were stripped off from the project, thereby raising both policy and revenue risks for the involved parties.

5.12 Case Study

To understand the models better, we shall discuss some of the case studies to penetrate into the core of the problem. Some such studies have been illustrated

below. The Department of Health under the Ministry of Health and Family Welfare, has implemented many schemes through PPP. One of them is,

National Leprosy Elimination Programme (NLEP).

I. Objective and Function :

- i. Solicit NGOs support for NLEP at the district level through activities such as Planning, Surveillance and Information System, IEC, Capacity Building, Rehabilitation, Referral, Advocacy, Case Detection, MDT Delivery and Technical Support.
- ii. Organize Prevention of Impairments and Deformities (POD) care services by undertaking Re - constructive Surgery (RCS) and providing Micro - cellular Rubber (MCR) footwear to the needy leprosy patients.

II. Client :

Department of Health, Ministry of Health and Family Welfare, Government of India.

III. Service Providers :

NGOs and seeking grant - in - aid for SET (Summary Education and Treatment) recognized for RCS work.

IV. Contract Structure :

Allotment of working unit in rural areas comprise not less than 20-75, 76-150, 151-300, 301-500 and > 501 deformity patients both active and inactive irrespective of area, depending on the capacity of the NGO. Allotment of corresponding working unit in urban area comprise 0.60 to 1.4, 1.4-2.0, 2.0-3.0, 3.0-6.0 and 6.0 to 10.0 lakh marginalized and uncovered population of poor socio economic status.

The NGOs is required to appoint a qualified doctor and adequate number of non - medical technical personnel in accordance with the pattern of the scheme. It has also to be ensured that as and when doctors and other workers are called upon for the periodical orientation / refresher training, the voluntary organization will make them available for such training.

Voluntary organizations /NGOs may undertake SET work in more than one centre. However, the maximum number of centres for which central assistance is admissible to one voluntary organization is restricted to two centres in

a district, 5 centres in a State and 10 centres in the country.

V. Selection Criteria(Competitive Bidding/Negotiation)

Institutions opting for SET work are selected based on the following criteria:

- i. The NGO/VO should be registered under the Societies Registration Act, 1860, or should be a corporate society and/or an institution of standing. The institution should also have the required capability in terms of infrastructure and expertise.
 - ii. The institution should have experience of working satisfactorily and independently for a period of past three years in the field. Those NGOs that are proposing to seek grant - in - aid should have functioned at least for 3 months in the field after the allotment of area of leprosy work by SLO and they should have minimum 20 active patients o record in urban areas or 20 deformity cases in rural areas.
 - iii. Recognition of institution for undertaking RCs work is based on (a) availability of Operation Theatre (OT), (b) Availability of trained manpower as Surgeons and Physiotherapists, (c) Availability of equipment and instrument for RCS and (d) Facilities for indoor admission, wards and other infrastructure/ logistics.
 - iv. Institution desirous of undertaking SET work should have a rolling fund of Rs. 2 lakhs. If an institution is desirous of undertaking more than one rural or urban unit, it has to have a rolling fund of Rs. 2 lakhs for each additional centre that it wishes to cover.
- VI. Payment Mechanism: Processing of the application of a new NGO/VO is completed by 31st March every year. If the proposal is agreed to by the GOI, the grants - in - aid is released to the NGO directly in two installments. The 1st installment of 50% of the funds is released in the 1st quarter of the financial year and the 2nd installment of funds is released in the 3rd quarter of the same financial year on furnishing of the audited statement of accounts and utilization certificates.

Grant - in - aid is provided through Demand Draft which is issued in the name of organization on receipt of the requisite bond and the certificate that the institution/organization is not involved in any court proceedings.

- VII. Penalties /Incentives: If the work of the service provider is found to be

sub-standard and/or if they do not comply with the standard laid down by the Government, the assets purchased through government grants viz. vehicles, cycles, other equipments are taken possession of and further grant - in - aid is stopped.

VIII. Monitoring and Disbursement of funds:

The NGOs are supervised by the National Level Leprosy Division/GOI on sample basis from time to time, based on in-depth evaluation of performance and fund utilized.

IX. Benefits and Remarks:

- MDT services are made available in difficult, remote/tribal and urban slum areas.
- Continued NLEP activity would help achieve the goal of full elimination of leprosy from the country.

5.13 Conclusion

The concept of public private partnership may be summarized as a long term contractual partnership between the public and private sector for the purpose of financing, designing, implementing, and operating infrastructure facilities and services which were traditionally provided by the public sector. The foundation of such collective endeavors are rooted in the expense and capacity of the project partners and under a contractual agreement ensuring mutually agreed, appropriate allocation of resources, risks and returns.

However, the government's responsibility and accountability do not get reduced. As, the government remains actively involved in the project throughout a life of the project, it remains accountable for service quality, price certainty and cost-effectiveness of the partnership. Therefore, the government's role under PPP gets redefined as one of facilitator and enabler, whereas the private partner plays the role of financier, builder, and operator of the service or facility.

PPPs aim to combine the skills, expertise and experience of both the public and private sectors to deliver higher standard of services to citizens. Thus, PPP aim to take advantage of the strength of the public sector by their better operational efficiency, advanced technology, professional efficacy for the delivery of the services to the citizens with high standard of quality and greater value for money.

5.14 Summary

PPP integrates the public sector and the private sector along with all community stakeholders, they all can take advantage by amalgamation of their resources and sharing responsibilities. Hence, the projects which are technically sound, environmentally acceptable, financially viable and affordable by all users can be designed, developed and implemented. PPP, further provide an opening to the public sector to harness private organizations for the economic, infrastructural and social development of the nation. Between two extreme political options of nationalization and privatization, PPP has emerged as the third way of the delivery of the service to the public.

5.15 Questions

1. What is the PPP Model? What is its need?
2. Write a note on its evolution?
3. How had the PPP been doing in the Indian state?
4. Give some instances of the successful implementation of the PPP Models?
5. What are the challenges facing PPP Models in India?

5.16 References and some useful books for further reading

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Module II
Theorizing Development

Unit 6 □ Modernization Theory

6.1 Learning Objectives

6.2 Introduction

6.3 Modernisation

6.4 Modernization theory of Development

6.5 Historical context of Modernization theory(1940's- 1950's)

6.6 Rostow's model-The stage of economic development

6.6.1 Why is this Rostow's model important?

6.7 Modernisation and Cultural change

6.7.1 Development as a socio - cultural development

6.8 Criticisms to W.W Rostow's model

6.9 Comparison with Marxism

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6.11 Summary

6.12 Questions

6.13 References

6.1 Learning Objectives

In this unit,we will basically do the following:

- To discuss the link between development,planning and change.
- To proceed to describe the views on development and its changes by different sociologists over the years.
- To discuss the perception of various thinkers on development and change
- Finally we will extensively discuss the different theories that have been advanced to explain development.

6.2 Introduction

From its inception,sociology has been closely linked with the study of the rapid

changes in societies. Social change leads to the alterations that occur in the social structure and social relationships or in the pattern of action and interaction in societies. Such alterations may occur in norms, values, cultural products and symbols in a society.

When we discuss about change, we generally focus on the changes that are brought about through conscious and deliberate planning. Development, planning and change are interrelated terms. In sociology, development essentially refers to the process of social change which is planned and desired by society. All cases of social change cannot be described as development. However planned and desired social change can be described as development.

Changes in technology, social institutions, population, and the environment, alone or in some combination, create change. Below we will discuss how the process of modernization from 1940's itself has led to the indefinite changes in social, cultural and economic aspects in a particular society and country. Modernisation as a process has a wider connotation. If it was favoured by some theorists, at the same time it was criticized by many other theorists. Its complex process and political dynamics poses a lot of questions challenging the development of a society or a country.

6.3 Modernisation

The first question that we need to ask is -What is modernization? In simple words, it means adopting modern methods, ways, ideas etc having rationalism and scientific thinking. Modernisation as a process keeps on evolving from time to time and it is hence evolutionary and transformative. It affects social, cultural, political and economic aspects of our lives. Various proponents have opined modernity and modernization in their own ways. Many of them have favored this process as positive impact to towards the society.

According to Marx, modernity was defined by capitalist economy i.e the advancement brought about by transaction from earlier societies to capitalism.

For Weber, modernization was expansion of formal rationality over traditional organizational structure.

Anthony Giddens defined modernity in four basic institutions :

1. Capitalism-commodity production, private ownership.
2. Industrialism-inanimate power sources and machinery

3. Surveillance capabilities-supervision of attributes.
4. Central means of violence including industrialization of war.

Modernisation in present scenario is related to modernized cities with technological amenities, rationality, structural development etc which has both advantages and disadvantages on various aspects of life. Some of the aspects of life like culture, environment, communication and travel, business, etc has its both positive and negative impact which can be explained by following-

- 1) In aspect of culture-the advantage is learning new things and updating one's knowledge from newer technologies like television, internet, cinemas that can give more rationality. The disadvantage is the spread of western culture on young people in non western societies losing their own culture and identity.
- 2) In aspect of environment- the advantage is the optimum utilization of natural resources in modernized society. The disadvantage is the excessive use of resources which leads to its depletion causing global warming, climate change, etc.
- 3) In aspect of communication and travel-the advantage is the inventions such as phones, internet, computer had led to better communication in development of the society. The disadvantage is the international communication that can further impact on losing of identity, language, etc.

Hence, modernization can be a boon or a curse. It is necessary for to strike a balance so that modernity can lead to success and development.

6.4 Modernization theory of Development

The term Modernization theory refers to a theory which states that development in developing worlds can be attained through following the processes of development that are used by currently developed nations (Rostow, 1960). It is a socio economic theory which is sometimes known as the development theory. In this process a nation goes through a transition from a traditional society to a modern one. There are many proponents of modernization theory, but among them are few ones who have extensively given major contribution to this particular theory such as Walter Rostow, W. A. Lewis, Talcott Parsons and Daniel Lerner. According to Rostow, each stage is a function of productivity, economic exchange, technological improvements, and income.

This model was given by American economist Walt Whitman Rostow in 1960. It is one of the major historical models of economic growth. All the societies in course of development will go through stages as follows: 1) Traditional society 2) Pre-condition for take off (little development in infrastructure, normal economic development, different technology, surplus etc) 3) Take off stage- (mechanization, advanced technology, rapid growth and industrialization, agricultural sector will decline). 4) Drive to maturity- (diffusion of technology, manufacture sector-major share in GDP). 5) Age of mass consumption- Economy where service sector dominates, consumptions of products are very high. The U.S is in this stage.

6.5 Historical context of Modernization theory (1940's-1950's)

By the end of World War II it had become clear that despite exposure to Capitalism many of the countries of the South had failed to develop. In this context, in the late 1940's, Modernisation Theory was developed. Modernisation theory had two major aims

- It attempted to explain why poorer countries have failed to develop; focusing on what cultural and economic conditions might act as barriers to development.

The economic barriers to development which may make developing countries unattractive to investors are:

- Lack of infrastructure
- Lack of technology
- Lack of skills in the work force
- Political instability
- Lack of capital in the country
- It aimed to provide a non-communist solution to poverty in the developing world by suggesting that economic change (in the form of capitalism) and the introduction of the western values and culture could play a key role in bringing about modernization.

For better understanding of the above stages of development, an extensive illustration of the whole process has been given below along with a diagram.

NOTES TO REMEMBER :

- Development : The increase in output per person, involving a significant change (evolution) in society.
- Growth : Increase in output without change in society
- Westernisation : It is about the adoption of "western" values. It is a sub process of modernization.
- Modernisation: Accepting or adopting the modern style or modern ways and ideas of thinking, living, etc

6.6 Rostow's model-The stage of economic development

In 1960, the American Economic Historian, W.W Rostow suggested that countries passed through five stages of economic development.

According to Rostow, development requires substantial investment in capital. For the economies of LDCs (Least developed countries) to grow, the right conditions for such investment would have to be created. If aid is given, or foreign direct investment occurs at stage 3, the economy needs to have reached stage 2. If the stage 2 has been reached then injections of investment may lead to rapid growth.

- **Stage 1- Traditional Society** : Society is very primitive with very limited technology and reliance on subsistence farming. People rely on community bartering rather than advanced coinage or banking. Society is governed by a small wealthy ruling elite with strong traditional values. For example such societies are dominated by institutions such as families, tribes and clans, within which roles are ascribed (i.e people are born into them) rather than achieved.

One fact about the traditional societies is that they evolved within limited production functions. When talking of traditional societies, there are always changes which is observed from various scale of trade patterns, to agricultural output, its production and income. Also there is change in the structural change because of the change in terms of population (which keeps fluctuating). It is not that they lack in technological innovations or they have less potential; but it's the lack of understanding or rationality towards development. As they relied entirely on agriculture, they were limited by the technological advances of the market.

According to Rostow, their minimum consumption was spent in non productive or low productivity outlays such as religious and other monuments, war etc. The central power in such societies resided in the core region with the landlords or merchants, etc who controlled over all the exchanges of life of the poor. There is also strict hierarchy in the structure of the society at different levels. Therefore the rich became richer and poor folk were pauperized.

- **Stage 2 - Preconditions For Take-Off :** Here citizens see possibilities of improvement and advancement. There is a growing specialization and commercialization of skills and investment in infrastructure. Increasing focus on exports (of primary production such as mining and farming) and fuelling investment through surpluses helped grab in the outlook of the development in economic growth. For example, the introduction of material factors such as capital and technology from the West in the form of capital investment by Western companies and official aid.

According to Rostow, the initial preconditions for take-off were created in Western Europe and Britain was the first of the European nations to move from the stage of pre-conditions into take off. There is gradual evolution of modern science and technology at this stage. Technological developments led to modernization that helped in the widening of the market. Hence there was market flow of goods and services through market incentives, large financial institutions and production processes.

"Technically, the preconditions for sustained industrialization have generally required radical change in three non-industrial sectors. First, a build-up of social overhead capital, notably in transport. This build-up was necessary not merely to permit an economical national market to be created and to allow natural resources to be productively exploited, but also to permit the national government effectively to rule. Second, a technological revolution in agriculture. Increased productivity in agriculture has been generally a necessary condition for preventing the process of modernization from being throttled. Third, an expansion in imports financed by the more efficient production and marketing of some natural resources plus, where possible, capital imports" (Rostow). Seeing the above three forms of development it can be said that through merging the industrial activity and forming new markets led to the large scale expansion of industrialization.

- **Stage 3- Take Off :** Here economic growth becomes self sustaining .There

is a huge technological advancement and development of domestic manufacturing sector. Agriculture output and workers increases as do services. Regional city growth is witnessed along with rural depopulation leading to an urban flight. There is political modernisation by which means growing democratization and demands. Also development in education sector and economic development is witnessed. Foreexample, achievement replaces ascription and the nuclear family replaces extended family or clan/tribe as people become more geographically mobile in their search for work in the factories set up by western companies.

"The take-off is distinguished from earlier industrial surges by the fact that prior and concurrent developments make the application of modern industrial techniques a self-sustained rather than an abortive process" (Rostow). In order to help and expand the stage of industrialization there was rapid expansion of agricultural processing, large share of imports, oil, military output, etc. This stage leads to self sustaining with the ability to modernize itself from economic, political and social terms.

- **Stage 4- Drive to Maturity :** At this stage, the range of various domestic production widens in every sphere. The country replaces imports with domestic production i.e mainly with import substitution. With increasing diversification and investment (from home and abroad), there is also increase in need for innovation for efficiency gains in existing techniques and advanced technologies. Foreexample, the export of manufactured goods to the West as the country takes its place in the international trading system.

Rostow defined this stage as a period when a society has effectively applied the range of (then) modern technology to the bulk of its resources. He has explained this stage with the example below:

"After the railway take-offs of the third quarter of the nineteenth century- with coal, iron, and heavy engineering at the centre of the growth process- it is steel, the new ships, chemicals, electricity, and the products of the modern machine tool that come to dominate the economy and sustain the overall rate of growth. This is also, essentially, the case with the later Russian drive to maturity, after 1929. But in Sweden after 1890 it was the evolution from timber to wood-pulp and paper; from ore to high-grade steel and finely machined metal products" (Rostow).

As the societies progress, due to this production and technological maturity,

there are changes observed in the process of transformation in the society itself. There is a huge shift of working population from agriculture to industrial workforce, in short rural life decreases. There is emergence of semi skilled workers and white collar workers. This industrial civilization created different types of mass consumption. Also there was a shift in real per income, which definitely increased, changing the lifestyle of the people and giving an impetus to new city life. Rostow argued that even after this there were intellectuals and politicians who were against the idea of such phase of maturity, the harshness of the cost and consumption of the society.

- **Stage 5- Age of Mass Consumption :** The economy at this stage becomes heavily geared toward service provision (consumer orientation) due to exploitative nature of comparative advantages in trade. There is high quality world class infrastructure now in existence. Citizens demand consumer durable goods. In this stage, majority of citizens live in urban rather than rural area and enjoy a comfortable lifestyle. Life expectancy is high and most citizens have access to health care and free education. The concept of modernization was finally been sensed at this stage. With the acceptance of extension of modern technology as a primary goal, now there is increased security, welfare, public measures, also inclusion of leisure activity in the tiring workforce. There is vast extension of different leading sectors like automobile, petroleum, electric powered household devices, etc. Therefore we can observe the booming capitalism and commercialization exhaustively.

As seen above the trajectory development of the society through different stages, this has not been the end here. There has been furthermore a change felt after this in the later part of the 19th - 20th century. Now there is large scale of population setting requirements for the lateral extension of society's resources, also requiring overhead capital. The stage has advanced to beyond consumption, with people wanting more increased choices, resources, leading to overexploitation of every sectors discussed above.

6.6.1 Why this model of Rostow is important?

Rostow's stages of Growth model is one of the most influential development theories of the twelfth century. Rostow's model illustrates a desire not only to assist lower income countries in the development process but also to assert the United State's influence over that of communist Russia.

"These descriptive categories are rooted in certain dynamic propositions about supply, demand, and the pattern of production. As modern economists have sought to merge classical production theory with Keynesian income analysis they have introduced the dynamic variables: population, technology, entrepreneurship, etc. But they have tended to do so in forms so rigid and general that their models cannot grip the essential phenomena of growth, as they appear to an economic historian. We require a dynamic theory of production which isolates not only the distribution of income between consumption, saving, and investment (and the balance of production between consumers and capital goods) but which focuses directly and in some detail on the composition of investment and on developments within particular sectors of the economy" (Rostow).

"At any period of time, the rate of growth in the sectors will vary greatly; and it is possible to isolate empirically certain readings sectors, at early stages of their evolution, whose rapid rate of expansion plays an essential direct and indirect role in maintaining the overall momentum of the economy. For some purposes it is useful to characterize an economy in terms of its leading sectors; and a part of the technical basis for the stages of growth lies in the changing sequence of leading sectors. In essence it is the fact that sectors tend to have a rapid growth phase, early in their life, that makes it possible and useful to regard economic history as a sequence of stages rather than merely as a continuum, within which nature never makes a jump. The stages of growth also require, however, that elasticity of demand be taken into account, and that this familiar concept be widened; for these rapid growth phases in the sectors derive not merely from the discontinuity of production functions but also from high price or income elasticity of demand. Leading sectors are determined not merely by the changing flow of technology and the changing willingness of entrepreneurs to accept available innovations: they are also partially determined by those types of demand which have exhibited high elasticity with respect to price, income, or both." (Rostow)

How, for example, should the traditional society react to the intrusion of a more advanced power: with cohesion, promptness, and vigor, like the Japanese; by making a virtue of fecklessness, like the oppressed Irish of the eighteenth century; by slowly and reluctantly altering the traditional society like the Chinese? When independent modern nationhood was achieved, how should the national energies be disposed: in external aggression, to right old wrongs or to exploit newly created or perceived possibilities for enlarged national power; in completing and refining the political victory of the new national government over old regional interests; or in modernizing

the economy? All such questions come to mind when we see the transition of the societies which keep on evolving. Once growth is under way, with the take-off, to what extent should the requirements of diffusing modern technology and maximizing the rate of growth be moderated by the desire to increase consumption per capita and to increase welfare? When technological maturity is reached, and the nation has at its command a modernized and differentiated industrial machine, to what ends should it be put, and in what proportions: to increase social security, through the welfare state; to expand mass consumption into the range of durable consumer goods and services; to increase the nation's stature and power on the world scene; or to increase leisure? And then the further question, where history offers us only fragments: what to do when the increase in real income itself loses its charm?

In surveying now the broad contours of each stage of growth, we are examining, not merely the different structure of economies, as they transformed themselves for growth and grew; we are also examining a succession of strategic choices made by various societies concerning the disposition of their resources, which include but transcend the income and price elasticity of demand.

6.7 Modernisation and Cultural change

One of the fundamental characteristics of culture is that it changes over a period of time and from place to place. Other modernization writers such as Parsons has stressed the need for cultural change in the LDCs (Least Development Countries) if development is to come about. Modernization theorists from Karl Marx to Daniel Bell have argued that economic development brings pervasive cultural changes. Economic development is associated with the shifts away from absolute norms and values towards values that are increasingly rational, tolerant, trusting, and participatory. Cultural change is however path dependent.

Samuel P. Huntington (1962) argued that modernization and its implication towards development is a revolutionary process. Its technological and cultural consequences are significant as it turns the food gathering and hunting nomads to settled agriculturalists. He also stated that the process of both modernization and development are complex and multi-dimensional. They involve a series of cognitive, behavioral and institutional modifications and restructuring. They are global process and therefore its ideas and techniques are diffused from the center of origination to other parts of the world.

As modernization and development moved to advanced stages, differences between

societies are narrowed and a stage is reached when the universal imperative of modern ideas prevail, leading to a point where various societies are homogenized in such a way as they are capable of forming a world state.

6.7.1 Development as a socio - cultural development

Since the 1960s there has been an increasing emphasis by sociologists to look at development from a holistic point of view. This means defining development not only in terms of industrialization or economic dimensions but also in terms of socio cultural dimensions. Until recently, the popular notion was that economic growth was sufficient and necessary condition to stimulate development in all other sections of society. But this has been proved incorrect. Economic advancement of one group of people has not and does not trickle down to all other groups in a society. Also the achievement of high levels of economic advancement by some countries has not helped to solve some of their serious social problems. It is therefore, increasingly emphasized that the ultimate aim of development is the improvement of the quality of life of every human being in society. Development is multi-dimensional. It takes into consideration matters like equity, social participation, environmental sustainability, decentralization, self-reliance, basic human needs, etc.

Some sociologists emphasize that improvement in quality of life involves psychological, social and moral dimensions apart from political, economic and cultural dimensions. The improvement in social quality of life means an increase in the strength of family stability, interpersonal bonds and social solidarity. An improvement in moral quality of life means developing a concern for others and not merely for self. (Sharma 1980:20). Thus the sociological approach to development looks at this process as alterations that affect the whole socio cultural matrix of society. Development has come to mean as a planned, stimulated movement of all sectors of a social system in the direction of the overall desired goals set by a society. Today sociology of development attempts to understand development and experiences of masses in a particular society in respect of their struggle to survive and change. One of the important aspects of sociology and development is to understand how transition occur in society from one stage to another.

6.8 Criticisms to W.W Rostow's model

This model was based on American society but not necessarily to be followed by others. They don't take into the idea of dependency. The core countries are

placed on periphery. Secondly, they look each other as independent agents and not as a player in the larger context.

Critics of the Modernisation Theory: A.G Frank opined that the modernization theories are inadequate from the policy point of view, because they fail to define correctly the kinds of social and economic processes at work in the underdeveloped countries. Rejecting the western model of development, he asserted that it is not necessary that development would occur in all societies if they adopt the economic policies and parliamentary democracy on the pattern of west.

- Modernisation theory has been very influential, particularly on US foreign policy, but it has attracted four criticisms.
- 1) It implies that traditional values and institutions have little or no value compared with their western equivalents. However, there is evidence from Japan and the 'Asian tigers' that the traditional (e.g. religion and extended family) can exist successfully alongside the modern.
- 2) It assumes western forms of capitalism to be the ideal and conveniently ignores the social and economic problems that are common in those societies, e.g. high divorce rates, crime, poverty, suicide, etc.
- 3) Western encouragement of LDC elites has created inequalities in wealth and power which have led to human rights abuses. In particular, the USA has propped up abusive right wing regimes because they are anti-communist.
- 4) In its emphasis on internal obstacles, modernization theory underestimates the external obstacles to development.
- Wilbert Moore understood social change as total transformation of a tradition or pre-modern society into a technology-dependent social organization generally found in the advanced, economically prosperous and relatively politically stable nations of the world. He described the general conditions for industrialization which include change in values, institutions, organizations and motivations. According to the modernization theory, development takes place from within the society and follows essentially the same pattern in all societies. The end result of development, according to the modernization theorists, is prosperity and relative political stability.
- Some Marxist theorists argue that the development is not really about helping the developing world at all. It is really about changing societies

enough is the sense that they are easier to exploit making western companies and countries richer, opening them up to exploit cheap natural resources and cheap labour. Joseph Stiglitz notes that those countries that followed alternative models of development ignoring western advice are now competing with west, China and India are two examples.

- There are ecological limits to growth. There are many modernization projects such as mining and forestry, whose excessive extraction of it have led to the destruction of the environment.
- In terms of social damage, we have witnessed some of the development projects such as building of dams that leads to the displacement of local population forcibly from their homelands with little or no compensation being paid.

6.9 Comparison with Marxism

Like discussed the stages of modernization theory described exhaustively by Rostow, similar discussion on transition of societies is extensively discussed by Karl Marx in understanding the transformation of society from feudal primitive society where there is new invention, new discoveries, to what it ends to the stage of communism. Marx's perception towards societal act was more of profit maximization at every transformative stage whereas in Rostow's stages of growth human behaviour is not seen as an act of maximization but balancing alternative and often conflicting independent human objectives, i.e, they don't merely seek economic advantage and profits, but personal and national power as well, also security and continuity of cultural and social forces. Rostow argued that there is a continuous interplay or interaction among the social, political and economic forces having an impact on evolution of societies. He stated that they are not a superstructure derived from the economy.

6.10 Conclusion

Modernisation theory has been very influential in understanding the entire transformation from pre traditional to modern society. We have witnessed various changes in terms of social, political and economic forces and the interplay between these factors. Modernization theory is considered to be one of the major historical model of economic growth.

According to Modernisation Theorists, obstacles to development are internal to

poorer countries. In other words, undeveloped countries are under developed because they have the wrong cultural and social systems and the wrong values and practices that prevent development from taking place. Talcott Parsons (1964) was especially critical of the traditional values of underdeveloped countries. He believed that they are too attached to traditional customs, rituals, practices and institutions, which parsons argued were the enemy of progress. He was also critical of the tribal systems and kinship of traditional societies, which he believed hindered the geographical and social mobility that were essential if a country were to develop.

6.11 Summary

So we can summarize now after reviewing all the above discussions that make us infer that to make a country prosperous there cannot be one model of development and modernization. It has to be developed or modernized in all the aspects be it social, cultural and in economic terms. Rostow's model does give an idea of how societies developed but at the same time it also challenges various internal and external forces in the development of a particular country or a society. Some examples of the strengths of modernization are—In the 1960's, because of the green revolution, western bio-technology helped treble food yields in Mexico and India. Another example is in the early 1950's million cases of smallpox occurred in the world each year, by the early 1970's small pox had been eradicated because of vaccine donations by the USA and Russia.

6.12 Questions

- **Answer the questions briefly :**

- 1) What is Modernisation Theory?
- 2) What are the criticisms of modernization theory?
- 3) How cultural change affects modernization of a particular society or country?
- 4) What are the stages of W.W. Rostow's model of modernization theory. Elaborate.
- 5) What are the efforts that indicate progress in development?

- **Multiple Choice Questions:**

- 1) Which of the following does not contain any LDCs ?
 - a. North America
 - b. Asiatic Africa Latin America
 - c. They all contain LDC

- 2) Which theory of development argues that the path to development lies in adopting the path taken by the western industrialized countries?
 - a. Modernization theory b. Dependencytheory
 - c. Global systems theory d .None of the above.
- 3) Who developed Modernisation theory?
 - a. American economist b. american businessmen
 - c. Amrican social scientist. d. Soviet economist.

• **Answer the questions :**

- 1) Bring out a comparative analysis of Marxian and parsonian views of social change and examine the relevance of each view for social development in the contemporary India.
- 2) Write a short note on Development and Social change from sociological perspective.
- 3) Write short note on Modernisation.
- 4) How is Marxism relevant to developing nations? Will it be able to establish classless societies?
- 5) Distinguish between Westernization and Modernization.How do tradition and modernity co-exist in India?
- 6) Describe the process of modernization in India.Discuss the factors that have impeded this process.
- 7) How do you differentiate between social change and modernization ? Explain with examples from Indian society.

6.13 Suggested readings and references

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Unit 7 □ Dependency Theory

- 7.1 Learning Objectives**
- 7.2 Introduction**
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7.1 Learning Objectives

In this particular unit, we will discuss the concept of development and underdevelopment through various perspectives put forwarded by various proponents.

- ❖ To learn about the dependency theory, its historical background and other related theories associated with the dependency theory.
- ❖ To identify the difference between this theory of dependency with the modernization theory of development which we have already studied about it in our previous chapter.
- ❖ To try to identify the comparisons and similarities of both the theories of development.
- ❖ To discuss about the criticisms by different theorists and limitations of the dependency theory.

7.2 Introduction

As we have discussed in the earlier chapter that social change leads to the alterations in the social structure and social relationships, its pattern of action and interaction in societies. And that it is closely linked with development of a particular aspect through conscious and deliberate planning. Development, planning and change are interrelated terms. In the mid twentieth century development was used in the context of modernization theory. Development inevitably means different things for different individuals and social groups. Areas where development is slow, for instance, the economically backward areas are termed as less developed, developing, underdeveloped and traditional.

When we talk about development from a sociological perspective, we come across two very important theories i.e Modernization theory and Dependency theory. Though both the theories are quite different but they still have certain similarities in their views on the modern world and relationships between developed and developing countries. The study of these theories help us better understand the current trends in international relations and the future perspectives of the world. Also at the same time it helps us assess the current situation and relationships between developed and undeveloped countries more objectively due to existing differences between the two theories.

The relevance of both the theories can be seen in the entire trajectory development of the world, country or society. The transformation of societies and the structural changes has been an important element in the development of a particular society. The consequences and challenges of both the theories are thus important to understand the concept of development from different perspectives.

7.3 Background on dependency theory

During the 1960's, the concept of development was reconceptualised. Dependency theory, an approach put forward by group of theorists like Andre Gunder frank, Samir Amin, etc. had doubt on the intention of the developed countries. Developed countries has been perpetually trying to make the developing countries dependent on them. In this sort of relationship, developed countries are metropolitan while developing are at the periphery and hence developing countries will never come to the position of developed countries and will always be dependent on developed countries. Earlier there was colonialism and now there is neo-colonialism. According

to many theories, in order to have development there should be delinking of developed and developing countries. One of the very popular theory towards this concept of development was forwarded by Andre Gunder Frank who was an American-German sociologist. According to him the whole concept of development as a theory emerged as a post war American hegemony instrument. Development was defined along with the predefined steps and the pace in which the traditional sectors were replaced by modern ones.

The introduction of multinational companies and foreign investments took place in developing countries which ushered hope among the underdeveloped countries that would somehow reduce its dependency. But it somehow did not work as there was an increase in dependency through foreign debts and vicious circle of interest. All of the policies related to trade, finance, and monetary, fiscal and social policies of the underdeveloped countries were more constrained by foreign debts and foreign investments. Thus, the situation got reversed as more out flow of resources took place from developing or underdeveloped countries rather inflow of goods and services. Hence, we can see that Andre Gunder Frank's development of underdevelopment theory of dependency clarified the intentions of dependency countries.

Another proponent named Samir Amin who also contributed and gave a different perspective to the concept of development. According to Amin, dependency theory views the world economy as single integrated system. The system of exploitation can be identified in every aspect of development which is in effect of the global capitalism. And this leads to the larger gap between rich and poor. He sees globalization as an extension of capitalist imperialism. He argues that underdevelopment is not lack of development. It is reverse side of development of rich countries. The rich countries depends on active and continuous exploitation of other countries which renders the latter underdeveloped.

Development undergo economic growth but in ways which do not contribute to long term development. The surplus of the underdeveloped countries are further expropriated by the richer countries rather than using their own. There is continuous maximization of profit which leads to zero development of the peripheral countries. According to Amin, major means of surplus extraction today is structural adjustment and debt repayment. And that the world is divided into two class i.e richer countries at the centre and the poorer countries at the periphery.

Another theorist Immanuel Wallerstein propounded the World Systems Theory in discussing the concept of development. He argues that modern world system is

distinguished from ancient empires by its reliance on economic control of the world order by a dominating capitalist centre in economic and political relation to peripheral and semi peripheral world areas.

Likewise there is another proponent Gunnar Myrdal who saw development and underdevelopment process as an upward or downward spiral. According to him, the economic growth process increases rather decreasing the gap between rich and poor.

Dependency theory is a body of social sciences theory predicated on notion that resources flow from the periphery of poor and underdeveloped states to the care of wealthy states, enriching the latter at the expense of former. It is the central contention of dependency theory that poor states are impoverished and the rich ones enriched by the way poor states are integrated into world system.

In contrast to this whole new perspective of understanding development through the dependency theory, there is the Modernisation theory which we already exhaustively discussed in the previous chapter. The Modernization theory refers to a theory which states that development in developing worlds can be attained through following the processes of development that are used by currently developed nations (Rostow, 1960). It is a socio economic theory which is sometimes known as the development theory. In this process a nation goes through a transition from a traditional society to a modern one. This model was given American economist Walt Whitman Rostow in 1960. It is one of the major historical models of economic growth. All the societies in course of development will go through stages as follows: 1) Traditional society 2) Pre-condition for take-off (little development in infrastructure, normal economic development, different technology, surplus etc) 3) Take off stage- (mechanization, advanced technology, rapid growth and industrialization, agricultural sector will decline). 4) Drive to maturity-(diffusion of technology, manufacture sector-major share in GDP). 5) Age of mass consumption-Economy where service sector dominates, consumptions of products are very high. The U.S is in this stage.

All the above major proponents have contributed to the idea of development through various perspectives by giving live examples and current trends and interpretations of various societies.

"Dependency is a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-starting while other countries (the

dependent ones) can do this only as reflection of that expansion which can have either a positive or a negative effect on their immediate development." Dos Santos

7.4 Dependency Theory

Since the end of the 1960s, so-called dependency theory has become increasingly popular as an alternative to the 'traditional', state-centered approach in the study of international relations. It was part of the larger movement that asked several questions such as why are so many countries in the world are not developing? The traditional answer to this particular question was that it is because these countries are not pursuing the right economic policies or the government are authoritarian or corrupt in its ways. The dependency theorists began to argue that countries were not developing around the world because the international system are preventing them from doing so. Also that the international system was exploitative in nature. It was characterized by the dominance of some countries over the others.

Dependency theorists argue that there are a number of different kinds of states in the world and each of them forms a different function or performs a different function in the world economy.

First of all there are states that are at the centre of the centre. They are the richest and the most powerful ones. For example- the U.S, U.K, France and so on. Then, secondly, there are countries which are at the periphery of the centre. These are modern industrialised wealthy countries like Canada, Netherlands, Japan. They have little less global power as compared to the countries at the centre but they are still quite rich and wealthy. Thirdly, we have countries on the centre of the periphery that are still developing but have fair amount of wealth. For example- South Africa, Brazil and India. Lastly, there are countries at the periphery of the periphery. These are the poorest countries of all such as Cambodia, Zambia. etc.

What dependency theorist argues is that there is international division of labour between all of these countries. The core countries are in dominant terms in respect to technology, industries which are more of capital intensive industries. Meanwhile countries in the periphery are characterised by resource extraction economies, agricultural production and providing cheap labour. And as a result the structure of the world economy is one in which the periphery of the centre serve the economic interest of the richest countries. The countries in the centre of the periphery serve both the core countries and the periphery of the centre countries. Finally the countries on the periphery of the periphery serve the economies of everybody else i.e all the other countries of the world.

The second argument that the dependency theory makes is that there is a class distinction. In each of these different types of countries around the world, there is a clear divide between the rich and the poor. Small rich class and the larger working class is the proportion which is seen, same in each of the different types of countries throughout the world. Dependency theorists argue that these rich people, the political and economic elite of the countries, all cooperate with one another to ensure that they stay in power and expand their own wealth. Also that they collaborate with each other to maintain this whole system of dominance and power.

The third argument by the dependency theorists is that all of these above structures i.e the international division of labour, the class distinctions, the relations and interrelations they have between them, all exist in a wider global system and this is characterised by the global capitalism. In this system, liberal economic theory dominates the theories of trade, theories of finance, which of course serves the interest of the core countries. In addition to the multinational companies, banks in this system are instruments of rich people in the core countries. International institutions like International Monetary Fund, World Bank, all serve the interest of the richest countries of the richest people. Also they are served by global media and education. As a result the entire system serve the wealthy and not the developing countries. They do not promote development and equal opportunities rather it promotes dominance and exploitation.

And so from the design of the dependency theory it can be implied that states cannot possibly develop as it prevents them from developing. And thus the dependency theorists call this system of development as underdevelopment.

This entire theory was forwarded by Andre Gunder Frank.

7.5 World System Theory

Like dependency theory, Immanuel Wallerstein's World system analysis tells us that economic and political relationships in which certain industrialized nations and their global corporations dominate all of the world economic system. World systems analysis is not a theory, but it is an approach to social analysis and social change develop in a region.

"Samir Amin has summarized the main mechanisms of integration as they have been described by the dependency theorists.

The first mechanism concerns the 'monetarization' or 'commercialization' of the subsistence economy. This implies that previously self-sufficient economies are transformed into economies producing for the world market. The transformation of local economies (mainly in Africa) has taken place as the Europeans started to buy agricultural products from local peasants. For the first time in the history of the subsistence economies farmers received money for their production. As a consequence of this development small peasants became agricultural labourers, while some successful farmers engaged in trade. Since the transition from subsistence agriculture to so-called commodity agriculture required large amount of capital, only large-scale proprietors have succeeded in the process of commercialization. As a result of this, economic inequality has increased enormously, and small farmers did not enjoy much of the new prosperity.

The second mechanism for the integration of economies into the world capitalist system, according to Samir Amin, is the formation of a capitalism based on foreign colonial trade. In his view the somewhat more developed 'single commodity economies' (economies in which market products are supplied by craftsmen) have become underdeveloped as a consequence of the penetration of the economy by products of foreign, i.e. Western industry. The local craftsmen became unemployed and the 'pressure on the land' increased since the number of people that were dependent on agricultural employment grew steadily. Moreover, the dependence on the European countries was reinforced by the latter's exports to the newly integrated economies.

The third mechanism of integration, which has been identified by Samir Amin, concerns the formation of a capitalism based on the investment of foreign capital. According to Amin, the investment, from about 1880 onward, of European and subsequently North American capital has contributed to the disintegration of local crafts and to the following underdevelopment of large parts of the non-European world. In this case the presence of foreign-owned industry hinders the development of an indigenous capitalism" (Will hout. 1987).

Samir Amin has concluded from his study of 'unequal international exchange that: "analysis of accumulation on a world scale shows that this accumulation always takes place to the advantage of the center: it is not the advanced countries that supply capital to the underdeveloped ones, but vice versa. This explains why the development of the latter countries is blocked - the 'development of underdevelopment'. From this it follows that development is possible for the countries of the periphery only if they break out of the world market".

7.4.1 Exploitation

Paul A. Baran has defined the exploitation of the underdeveloped by the developed countries as the transfer of surplus from the former to the latter countries. It is both the actual surplus and potential surplus that is expropriated from the underdeveloped countries. Dependency theorists have identified several ways through which there has been continuous flow of surplus transferred from underdeveloped countries to the developed and rich countries.

In the second place, dependency theorists have studied the transfer of surplus value by means of international trade. The whole process of so-called unequal exchange is said to have led to a transfer of surplus value, since the lower wage level in the underdeveloped countries leads to lower prices for the products of these countries; hence, the developed countries have an opportunity to purchase the latter products at prices below the real value i.e., the value of the embodied labour of these products. Unequal exchange can be found during all historical phases in the development of the world capitalist system. As Andre Gunder Frank has stated that it was during the phase of trade capitalism (1550-1770) that unequal exchange took the form of the trading of manufactures for luxury goods.

During the period of industrialization (1770-1870) too, the exchange of industrial products for primary goods replaced flourishing trade of the previous trade process and policies. Finally in the period of developed capitalism (1870-1930) the orientation of the underdeveloped countries toward primary products - and, consequently, an unequal exchange - was enhanced by the development of typical export countries and the growth of export bourgeoisies, which were both stimulated by the core countries. The period of monopoly capitalism (1950-now) has witnessed an 'institutionalization' of unequal exchange in multinational corporations.

In the third place, the activities of Western corporations in developing countries have been studied as an instrument for the transfer of capital from the periphery to the core. The dependency theorists have argued that the investments of these corporations lead to a net outflow of capital from the developing countries, since the corporations have a tendency to 'repatriate' the profits they make in the periphery.

In the fourth place, and connected with unequal exchange, dependency theorists have studied the deterioration of the terms of trade of the underdeveloped countries. According to the dependency theorists the production prices of the underdeveloped countries decreased relative to those of the developed countries. As a consequence,

the consumers in the core were able to purchase more of the periphery's products with the same amount of money, whereas the people in the periphery witnessed the purchasing power of their production decreased.

Unequal exchange is another mechanism of exploitation which we will discuss in the next section of this chapter as it is the most important part in dependency theory.

7.4.2 Unequal Exchange

Of all mechanisms of exploitation which have been outlined above, unequal exchange is the most important segment in dependency theory. The concept of unequal exchange has been extensively discussed by Arghiri Emmanuel. It is mainly because of his work that important dependency theorists such as Andre Gunder Frank and Samir Amin rely upon when they discuss the problem of unequal exchange. "The central assumption in Arghiri Emmanuel's book 'Unequal exchange' is that the value of commodities in the international market is not formed in the same way as in national markets, since labour - in contrast with the capitalist are not mobile across national borders. As a consequence of this, according to Emmanuel, there is no equalization of wages among countries, as there is an equalization of the rate of profit. The wage differences persisting as a result of these characteristics of the world economy are detrimental to the prosperity of the peripheral countries" (W. Hout, 1987). The differences in the wage level of different types of countries is central to Emmanuel's theory of unequal exchange. It is the disproportionate inequality of wages, as compared to the value of labour power embodied in commodities, that leads to the transfer of surplus from the periphery to the core. This process of exploitation can be illustrated by one of Emmanuel's famous examples of unequal exchange in international trade between an underdeveloped country and a developed country.

The wage level of different types of countries is central to Emmanuel's theory of unequal exchange. It is the disproportionate inequality of wages, as compared to the value of labour power embodied in commodities, that leads to the transfer of surplus from the periphery to the core. This process of exploitation can be illustrated by one of Emmanuel's famous examples of unequal exchange in international trade between an underdeveloped country (B) and a developed country (A). According to Emmanuel, another consequence of the relative rise of the wage level in developed countries is the worsening of the terms of trade of the underdeveloped countries. An increase in the wages of the former countries will lead to a relative rise of the production prices

of their commodities. As a corollary of this development the volume of use values (V) exported by the developed countries will diminish, making the developed countries worse off. The rate of exchange between developed and underdeveloped countries will alter in favour of the former countries: they will be able to buy more commodities abroad with the proceeds from the sale of the same quantity of export goods as before. This discussion brings us to another one of the important mechanisms of exploitation that have been Identified by the dependency theorists.

"The Frankian model, particularly of the parasitic metropolis and parasitised satellite, remains essentially vertical, too static and schematic. The conclusion that the nature of social formations in the periphery is dependent on how they are integrated with the world capitalist system does not seem to be universal either."
- S.K. Sahu

7.6 Criticisms of Dependency Theory

Some free market economists, such as Peter Bauer and Martin Wolf, write primarily for non economists. They argue against the path of dependency theorists. Autonomous path of periphery countries leads to higher corruption, domestic opportunity costs, lack of competition and sustainability in these countries. By late 1970s, a chorus of voice dissented against dependency theory. The arguments of dependency theorists are mainly criticized on the following grounds:

- i) Some argue that the dependency theory is an incomplete and inaccurate description of the socioeconomic conditions of LDCs.
- ii) This theory does not highlight how the countries that follow a dependent development pattern suffer from a variety of economic ills, such as regressive income distribution, an emphasis on luxury goods, underutilization and exploitation of human resources, over reliance of foreign firms for capital intensive technology, and the perennial problems of poverty and unemployment.
- iii) This theory has no relevance to many nations which are neither in the periphery, nor at the centre. They are called semi periphery countries.
- iv) One need not accept dependency as a necessarily zero sum game in which the periphery loses, and the centre gains. The dependency condition provides opportunities for a win-win game, in which both developed countries and LDCs gain from each other.
- v) With the economic growth of India and East Asian economies, dependency

theory has lost its validity. It is more widely accepted in disciplines such as History and Anthropology.

The modernisation theories could not come true, because of the whole experience that all developing societies have not followed the path of development of the already developed countries. It is suggested that each society's development problems can be understood only in relation to its place in a world system. This viewpoint raised questions as to whether or not the best path to development is revolution or complete withdrawal from the world system of social, political and economic relations. These thinkers came to be known as 'dependency theorists'.

Barrington Moore gives an explanation that differs from the dependency theory. He differs also from both Marxism and modernization theory. He views development primarily as an internal process, the result depending on the relative power of social classes. He argues that there may be different routes to development, such as bourgeoisie democratic revolution led by a strong indigenous middle class, fascist revolution, peasant revolution, etc leading to communism in a situation under which centralized monarchies stifled the impulse to capitalistic development and the way forward depended on an uprising by the mass of peasants led by intellectuals.

It has also been said that dependency theories are highly abstract and tend to use homogenizing categories such as developed and underdeveloped, which do not fully capture the variations within these categories. Another point of criticism is that the dependency school considers ties with multinational corporations as detrimental, while one view has been that they are important means of transfer of technology. Another criticism which is leveled against the dependency theorists is that they base their arguments on received notions such as nation-state, capitalism and industrialisation. A singular criticism, which is charged against the dependency theories, is that they do not reflect the changed socio-economic and political situations of the contemporary world.

Gender and development analysts have been particularly disturbed by dependency theorists' failing to pay attention to cultural dimensions of domination. This is particularly problematic for those concerned with gender equality issues because cultural attitudes and practices clearly play a crucial role both in reinforcing and strengthening patriarchal power structures. The focus on structures rather than agency and culture are, thus, serious problems for feminists interested in utilizing the insights of dependency theory, whether radical or reformist.

The division of world into the centre and the periphery, the metropolis and the

satellite, the developed and the underdeveloped, as has been done by the dependency theorists, is quite arbitrary and even misleading. It is indeed difficult to accept that all the underdeveloped countries, also countries like India, Brazil, Mexico, South Africa, etc., are equally dependent upon the developed countries.

They describe the condition of the underdeveloped as a situation of dependency which has resulted from the expansion of world capitalism. Most of them believe that within the context of a capitalist world system, there could be no alternative to underdevelopment. Many of them, therefore, favour socialism, either through a socialist revolution, or through other liberal reformist measures/movements, as the remedy against dependency and underdevelopment.

The Dependency Theory offers a very interesting and penetrating analysis of politics in the underdeveloped countries and also of the nature and scope of relations between them and the developed countries. Most of the dependency theorists use the centre-periphery paradigm for this purpose

7.7 Conclusion

Taking into account of all of the above mentioned concepts and theories, it is possible to conclude that Modernization theory and Dependency theory are similar in their views on the modern world. Both the theories admit the leadership of western countries and their currently dominant position in the modern world, while undeveloped countries are characterized by socio - economic and political backwardness. Over the years different theories have been advanced to explain the concept of development and have given different perspective. They are market oriented theories and dependency theories. Every theory is a product of its context and we need to see their relevance in the present globalizing society where everything is increasing interconnected, integrated and inter dependent. Market oriented theories recommended the adoption of modern capitalist institutions which is needed to promote economic development, also arguing that countries can develop economically only if they open their borders to trade.

7.8. Summary

Dependency theorists argue that the poverty of low income countries stem from their exploitation by wealthy countries. Power of dominant states and elites in the dependent states is used to enforce this kind of unequal relationship. With the exception of these elites who served the interest of foreign corporations, people

fall into poverty. The World system theory built on dependency theories and analysed the world economy as a whole rather than individual countries. They identified that the world is carved into unequal economic zones, i.e, core, centre and periphery which he discussed above. Market oriented theories failed to take into account the various economic ties between poor countries and wealthy ones that impede the economic growth under some conditions and enhance it under others. They tend to blame the low income countries themselves for their poverty rather than looking into the influence of outside factors. Dependency theory addressed this neglect by building on the theories of Karl Marx who argued that world capitalism would create a class of countries manipulated by more powerful countries but they fail to take account for the occasional success stories such as Brazil or East Asian countries. Some low income countries rose economically even in the presence of transnational corporations.

Regardless of all the above mentioned theories, all raise a very important problem of relationships between developed and developing countries and the dominance of western countries and western civilization in the modern world. The challenges and limitations of the dependency theory and the modernization theory gives a way to the understanding of the development and transformation of society and its structure.

7.9 Questions

- **Multiple choice questions :**

- a. The theory of development which suggests that societies move from traditional to modern, industrial forms of organization is called :
 1. Westernization theory
 2. Modernization theory
 3. Industrialization theory
 4. Dependency theory
- b. Andre Gunde Frank (1967) made the claim that 'underdeveloped' societies were :
 1. insufficiently involved in the international capitalist economy
 2. reluctant to surrender their traditional ways of life
 3. economically dependent on the wealthy countries that exploited them
 4. the 'metropolises' to which 'satellite' countries were attached
- c. Environmentalist social movements are global in the sense that:
 1. they increase our awareness of risks that affect the whole planet

2. They appeal to universal values and human rights
3. They use global media to generate publicity
4. All of the above

- **Answer the questions briefly :**

1. What does the dependency theory argue?
2. What are the features of Dependency theory?
3. Discuss the various criticisms put towards the concept of dependency theory?
4. Who propounded the concept of World System Theory? Describe.
5. Compare and contrast between the dependency theory and modernization theory?
6. What is the relevance of the study of the theories of modernisation and dependency in the present context of the development of society?
7. Giving few current examples discuss the various development theories?

7.10 Suggested readings and references

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Unit 8 □ World-system Theory

8.1 Learning objectives

8.2 Introduction

8.3 Origin

8.4 Sources

8.4.1 Karl Marx

8.4.2 The Dependency School

8.4.2.1 Andre Gundur Frank

8.4.2.2 Raul Prebisch

8.4.2.3 Henrique Fernando Cordoso

8.4.3 The Annales School

8.4.3.1 Fernand Braudel

8.5 Systemic Approach

8.6 Immanuel Wallerstein

8.6.1 World-system Theory

8.6.2 Criticism

8.7 Conclusion

8.8 Summary

8.9 Questions

8.10 References

8.11 Further Reading

8.12 Glossary

8.1 Learning objectives

The basic objective of this unit are as follows :

- a) To conceptualize the World-system Theory

- b) The World-system Theory in relation to Marxist Theory and Dependency Theory
- c) To discuss the importance of World-system Theory in the context of systems
- d) To understand the social, political and international character of World-system Theory

8.2 Introduction

The main proponent of World-system Theory is Immanuel Wallerstein. It is basically a challenge against the Modernization Theory. If we go into detail, we find that this World-system Theory has been highly influenced by the thought of Karl Marx, specifically by the famous pamphlet *Imperialism, the Highest Stage of Capitalism* written by Lenin. Secondly this theory is also to a great extent indebted to the Dependency School which had its origin in Latin America. Here we find Andre Gunder Frank, Raul Prebisch and Henrique Fernando Cardoso. Thus, Immanuel Wallerstein and his work on modern world system is a key contribution to Lenin's work on imperialism and the Latin American Dependency School. The Annales School is also no less important which contributed a lot to develop the World-system Theory where Fernand Braudel took the leadership. Wallerstein's work has been developed by a number of other writers who have structured their ideas on his initial foundational work.

The World-system Theory has a multi-dimensional approach. It includes in its circle of discussion Political Science, Sociology and International Relations in addition to History, Geography and Anthropology. Further, the very name World-system suggests that it has introduced a systemic concept where the whole world has been looked upon as an integral system. On the whole, this theory demands a special place in the study of social sciences. In addition, it also occupies an important place in the Development Studies.

8.3 Origin

World- system Theory is a macro-sociological perspective that seeks to explain the dynamics of the capitalist world economy as a total social system. World - system Theory is a multi-disciplinary approach related to Historical Sociology, Economic History, International Relations and last but not the least Development Studies.

In order to explain the world system, it is necessary to have an idea about the evolution of the International Society.

An approximate chronology of International Society

500 - 1000 B.C.	Ancient Greek / Hellenic
1300 - 1500	Renaissance Italian
1500 - 1600	Early Modern European
1650 - 1950	European cum Modern
1950 -	Global

(Baylis and Smith, 1997, p.36)

The history of colonialism began from about 1500 A.D. following the European discoveries of a sea route around Africa's southern coast (1488) and of America (1492). Colonialism thus expanded by conquest and settlement after a period of extensive exploration. The improvement of navigation instrument helped a great to make substantial progress in the discovery of new geographical territories. These were territories technologically backward in modern / western sense, very resourceful, both natural and human, and were very easily transformed into colonies by these European powers. The era of colonization began.

The period 1650 - 1950 can be treated as the turning point when the world was gradually entering into a system. It was the Peace Treaty of Westphalia (1648) which actually introduced a systemic structure incorporating the whole world under one umbrella. Besides other features, the balance of power system brought a new dimension not only in the European Society but also in the Non-European overseas territories at large. The European powers became colonial powers by occupying the territories of Asia, Africa and Latin America and the occupied territories were transformed into colonies. This development gave birth to the concept of core-periphery relation. After the World War II, approximately from 1950, for the first time in history, there is one inclusive international society of global extent.

8.4 Sources

The World-system Theory is an important topic of discussion in the Development Studies. Immanuel Wallerste in is the main proponent of this Theory. In 1974, he

first published the paper *The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis*. Then his most important work—*The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* appeared in three volumes in 1974, 1980 and 1989. This is a landmark contribution for interpreting history, society and economy in global perspective. Besides, it throws light in the sphere of International Relations as well as in Development Studies. That was the time when the Modernization Theory (also known as Mainstream Development Theory) was facing challenge from different fronts. Wallerstein himself attacked it and tried to create an alternative explanation.

8.4.1 Karl Marx

While erecting the World-system Theory, Wallerstein was influenced by different thoughts and theories from various corners. It can be argued that it was the first systematic attempt to apply the ideas of Karl Marx to the study of International Relations. Before him, the first sustained attempt to utilize Marxian ideas to analyse the international sphere was the critique of imperialism advanced by such thinkers as Hobson, Luxemburg, Bukharin, Hilferding and Lenin at around the turn of the twentieth century. The most well-known and influential work to emerge from this debate is the famous pamphlet *Imperialism, the Highest Stage of Capitalism* written by Lenin which was published in 1917. It was an interpretation by Lenin which can be treated both as a development and a departure from the ideas of Marx. It is a development on Marx. Here Lenin accepted the three basic premises of Marx: (a) importance of economic mode of production; (b) concept of base-superstructure model and (c) role of class conflict. Side by side, Lenin observed that the character of capitalism had changed, to some extent, since Marx published the first volume of *Capital* in 1867. In the meantime, capitalism had entered a new stage—its highest and final stage - with the development of monopoly capitalism. Under monopoly capitalism, a two-tier structure had developed within the world-economy with a dominant core exploiting a less-developed periphery. This development was definitely a departure from the concept of bourgeoisie-proletariat relationship proposed by Marx. This core-periphery concept came to distinguish between proletariat of the core from the proletariat of the periphery. So the clarion call "Workers of the world unite" preached by the Manifesto of the Communist Party somehow became controversial. For the bourgeoisie in the core countries could use profits derived

from exploiting the periphery to improve the lots of their own proletariat. This understanding of Lenin gives us three important premises. Firstly, all politics, international and domestic, takes place within the framework of a capitalist world-economy. Secondly, besides states, social classes are also important actors in world politics. Thirdly, location of these states and classes within the capitalist world economy actually determine their behavior, interaction and domination.

8.4.2 Dependency School

The World-system Theory is an important topic of discussion in the Development Studies. This theory is deeply indebted to the Dependency School which actually tried to examine development from a third world perspective. This is a name given to a group of scholars who have studied the nature of economic relations between Latin America and the developed world. It was also a response to the crisis of orthodox Marxism in Latin America in early 1960s. According to orthodox Marxism, before proletarian socialist revolution, Latin American countries had to go through the bourgeoisie industrial revolution. But the Chinese Revolution in 1949 and the Cuban Revolution in the late 1950s proved that the third world countries could skip the stage of bourgeois industrial revolution. The Latin American researchers were eager to follow the trend set by China and Cuba. This indigenous Latin American Dependency School soon spread from Latin America to North America. The key figures in this group were: Andre Gunder Frank (1929 - 2005), Raul Prebisch (1901 - 1986) and Henrique Fernando Cardoso (1931 -).

8.4.2.1 Andre Gunder Frank

Andre Gunder Frank, who happened to be in Latin America in the early 1960s, played an important role in disseminating the ideas of Dependency School to the English-speaking world. Frank started with a critique of Modernization School. According to him, the theoretical framework and most of the corresponding development policies had their origin in the European and North American advanced capitalist nations. These Western theoretical categories are unable to guide our understanding of the problems which we find in the Third World nations. Frank has been criticized from within the Dependency School for providing a rather crude version of the theory. Later, Frank became deeply involved in the world-system approach. (Baylis and Smith: 1997, p.129)

8.4.2.2 Raul Prebisch

Raul Prebisch was the first Executive Director of the United Nations Economic Commission for Latin America. Together with a team of Latin American economists, he was responsible for the development of concepts which became central for the Dependency School. Here we find the attempt to develop Lenin's centre-periphery relations. (Baylis and Smith:1997, p.129)

8.4.2.3 Henrique Fernando Cardoso

H. F. Cardoso, also known by his initials FHC, is a sociologist, professor and politician who served as the 34th President of Brazil from 1 January 1995 to 31 December, 2002. He was a contributor to and critic of the Dependency School. His most famous work is *Dependency and Development in Latin America* (1979) with Enzo Faletto. They argued that rather than there being one situation of dependency between core and periphery, situations of dependency would vary depending on the different relationships of domestic classes, transnational capital and core state Governments. (Baylis and Smith:1997, p.129)

8.4.3 The Annales School

The Annales School is the name given to a group of scholars associated with a famous French journal. This School comprised a marked change from traditional historical approaches. In contrast to conventional historical approaches which concentrate on the very detailed description of specific events and life histories of individuals, like kings, politicians and soldiers, the Annalists sought a rather different approach which focused on long-term social change. (Baylis and Smith:1997, p.129)

8.4.3.1 Fernand Braudel

Fernand Braudel (1902 - 1985) was a French historian and a leader of the Annales School. He is a key influence on Wallerstein, primarily due to his analysis of historical time. In his major works, Braudel employs a three-way approach based on different conceptions of time. The 'long term' concerns how environmental factors such as climate change, affect human development. The 'middle term' is concerned with tracing the effects of human structures such as capitalism, racism and patriarchy. The 'short term' is the level of more conventional history and relates events. Wallerstein got from Braudel his insistence on the long term. He also learned to focus on geo-ecological regions as units of analysis, attention to rural history and reliance on empirical materials from Brazil. (Baylis and Smith:1997, 129)

8.5 Systemic Approach

The concept of system is inherent in the concept of World-system Theory. David Easton, a young scholar in the field of Political Science was the first to think of analyzing politics from the point of view of the systems and presented his famous work, *Political System*, in 1953. The purpose of systems analysis as applied later in international relations was the same as in Political Science: to make description more scientific, or inductive, or to use it for theory building or at least for some kind of theoretical effort.

Systems analysis gives us a concept of integral system. An integral system is a whole consisting of parts and the parts are interconnected with and interdependent upon one another and thus give birth to some specific qualities which are not inherent in any of its parts. Wallerstein introduced this systemic concept to interpret world economy and initiated the concept of World-system Theory. Some experts argue that this theory was an extension of the Dependency Theory. Wallerstein's formulation of the theory of the world system is the most developed and probably the most frequently cited variant of dependency theory.

8.6 Immanuel Wallerstein

Immanuel Maurice Wallerstein (1930 - 2019) was an American sociologist and economic historian. He is perhaps best known for his development of the general approach in sociology which led to the emergence of his world-systems approach. He has developed the best-known version of world-system analysis, beginning in the 1970s. He was influenced by Andre Gunder Frank, Sigmund Freud, Karl Polanyi, Joseph Schumpeter and others.

8.6.1 World-system Theory

It has already been mentioned that Immanuel Wallerstein is the main proponent of World-system Theory. His primary contribution is that he tried to think in terms of 'system'—and accordingly he introduced the concept of 'world-system' as the dominant form of social organization. His conception about system is holistic and so he believes in the 'unity of social sciences'. He argues that the different social sciences, such as anthropology, economics, geography, political science and sociology are very intimately interrelated to one another and there cannot exist any watertight

compartmentalization among them. In his view, History and Social Sciences are one subject matter, which he terms Historical Social Science. Accordingly, in the hierarchy of modern world system, the world systems are only the separate units of analysis in the historical social science.

Wallerstein opines that history has witnessed two types of world-system: world empires, which have a single political structure over most of the system's units and world economies, which contain multiple political structures. Roman empire was the example of world empires. According to Wallerstein, world economies have always been unstable until the rise of the modern capitalist world system. In the long run, world economies either disintegrated or were conquered by one group and were transformed into world empires. Although trade existed in world empires, these systems were nevertheless basically redistributive, with a political elite determining the distribution of economic surplus.

The main distinction between a world-empire and a world economy has been clearly specified by Wallerstein. In a world-empire a centralized political system uses its power to redistribute resources from peripheral areas to the central core area. In the Roman empire this took the form of tributes by the outlying provinces back to the Roman heartland. On the contrary, in a world economy there are multiple competing centers of political power instead of one single center of political authority. Resources are not distributed by central decree but rather through the medium of a market. In spite of this difference the basic objective of both these processes is the same i.e. the transfer of resources from the periphery to the core.

The modern world-system is an example of a world economy. Wallerstein says that this system of world economy emerged in Europe at around the turn of the sixteenth century. In course of time, every corner of the globe was somehow or other incorporated within this system of world economy. The driving power behind this continuous process of incorporation was capitalism and its emphasis on ceaseless accumulation of capital. Thus the modern world system is above all else a capitalist system—it is this which provides its central dynamic. This concept of dynamism is inherent in the theory of Wallerstein.

Wallerstein defines capitalism as 'a system of production for sale in a market for profit and appropriation of this profit on the basis of individual or collective ownership.' According to him, specific institutions are continually being created and

recreated within the context of this system. Surprisingly, besides economic institutions like companies and industries, here we find family units, ethnic groups and states which are primordial and permanent institutions. Wallerstein observes that all social institutions, large and small, are continually adapting and changing within the context of a world-system. So, this system had a beginning, has a middle, and will have an end.

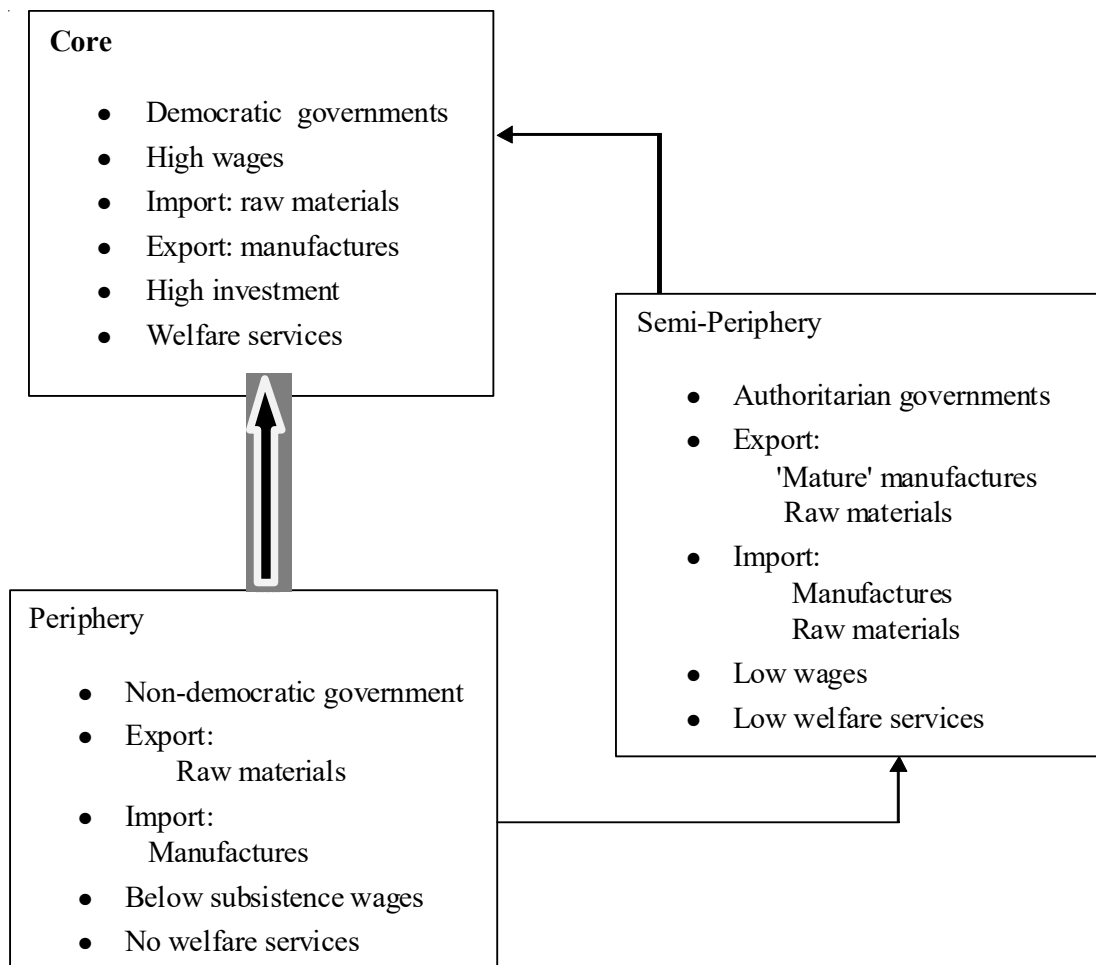


Figure 1. (Baylis and Smith, 2001: Page 207)

To the core-periphery distinction, posited by Lenin and developed by Dependency School, Wallerstein has added another economic zone in his description of the world-economy, an intermediate semi-periphery. This is the original concept of

Wallerstein and obviously a very controversial issue. Wallerstein opines that the semi-peripheral zone has an intermediate role within the world-system displaying certain features characteristic of the core and others characteristic of the periphery. Here we become familiar about the spatial and temporal dimensions of this approach in terms of space and time.

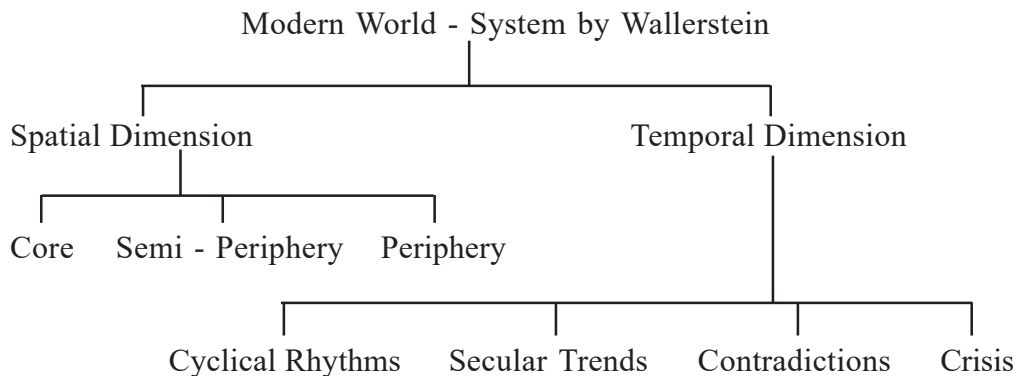


Figure 2

The spatial dimension tells us about the different economic roles played by different regions within the world-economy. Thus the World-system Theory as has been erected by Immanuel Wallerstein has three basic divisions in the spatial aspect: (a) core; (b) periphery; (c) semi-periphery. Here the construct of core-periphery division has been borrowed from Lenin. According to this view, the core is home to those production processes which require the highest levels of skills and the greatest concentrations of capital. The periphery acts as a source of raw materials and extensive surplus extraction. The last but not the least is the semi-periphery, as has been proposed by Wallerstein. This semi-periphery combines the characteristics of both core and periphery. Because of this hybrid nature, the semi-periphery plays important economic and political roles within modern world-system. The core, periphery and semi-periphery together, makeup the spatial dimension of the world-economy. According to the world-system theorists, the three zones of the world-economy are linked together in an exploitative relationship in which wealth is drained from the periphery to the core. As a consequence, the rich zones get richer while the poor zones become poorer. In other words, the richer areas benefit at the expense of those which are poorer.

In order to realize the character of spatial dimension, we have to look at the temporal dimension of the World-system Theory as has been pointed out by Wallerstein.

This temporal dimension actually explains the dynamism of the spatial construct. Here Wallerstein makes us familiar with four types of temporal dimension: (a) cyclical rhythms; (b) secular trends; (c) contradictions; (d) crisis.

The first temporal dimension, cyclical rhythm, is concerned with the tendency of the capitalist world-economy to go through recurrent periods of expansion and subsequent contraction, or more colloquially, boom and bust. Here it is important to note that each cycle does not simply return the system to the point from which it started. Rather, if we notice the end-point of each wave we discover the secular trends within the system. Secular trends refer to the long-term growth or long-term contraction of the world economy. The third temporal feature of the world-system is contradictions. These constraints arise because of constraints imposed by systemic structures. For example, according to Wallerstein, one of the main contradictions confronting the capitalist system is the crisis of underconsumption.

In the short term it is in the interests of capitalists to maximize profits through driving down the wages of the producers, i.e. the workers. The contradiction arises from the fact that the workers (the producers) are also potential consumers and the more the wage-levels are driven down in the quest to maximize profits, the less purchasing power the workers enjoy. It would create a crisis of underconsumption. Thus, the world economy has to face contradictions.

Another feature of Wallerstein's thought is that he likes to use the term crisis to mean a specific situation. For him, a crisis constitutes a unique set of circumstances that can only be manifested once in the lifetime of a world-system. This crisis has been defined by Wallerstein according to his own manner. He says that when the three temporal dimensions - the cyclical rhythms, the secular trends and the contradictions are combined in such a way that the system cannot continue to reproduce itself, only then a crisis situation arises. Thus, a crisis brings an end to a particular system which is going to be replaced by another system.

It is interesting to interpret the nature of 'crisis' as has been proposed by Wallerstein. He says that when a system is operating smoothly, behavior is very much determined by the structure. Here we find the significance of his systemic concept. However when the system enters the period of crisis the structures lose much of their power and individual or collective action becomes far more meaningful. Wallerstein argues that it is in a period of crisis that the actors within a world-

system have most freedom of action. A crisis always implies uncertainty. It can guarantee a better society with greater emancipation or it can bring a worse society with turmoil.

8.6.2 Criticism

Wallerstein's World-System Theory has invited several criticisms from various corners.

- 1) Wallerstein locates his definition of capitalism in the sphere of exchange. He argues that the prime characteristic of capitalism is the appropriation of the profit from exchange by selling goods at a higher price than they were purchased. A critic like Brenner argues that production for exchange has been a feature of many societies that are generally regarded as pre-capitalist, which by implication, does not justify Wallerstein's concept.
- 2) Wallerstein's work is certainly open to the charge that his analysis is deterministic because of his view that the various elements within the world system—sovereign states, ethnic groups, classes, families etc.—are products of the system, and that their behavior is determined by their position within it. This position has come under strong attack, especially from those who argue that states can and do have a significant amount of autonomy whose importance should not be underestimated.
- 3) P.O' Brien argues that Wallerstein has exaggerated the level of trade in his understanding of the early modern world-economy. This criticism raises the question of whether it is possible to talk about a world-economy in the sixteenth century. Without significant levels of trade there can be no division of labour between different zones, a central part of Wallerstein's theory.
- 4) According to some critics, the concept of semi-periphery is not a useful one. It has been argued that it represents a particularly unstable zone from where any threat to the stability of the world-system is likely to emanate.
- 5) A.G. Frank and B. Gills argue that Wallerstein's view of the world-capitalist system as a European phenomenon that has spread throughout the world, is mistaken and Eurocentric. In contrast, Frank and Gills hold that the European world-system is an offshoot of a much older world-system based on the Middle East. Their work is based upon that of Janet Abu-Lughod

who says that during the medieval period, Europe was a peripheral area to a world economy centered on the Middle East.

End note :

The Globalization of World Politics: An introduction to International Relations is a book edited by John Baylis and Steve Smith and was published in 1997. In this book the topic World-system Theory was written by Steve Hobden and Richard Wyn Jones (pp.125 - 145) and was included in Part Two of the book having the title Theories of World Politics. The second edition of the book was published (2001) with the same editors and the same authors dealt with the topic World-system Theory (pp.205 - 209). But this time this topic became a part of section 10 with the title Marxist theories of International Relations. This time the treatment of the said topic is completely different from the previous one.

The author of this text is indebted to both of these two editions. Here the sections on Immanuel Wallerstein's World-system Theory and its criticisms are based on these two editions.

8.7 Conclusion

The editors like John Baylis and Steve Smith treat the World-system Theory as one of the Marxist theories of International Relations. It is also highly influenced by the Dependency School. The unique feature of Wallerstein's World-System Theory is that it has introduced a concept of semi-periphery zone in addition to core and periphery. Besides, World-system Theory, as the name suggests, introduces the systemic concept. This theory, obviously, has developed a multi-dimensional approach and has been discussed, analysed and, of course, criticized from different angles.

8.8 Summary

The topic World-system Theory starts with specifying the Learning Objectives. Then, after Introduction, the Origin of the theory has been traced. The Marxist thought, the Dependency School and the Annales School have been discussed as sources of World-system Theory. In this context Karl Marx, V.I.Lenin, Andre Gunder Frank, Raul Prebisch, Henrique Fernando Cardoso, Fernand Braudel have found places with their respective conceptual framework. Finally, Immanuel

Wallerstein with World-system Theory along with its criticisms has found his place.

8.9 Questions

A. Answer in detail

1. What do you regard as the main contribution of the World-system Theory to our understanding of world politics?
2. Discuss, in your own words, the sources of World-system Theory.
3. Critically discuss the World-system Theory as has been proposed by Immanuel Wallerstein.

B. Write in brief

1. How does a world economy differ from a world empire?
2. How useful is Wallerstein's notion of semi-periphery?
3. Distinguish the Dependency School and the World-system Theory.

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8.12 Glossary

- a) Core—The core is home to that production processes which require the highest levels of skills and the greatest concentrations of capital.
- b) Periphery—The periphery acts as a source of raw-materials and extensive surplus extraction : Semi-periphery.
- c) The Semi—Periphery combines the characteristics of both core and periphery.
- d) World empire—A world empire is a centralized political system which uses its power to redistribute resources from peripheral areas to the central core area. Example: Roman empire.
- e) World economy—In a world economy there are multiple competing centres of political power instead of one single center of political authority.
- f) Mainstream Development Theory—Modernization Theory.

Unit 9 □ Post-development Theory

9.1 Learning objectives

9.2 Introduction

9.3 From Development to Post-development

9.4 Post-development: its connotation

9.5 Waves of Post-development Theory

9.5.1 First Wave Post-development Theory

9.5.2 Second Wave Post-development Theory

9.6 Conclusion

9.7 Summary

9.8 Questions

9.9 References

9.10 Glossary

9.1 Learning objectives

- a) To define and discuss the concept of 'development'
 - b) To conceptualize Post-development
 - c) To analyse the critique of Post-development
-

9.2 Introduction

Post-development is a radical reaction to the mainstream development. According to the supporters of this approach this mainstream development gives emphasis upon mechanization. It declares that development means scientific and technological development which introduces cultural westernization and brings environmental destruction. Post-development rejects mechanical development.

After the disintegration of the colonial empires, there were three kind of actors who were somehow or other affected by the myth of development.

- 1) The leaders of the independence movements were eager to transform their devastated countries into modern nation-states.

- 2) The masses, who had often paid for their victories with their blood, were in the hope to liberate themselves from both the old and the new forms of subjugation.
- 3) The former colonial masters who were seeking a new system of domination in order to exploit the natural resources of the ex-colonies as well as to use them as markets. (Rehnama, 1998: IX)

The concept of development emerged and occupied the intellectual landscape against this backdrop. For quite a long time, development discourse used to enjoy a charismatic power of attraction. There were different groups and views with regard to the method of implementing development ideal. But those policy oriented divergences were too weak to question the ideology of development and its relevance to people's deeper aspirations. So when Ivan Illich came forward to challenge the idea of development as a threat to people's autonomy, he was convicted as provoking the world against development. But very soon it became clear that development, from the very beginning was nothing but a deceitful mirage. In the name of development, the so-called developed nations divided the world. A new term was added in the vocabulary of human history - underdevelopment. On 20 January, 1949, the US President Harry Truman for the first time declared, in his inauguration speech, the Southern hemisphere as underdeveloped areas. The world was divided into North and South, between developed and underdeveloped. The virtues of simplicity, of noble forms of poverty, of the wisdom of relying upon each other and of the art of suffering were characterized as features of underdevelopment. (Rahnema, 1998 : p.IX)

9.3 From Development to Post-development

The era of development started after the World War II. This period was characterized by another important incident i.e. the emergence of the Third World and since then development became an international issue. The main realization of the development experts was to bring speedy socio-economic development in the Third World. That was the main objective of the development experts. Their realization was that the Western developed nations were the models of modernity and the members of the Third World should try to follow that model by using technology, leading to rapid economic growth. Modernity here connotes industrialization, economic growth, increasing social mobility and political participation.

The late 1940s and the early 1950s witnessed a rapid expansion in development economics, as the concepts, methods and tools of mainstream economics were

applied to the post-war reconstruction and development in Europe. The same methods and tools were transferred to the study of poor or the so-called underdeveloped countries of Asia, Africa and Latin America. The world saw the emergence of the Modernization Theory. Here, besides a number of texts contributed by different scholars, The stages of Economic Growth: A Non-Communist Manifesto (1960) by Walt Rostow was perhaps the most influential accounts of the problems and probabilities of development in the developing world. (Hayness, 2008: 21). The first wave of criticism of Modernization Theory broke in the late 1960s. This critique of Modernization Theory stimulated a response: a refinement of the approach, known as 'modernization revisionism', which emerged in the 1970s and developed in the 1980s. But even this approach failed to analyse wider structural factors which are the important pillars of development. (Hayness, 2008: 23,24)

The Dependency Theory developed in the 1960s as a way of critiquing Modernization Theory's assumption about development and how to achieve it. Leading scholars in the dependency tradition included Andre Gunder Frank, Samir Amin and Walter Rodney. According to this theory colonialism gave birth to two basic groups in the world: colonizers and colonized, industrially developed and less industrialized, core and periphery. The Dependency Theory emerged in the 1960s as a critique of the modernization approach and following a period of pronounced intellectual significance, this theory was gradually losing its importance in the 1970s. From the 1980s, Dependency Theory resurfaced in the form of what was known as Neo-dependency Theory. Thus the Modernization Theory and the Dependency Theory and their later refinements Modernization Revisionism and Neo-dependency Theory, individually emphasized important aspects of development in the developing world. Both suffers from serious limitations - the former too fragmented and the latter too holistic. (Hayness,2008:24-30)

In the early 1970s, it was widely agreed that economic growth did not necessarily eliminate poverty. In response to this, the Basic Needs Approach (BNA) favoured a direct approach for elimination of poverty rather than waiting for the trickling down effects of growth. This approach argues for the incorporation of a sort of development guarantee for the weakest social groups in all development programme. Paul Streeton is a key figure associated with the Basic Needs Approach.(Hettne, 1992:167,170)

The concept of Alternative Development is also a landmark in the development discourse. Over the years Alternative Development has been associated with anti-

capitalism, Green thinking, feminism, ecofeminism, democratization, new social movements, Buddhist economics, cultural critiques and post structural analysis of development discourse. Alternative development is not anti-theoretical but it is a collection of segmented ideas. A number of alternative development thinkers and activists are operating in this area. David Korten, Anisur Rahman, Manfred Max-Neef and Hazel Henderson are some of them. All of them give emphasis upon local and grassroots development side by side global alternatives. This endogenous development refutes the view that:

Development = modernization = westernization

An endogenous outlook is fundamental to alternative development. The notion of the endogenous refers to a social, cultural and symbolic space. (Pieterse, 2001: pp.81, 86).

Human Development is a very popular concept and programme in the discourse of development. Some development economists are of the opinion that the concept of per capita income growth had led some economists to forget that human beings were both the ends as well as the means of development. This central insight was shared by a number of influential economists including Mahbub ul Haq, Amartya Sen, Paul Streeton and Frances Stewart and became the central tenet of human development approach. Readings in Human Development : Concepts, Measures and Policies for a Development Paradigm edited by Sakiko Fukuda-Parr and A.K.Shiva Kumar tells us about Human Development which was published by Human Development Report Office, United Nations Development Programme, New York in 2003 and which is talking about Human Development. Here we become familiar with Amartya Sen, Mahbub ul Haq, Paul Streeton, Frances Stewart along with other Human Development thinkers. The discussions and programmes organized by Basic Needs Approach, Alternative Development and Human Development have paved the way for formulating the Post-development School. Thus the present concept of Post-development is the result of a long evolutionary process.

If we critically look at the development panorama we find that Post-development is not the only school which is finding out the limitations of Development but all critical approaches to Development deal with its negative sides. Dependency Theory raises the question of global inequality. Alternative development focuses on the lack of political participation. Human development insists on the need to invest in people. Post-development focuses on the underlying premises of development and what sets it apart from other critical approaches is its rejection of development. (Pieterse 2009:339)

9.4 Post-development: its connotation

Wolfgang Sachs has rightly observed that the lighthouse of development was erected right after the Second World War. After the end of prolonged European colonialism, USA came forward to take the leadership. In the name of development our dear planet earth saw the division between North and South or to be more specific North versus South. Wolfgang Sachs in his book *The Development Dictionary* published in 1992 said, "To-day the lighthouse shows cracks and is starting to crumble. The idea of development stands like a ruin in the intellectual landscape." (Sachs, 1997: 1) In the introduction of this book Sachs, as the editor, offers a critical inventory of development credos, their history and implications, in order to expose their perceptual bias, their historical inadequacy and their imaginative sterility. (Sachs, 1997: 2). This book, there is no doubt, is a milestone in the discourse of critique on development. It is a collection of some concept-based essays which are somehow or other related to the study of development with its negative spots. A galaxy of post-development thinkers treating with these critical dimensions is present here. In this context, we can cite a few comments on this book which we find in the back cover of the book.

These comments not only speak about the book but also enlighten the reader about the nature of development and lead them to the direction of after-development or to be more specific post-development. New Internationalist says, "The Development Dictionary is powerful and persuasive. It is hard to imagine anyone emerging from it with their faith in the standard development model unshaken." Resurgence, another commentator opines, "The Development Dictionary questions the whole basis of twentieth-century development through a series of brilliantly written essays by leading writers from around the world." This book explores 'development' as a particular world view. Here we become familiar with two Indian thinkers - one is Ashis Nandy who talks about role of the State where he talks about the hegemony of the European concept and another is Vandana Shiva who deals with Resources where she tries to show that development breaks the limits of nature. Besides the rich introduction, Wolfgang Sachs talks about Environment and One World. Gustavo Esteva throws light on Development, Majid Rahnema on Participation while Serge Latouche concentrates on the concept of Standard of Living. Thus *The Development Dictionary* prepares the background of post-development so it is wise to start with this book. But Pieterse in his article 'Postdevelopment' comments, "The Development Dictionary features critiques of the market, state, production, basic needs, etc.

which are historically informed but overstate their case, offer no alternatives, and ultimately fall flat."(Pieterse , 2009:342)

The Post-development School claims that it is time to think about alternatives to development instead of alternative ways of reaching development in the Third World. Instead of relentlessly pursuing economic growth, industrialization and modernization, post-development argues that the promise of development has been misleading and provokes us to look beyond the era of development in the decades after the Second World War. Local alternatives to the Western ways of looking at politics, economics and science are not only possible, but also existent. (Aram Ziai, 2007: cover-page)

According to Arturo Escobar, Serge Latouche and other post-development thinkers, development is Westernization which wants to impose an industrialized model as the universal development model upon all the societies of the world. Actually it was the age of neo-colonialism and the programme of development emerged as a successor of colonialism. Through the instrument of Westernization, the global North started bringing cultural uniformity throughout the world. The global South was totally neglected. But surprisingly, several development perspectives, such as Dependency Theory, Alternatives Development and Human Development originated mainly in the South. Yet the members of South have used science as an instrument of power, creating 'laboratory states'.(Pieterse, 2009: 340 paper). While post-development thinkers are a variegated group, they are linked by their disillusionment with the post-World War II development project.

9.5 Waves of Post-development Theory

Since 1980s the Mainstream Development Theory began to face challenges from different corners due its failure to fulfil its promises. The hope of trickle-down effect was frustrated and the gap between the First World and the Third World was gradually widening. During that period, the post-development thinkers came forward to oppose development and finally they rejected the very meaning of development. This body of scholarship was inspired by Michel Foucault. The basic attempt of this approach was to find out the technique for delivering the technological and institutional advances of the First World to poor people in the subaltern. They found that development began to show cracks and was starting to crumble.

9.5.1 First Wave Post-development Theory

The first group of critics were the first wave post-development theorists where we find Escobar (1985, 1992, 1995); Kothari (1988, 1985); Ferguson (1990); Rist (1990, 1997); Avarés (1992); Esteva (1992); Rahnama (1992, 1997); Sachs (1992); Latouche (1993); Seabrook (1993). Post-development theorists maintain that the real aim of development is intimately linked to modernization, which broadens the control of the Western world and its nationalist allies within the 'developing' world. (Rapley, 2004:350).

Post-development theory has also been characterized as 'beyond development' and 'anti-development' for its disruption of development's reductive nature. Development was subsequently rejected because its discourse essentialized non-Western cultures into their deficiencies and thus portrayed it as a region in need of modernizing along western models. First-wave post-development theorists suggest that development processes undermine and destroy the diversity of social, cultural, economic and political systems that predated development and were consequently replaced with externally imposed homogenous models of society. Arturo Escobar (1995:215) identifies three characteristics of the First-Wave post-development theory: (1) an interest not in development alternatives, but in alternatives to development, and thus a rejection to entire paradigm, (2) an interest in local and indigenous knowledge, (3) a critical stance towards established scientific discourses and (4) the defense and promotion of localized, pluralistic grassroots movements. A common thread is present there in the first wave of post-development that it identifies development as a Eurocentric discourse and advocates for new ways of thinking about non-Western countries.

A critical analysis shows that the First Wave Post-development suffers from some serious drawbacks. Firstly, the first wave totally rejects development and as a result some positive sides of development become nullified. For example, modern medicine has, obviously, lowered the child mortality rates and likewise spread of education has increased literacy rates. So total rejection of development as proposed by the first wave post-development is neither possible nor desirable. Secondly, the critics of the first wave argue that surely there are shortcomings in the Development Theory and Policy but at the same time they point out that the first wave does not suggest any concrete alternatives to remedy the situation. Thirdly, the first wave of post-development disregards the potential and dialectics of modernity- democratization, soft power technologies and reflexivity. Finally, as Corbridge (1999:145) points out

that a complete rejection of modernity and development ignores the numerous positive aspects related to them, ranging from the promotion of human rights to the achievements of medicine. Again, democratization, respect of difference and anti-development arise out of modernization as has been pointed out by Escobar. Moreover, besides bringing cultural sensibilities, indigenous culture can lead to ethno-chauvinism and reverse-Orientalism (Kiely, 1999; 30-55).

9.5.2 Second Wave Post-development Theory

In the next phase, we find Corbridge (1998), Kiely (1999), Lehman (1997), Schuurman (2000) and Pieterse (2000) who were quite uncomfortable about post-development's initial under-theorizing. In response, a second wave of post-development theorists, as found in the scholarship of Lind (2003), Matthews (2004), Nustad (2001), Rapley (2004) and Ziai (2004) sought to widen the meaning of post-development by making the theory more reflexive and nuanced in its analysis of development and of people from the subaltern. This process of refinement has given post-development theory greater utility and opportunity for growth. Here we have to recognize the contributions of K. G. Nustad for his famous article 'Development: The Devil We Know?' which was published in the *Third World Quarterly* 22(4) in 2001. According to Nustad post-development can, indeed, be instructive. By drawing our attention away from the hegemonic discursive in development studies, post development initiates a wider critique of development on all levels than has not been possible beforehand. A detailed discussion on development helps us to prepare an elaborate account of what works and what does not work, of which programmes do more harm than good, and obviously of the disparity of power relations between those offering and receiving development.

In response to criticisms of post-development's possible return to ethno-chauvinism, post-development analysis must acknowledge not only the differences between the West and non-West, but also the diversity within these dichotomized regions (Matthews: 2004). We should remember that countries and regions are not homogeneous entities. By disaggregating regions, we can better understand the diversity of thought, culture, language or values within these regions and thus address reverse-Orientalism. Here, we can pay our attention to the discourse of Post-colonialism which can help us in formulating our premises in the discussion on Post-development. In this context, we can also quote Rabindranath Tagore, a famous Indian poet and thinker, "We speak of eastern civilization, but that is a negative term, merely implying that it is not European. There is no concord between the minds of China and Arabia; in

many respects they are even contrary. The Hindus of India and the Semitic races of western Asia are quite dissimilar in their culture." (Tagore, 1963: 35). This comment very efficiently make us familiar with the non-Western regions and countries before we proceed to know about reverse-Orientalism. Here we must admit that Tagore was (1861 - 1941) far ahead of his time and, indeed, he was a remarkable thinker of that period who gave birth to the idea of non-West against West instead of East.

Second Wave Post-development theorists have attempted to move away from the pitfall of essentializing development, as Ziai remarks, 'It is possible to find a post-development perspective in the skeptical texts which is based on the radical repudiation of the concept of development without necessarily condemning everything that has been given the name of development.' (Ziai, 2004:1054). Nustad also encourages us to study the implications of development in real terms in order to see that social life is less determined than an analysis that focuses solely on 'development' as a discourse would lead us to believe. (Nustad, 2001: 487).

9.6 Conclusion

Theoretical perspective is essential for organizing any movement. If we consider Post-development as a movement, it has to build up its theoretical structure. A number of experts are busy to bring justice and equity in the world. We find there are different groups with different agenda and accordingly, there are different perceptions, concepts and ideas which, in course of time, lead to the formation of theory. Post-development is such an area where the process of dialectics is continuously operating. It is very interesting to study the discourse of Post-development from different perspectives.

The journey of Post-development started in the 1980s by the collaboration of a group of authors. They were influenced by M.K. Gandhi, Michel Foucault, Polanyi and others. Here we can cite the name of Cornelius Castoriadis (1922- 1998) who formulated a critique of the post-development. There is also a direct link between Castoriadis and some post-development authors. Serge Latouche considers himself more or less as an heir of Castoriadis. In an article 'Post-development and further: difference from 'inside' and autonomy' by Luciole Sauviat we become familiar with Castoriadis. According to him, development began approximately in the fourteenth century with the spread of the bourgeoisie and the idea of endlessness which got its maturity in the capacity to endless growth. (Ziai, 2007:103-104). In this context, we can also mention the name of Rabindranath Tagore who did not approve too

much of modernization / westernization. He breathed his last before the era of development started. Yet, in the sphere of development, he was not only a thinker but also an activist. He could foresee the disadvantages of endless use of technology and its negative impact upon human society as well as on environment. So, the experts in the area of post-development may consult the works of Tagore in order to apply them in the present context.

Finally, the Mainstream Development Policy is continuously disturbing and destroying the ecological balance. In the Post-development era, it is necessary to become conscious about the consequence of this kind of venture. We are continuously experiencing various natural calamities which prove the result of the endless greed of mankind. So, it is the time to hear the voice of Deep Ecology. Proponents of Deep Ecology believe that the world does not exist as a resource to be freely exploited by humans. The ethics of deep ecology holds that the survival of any part is dependent upon the wellbeing of the whole. (<http://en.wikipedia.org> accessed on 08.07.2016.). In order to save our planet earth we have to prepare a human-friendly as well as an eco-friendly programme along with proper discourse analysis.

9.7 Summary

The concept of development emerged after the Second World War. After the declaration of the US President Truman in 1949, a large portion of the planet earth got the title 'underdeveloped'. Since then a new term became popular known as the Third World which embraced all these underdeveloped areas. In the name of development, it became the mission of the developed world to develop the whole of the so-called underdeveloped areas according to their model. That model was imposed upon all the (under) developed countries throughout the world and that was the model of Mainstream Development. In course of time, this Mainstream Development model failed to prove its worth. The North (developed) and the South (underdeveloped/developing) division became stronger. The member states of the Third World were disillusioned and the Theory of Mainstream Development / Modernization Theory came to face severe criticisms. In the 1960s the Dependency Theory emerged as the critique of the Modernization Theory proposed and elaborated by Andre Gunder Frank, Samir Amin and Walter Rodney. In the next phase, we find the modified forms of these two theories - Modernization Revisionism and Neo-dependency. Next comes Paul Streeton with his Basic Needs Approach (BNA). Another alternative approach to the Modernization Theory emerged in the development discourse is Alternative Development Model. In this platform, we find David Korten,

Anisur Rahman, Manfred-Neef and Hazel Henderson. Next comes the concept of Human Development proposed by a number of influential economists including Mahbub ul Haq, Amartya Sen, Paul Streeton and Frances Stewart.

In 1992, with the publication of *The Development Dictionary* edited by Wolfgang Sachs some sort of revolution took place in the Development Discourse. That was an attempt to reject the Mainstream Development and this time the Modernization Theory had to face a big and serious challenge. The Post- development School claims that it is true to think about alternatives to development instead of alternative ways of reaching development in the Third World. In the late 1980s came the First Wave of Post-development Theory which totally rejected development and as a result, the positive sides of development such as improvement of health care or spread of education were neglected. Moreover, the critics here have failed to suggest suitable alternatives to development. Escobar, Esteva, Kothari, Nandy, Rist etc. belong to this group. Next comes in this trajectory Corbridge, Kiely, Lehman, Schuurman and Pieterse who have made the way towards the Second Wave.

In the late 1990s the first wave post-development discourse entered the period of Second Wave and with the emergence of the 21st century, the Second Wave of Post-development ideas were gradually flourishing. This time the critics tried to identify the positive sides of development besides its limitations. Here we meet Lind, Matthews, Nustad, Raply, Ziai and others.

9.8 Questions

A type (Broad questions)

1. What are the basic distinctions between the First Wave and Second Wave of Post-development Theory?
2. Give a critical note against the Modernization Theory from the viewpoint of a post-development thinker.
3. Discuss the process of evolution which carries us from Development to Post-development.

B type (short questions)

1. What is meant by Third World?
2. Name two Indian Post-development thinkers.
3. What is the basic tenet of Alternative Development?

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Note:

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9.9 Glossary

1. Modernization Theory - This theory states that development = modernization = Westernization
2. Alternative Development - Critical bottom-up oriented approaches to development that are centered on society rather than on the state or market.
3. Mainstream Development - The programme of Development which follows the Modernization Theory
4. Human Development - This approach holds that the human beings are both the means and ends of development.
5. Dependency Theory - This theory raises the question of global equality.
6. Discourse Analysis - The scrutiny of language and text to show structures of thought.

Module III
Development Regimes in India

Unit 10 □ Slow Growth 1947-1974 and Moderate Growth 1975-1990 : Historical overview

10.1 Learning Objectives

10.2 Introduction

10.3 Slow Growth 1947-1974

10.3.1 Liberal Socialistic Regime

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10.1 Learning Objectives

- ❖ To know the growth process of India, post-independence till the initiation of economic liberalisation.
- ❖ To know the nature of economic policies taken during these decades.
- ❖ The impact of these different policies on the different sections of the economy

10.2 Introduction

India gained independence on August 15, 1947 and formally launched its unique development programme under the leadership of Prime Minister Jawaharlal Nehru in 1951-52 with initiation of the First Five-Year Plan. The planning programme was looked with high enthusiasm from around the world, including U.S and the former USSR. They hoped that India along with other East Asian nations, especially the Republic of Korea, would quickly turn into 'basket cases' and would also be able to move out of poverty successfully and quickly. Between 1951-52 and 1987-88 the Indian economy grew at an average of 3.8% whereas the Republic of Korea was registering a growth rate of in excess of 8% during 1960s and 1970s. The

economic policies that the Korea followed was more of export promoting rather import-substituting that the Indian economy followed. Thus within a few decades the Koreans were able to eliminate poverty in conventional terms. Whereas in case of India, there was almost little or no change in the proportion of population living under official poverty line.

Just when the world stated to view India a basket case of failure, the economy was preparing for a surprise that too a pleasant one. The growth rate which staggered around 3.2% per annum over the period 1965-66 to 1981-82, jumped to 4.8% between 1981-82 and 1987-88. The late 80's saw another major shift in the growth rate, which hovered around 6.3% between 1988-89 and 2005-06. Even between 2003-04 and 2007-08 the Indian economy grew around 8%. Also there was also a steep decline in absolute number of people living below the poverty line during that period. Though the economy was hit by recession in 2008, but it returned to it's average rate quickly in 2010-11.

The Indian economy has gone through various structural changes over the decades as discussed in the above paragraphs. The decades following independence to the 1970s was mostly backed by socialist economic policies with strong government intervention in public as well as private sectors. The 1980s saw a slow but steady decline in government controls through loosening of licensing policies. In the beginning of the 1990s the Indian economy finally started integrating with the world economy with the introduction of economic reforms which has been continued till today.

All the economic policies that has taken over the several years of planning had some negative as well as positive effects on the economy. In the following units we are going to discuss the various decades of growth along with major economic policies that has shaped the economy.

10.3 Slow Growth 1947-1974

The slow growth period of the India economy was not governed by only a certain kind of economic policies, rather there have been structural breaks in the growth of the economy which was supported by opposing policies in different planning periods influenced by different Prime Ministers. Thus, we do not get a monotonic growth rate during this short period. Though, between 1947-1974 our economy was more or less governed by socialistic welfare state ideas, but there were also periods of relatively liberal and also in opposite stringent policy regimes. So we further divide our study into two time frames the Liberal socialistic regime (1947-1964) and Tight socialistic regime (1965-1974).

10.3.1 Liberal Socialistic Regime

The Indian economy grew at around 4% per annum during the first two Five years of planning which spanned between 1951-56 and 1956-61, respectively. During the Third Five-year plan 1961-66, the growth rate averaged around 4.5%. If we look at the three major sectors of the economy-Industry, Agriculture and Services, the performance of the industrial sector during the first two Five-years of planning was satisfactory where growth rates ranged between 5.9 to 10.9 percent. The Agricultural sector also performed well almost all the first three Five-year planning. Service sector showed some acceleration during the Third plan.

- **Industrial Sector :**

The development programme in independent India began in a true form with the introduction of the First-Five Year plan (1951-56) in 1951-52. The Industrial Policy Resolution (IPR), 1948, emphasised on the expanding role of the public sector and also allowed the participation of the private sector in certain sectors with restrictions through licensing, but overall this period was considered to be liberal, until a balance of payment crisis led to foreign exchange budgeting in 1958. By 1960s the forex budgeting began to show its effects through adoption of stricter trade and investment policies.

The Five Year plans of the 1950s was focused on building a socialistic society with expansion of heavy industries and also small-scale cottage industry. They both together played the central role in determining the policies in 1950s. Most of the debates during the planning periods of 1950 centred around settling up of heavy industries. Policies regarding trade were largely neglected. The major thinking behind this was, India needed to be independent of world markets to maintain economic as well as political independence.

Though the planners as well as politicians of that era wanted India to be less dependent on foreign commodities, but that did not automatically imply a protectionist policy. The trade policies in the late 1940s oscillated between liberal and tight controls. Prime Minister Nehru saw a clear need for investment in India. Discrimination against foreign companies for the domestic companies was ended. Policies that are mutually advantageous for foreign capital as well as the Government of India was introduced. In the 1949-50 budget, the government abolished capital tax gains and in 1950-51 budget, it reduced the business profit tax, personal income tax and supertax as applied to foreign companies. The policy was further forwarded in the

first few years of planning. In 1959 and 1961 budgets the government lowered taxes on corporate income and royalties of foreign firms. In the Third-Five Year plan in 1961 the government welcomed foreign investment in industries-heavy electrical investors, fertilizers and synthetic rubber, where the public sector was also expanding rapidly. The government was more welcoming in companies where the majority ownership belonged to local industrialists.

But the response from the western companies was not encouraging in the early 1950s and most of the investment in oil companies. After 1957, substantial amount of foreign investment came into industries which were regarded as non-essential. Between, 1957-63, almost 45% of the newly approved investment involved foreign collaboration, which was up from 34% during the period 1951-63. A census survey by Reserve Bank of India (1969), reports on the extent of foreign capital participation and technical collaboration till March 31, 1964. The survey, conducted over 827 private sector companies which had some kind of foreign collaboration. Among them 591 had equity participation, while the remaining 236 had only technical participation. Also among the 591 firms, 351 had also technical participation. The net worth of the foreign controlled firms in the private corporate sector rose from 35.8% in 1948 to 40.4 % in 1960.

The policies in the first three years of planning were more liberal towards trade and foreign investment, whereas the policies towards industry were quite restrictive. The policies were became restrictive after the introduction of foreign exchange budgeting by the 1960s. The industrial policy revolved around three major elements-

1. The Public Sector Undertakings would play a major role in the development of heavy industries.
2. Private sector investment would be regulated through licensing.
3. Distribution and Price control would be on focus.

The rationale behind such policies could be attributed to the Mahalanobis Model, on which the Second Five year plan was based. This model is often credited for setting up the basis for the strategic development and promotion of heavy industries. But in reality, the policy was basically inspired by Nehru's thought economic of self-sufficiency. The objective was to make India independent of foreign resources in a short period. Thus the focus was on development of machinery and metal sector for making the future investments free of foreign resources. Besides, as discussed earlier, the foreign investors were not very interested in setting up heavy

industries in India. The Indian private sector also lacked necessary resources to expand their business or set up new ones. Thus, left was the public sector as the only viable option.

The Government also thought that heavy industries built by the public sector would help in generating greater employment opportunities than the private sector because its objective is not making profits, rather generating social and economic welfare. The production of consumer goods was left to the household sector which was also very much welcoming to the Gandhian group which made substantial influence in the political circles of the central government.

The third objective of the industrial policy-distribution and pricing of the products-was aimed at allocating certain commodities to people at prices that would be lesser than the market price. The motivation was to promote equality in society and ensure adequate supply of resources to the priority sectors and hold back inflation.

Despite such noble objectives, the policies were flawed in major ways. Firstly, the policy largely neglected the benefits of foreign trade via specialization in production of commodities which had comparative advantage, exploiting the economies of scale, transfer of technology through foreign investment and encouraging competition. Secondly, the government was largely overconfident on its ability to manufacture a large variety of commodities and maintaining quality and also efficiently extending its power to control prices through proper allocation and distribution of resources. Since the economy was relatively during the First-Five year plan, it was possible for the government to coordinate the initiatives it took. But, as the economy grew larger things got more complex, diseconomies appeared because of mis-management. The government failed to realize that it would have achieved the desired goal of distribution and proper allocation of resources, through decentralization of power, i.e; if certain decision was left to the market.

• **Agricultural sector :**

Since, Nehru's focus was on industrialisation, the agricultural sector did not receive enough attention during the initial years of planning. This feature became more evident after the launch of heavy industrialisation programme in the beginning of Second Five Year Plan. In the First Five Year Plan, 15.1% of the total plan outlay was allocated to the agriculture and community development and 16.3% to irrigation. Then in the Second Five-Year Plan, these outlay were reduced to 11% and 9% respectively. In the Third Five Year Plan, the allocation to Agriculture rose slightly to 14% whereas it remained stagnant to 9% for irrigation.

The strategy used in development of agriculture was mainly termed as the 'institutional model', though it also contained some elements of the 'technocratic model'. On the 'institutional' front, the strategy was focused on Land reforms and farm and service cooperatives. On the 'technocratic' front programmes of widespread irrigation was taken which was backed by Nehru's general support in use of science and technology, though the use chemical fertilizers and high yielding variety were still not in the scene during this time.

Other important thing that was absent in strategic front was the element of providing price incentives to the farmers. This was because the prevailing thought at that time was, farmers were unresponsive to price incentives. Studies during those period shows, farmers began to show significant positive response to price incentives during the 1960s. The Essential Commodities Act, 1955, gave the central government enormous power to control production, distribution, sales and purchase of essential commodities. The legislation also placed price ceiling on essential commodities and rather discouraged production.

So, the effectiveness of Agricultural policies in the first three plan periods are concerned-slow land reform process was the only instrument to provide at least partial success. Zamindars were removed from the system in the first round but, later on land redistribution, ceiling on land holdings and other tenancy reforms were not properly implemented. Due to the slow administrative and mismanagement in the process the rich and powerful landlords were able to transform their properties in name of their relatives, thus restricting the reach of the government to implement the reforms in true sense. In particular the sharecroppers and tenants' rights remained ill-defined till today. Thus, the reform policies turned out to be outright failure.

10.3.2 Tight Socialistic Regime

The years 1965-74 saw a sudden drop in GDP growth rate to an average of 2.6% from 4.1% during the previous planning years of 1951-65. With the population growth being around 2.3% at the same period, the growth of per-capita income was just mere 0.3% which meant almost standstill in improvement of living standard. There was decline in growth across all the sectors and the sharpest decline in terms of sectoral growth was in the industrial sector-from 6.7% in previous planning years to 3.6% during this period.

The overall decline in growth rates could be attributed to the factors-economic shocks both form domestic and external, reduced flow of external resources, further

tightening of controls followed by a failed liberalization attempt. Two consecutive droughts during 1965-67 which came after a war with Pakistan in 1965. Then again a war with Pakistan 1971, which contributed to the huge influx of refugees from Bangladesh. Again there were droughts during 1971-73. An oil price shock in 1973 also contributed to the turmoil. The droughts during this period mainly contributed to the decline in agricultural growth rates during this period and also failed the Green revolution programme. The slowdown in industrial growth could be attributed to highly restrictive licensing policy programmes during that period which was magnified by slow agricultural growth and oil price shocks.

Now we go into some detailed discussion about the factors discussed in the earlier paragraph that led to the decline in growth.

• **The Failed Liberalization Episode (1965-67) :**

Recognizing the tight foreign exchange situation in the early 1960s, the government began export-promoting measures, which gave fiscal incentives and import entitlements for the exporters. Expansionary fiscal policy was associated with raising tariff on imports to increase government revenue. Also by 1960s the dissatisfaction with licensing policies from the industrial sector started showing up, for that the government set up number of committees. But, the main of the committees was to never dismantle such tight policies, rather the government wanted some marginal changes to reduce some administrative burden of various departments and speed up decision making.

On recommendation of the second Swaminathan Committee on Industrial Development Procedures, the government delicensed about 42 industries by 1966 on various conditions (e.g; they should not pose threat to small cottage industries and use limited use of foreign exchange for imports of intermediates). Along with these 42 industries the government also freed to major industries- cement and iron and steel-from price controls and distribution.

But all these developments were taking place alongside macroeconomic crises. The failure in agricultural sector because of two successive drought years was the most important reason behind huge amount of external borrowings and adoption of expansionary fiscal policies. The agricultural production was almost flat between 1961-64 followed by year of bumper harvest in 1965. But the success could not be sustained because of the drought during 1966-67. This also followed a rise in Wholesale Price Index (WPI) by 11% and food prices by 20%. On the external side

the Indian rupee was devalued by 36.5% from 21 cents to 13.33 cents, against dollar. The devaluation was accompanied by decreased import protection, increased export taxes and decreased export subsidies.

Unfortunately, these liberalization attempts were sure to fail. Firstly, the programmes were not launched under any positive circumstances, rather the government was forced to take some drastic steps because of adverse external and internal factors present at that time. There was not any serious attempt or planned direction from the government authorities to transform the economy towards market oriented economic policies. Secondly, on the import front, the devaluation of rupee coincided with successive crop failures in 1965-66 and 1966-67. This required India to import huge amount of food from outside, thus increasing import bill. Failure of agriculture also reduced demand in industrial sector. Finally on export side, India failed to take the advantage of devalued currency because of rising import bill on the other hand. Other measures such as export taxes and reduced export subsidy restrictions worked against the growth of the economy.

• **Strangulation of the Industry :**

After liberalization efforts failed, new controls were introduced on various industries. For greater restrictions on larger firms Monopolies and Restrictive Trade Practices Act (MRTP Act), 1969 was introduced; for further control on foreign investment and foreign firms the Foreign Exchange Regulation Act (FERA), 1973 was introduced. Policies for reserving some products for small scale industries was introduced and also Industrial Licensing Policy, 1970 for further controls in unregulated expansion of production of large firms.

The MRTP Act, 1969 gave the government enormous power to regulate big business houses. The regulations to the MRTP companies included- 1) undertakings with gross assets of 200 million rupees or more, 2) interconnected undertakings with gross assets of 200 mn or more, 3) dominant undertakings, having fixed assets of 10 mn or more and 33% of the market share, 4) interconnected dominant undertakings. Besides, the Industrial Licensing Policy, 1970, put further restrictions on MRTP companies by limiting their production to a very narrow set of industries. In addition to that these companies required separate approval from the GOI for new undertakings, substantial expansion, mergers and takeovers under MRTP Act. The approvals were given on the basis that, it would not lead to further concentration and would work in public interest.

A large section of the economists during that period believed that, foreign investment

in India became more repressive after the introduction of the FERA Act, 1973. The process of restricting foreign activities from 1968, was done by setting up of Foreign Investment Board (FIB) on recommendation of Muralidar Committee. The FIB was given power to make decisions on projects that involved foreign investment of no more than 20 mn rupees or equity stake of no more than 40%. Decisions on investment crossing these margins would have to be taken by the cabinet. The government further listed products with foreign collaborations would be restricted just to technical collaborations and were it would be both investment and technical collaborations. Multinationals like IBM and Coca-cola suffered badly and left India. Efficiency in production and quality also suffered greatly during this time.

• **Nationalization of Banking and Insurance sector :**

Currently there is a debate that, whether the nationalization of the banks and insurance was good decision or bad decision. But, at that time, if some good thing could have happened in those tumultuous period, for the common people was the nationalization of the large share of banking and insurance market. It gave a sigh of relief to the people that, their money are now in the safe hands. In 1969, there were 79 scheduled and 16 unscheduled commercial banks and SBI was by far the largest. The government thought that these banks primarily targeted the industrial sector and big businessmen and more focused in expanding their branches in urban areas. At that time, almost three-fourth of the Indian population lived in rural areas, whereas bank branches were only around one-fifth of the total branches in rural areas. Small entrepreneurs were neglected and the poor farmers were not even eligible to enter banks. Frequent bank failures and loss of common people's money were also a matter of concern. Besides, the Indian economy was also lagging behind in generating domestic savings, the government thought that expanding branches could also help in increasing deposits form people and generate savings. Going through these rationales, the Govt. introduced the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969, through which it nationalized banks whose deposit exceeded 500 mn rupees. It brought under 14 banks and 54% of the bank branches spread across India. Taking SBI into account, 84% of the bank branches under public sector. The bank branches in rural areas jumped from 22% in 1969 to 35% in 1972. Priority sector lending also increased from 14% to 25% in 1976.

The insurance sector was already nationalized earlier through Life Insurance Corporation Act, 1956. The act nationalized 170 insurance companies- 154 Indian,

16 foreign- and 75 provident fund societies across India. The rationale behind nationalization was the same as for the banking sector.

- **Green Revolution :**

By far the most positive thing that had happened during the slow growth years was the initiation of Green revolution for the agricultural sector. Due to excessive emphasis on industrial sector expansion, the agricultural sector received relatively less attention in first two planning periods. Thus the agricultural growth became almost stagnant and a serious boost to this sector was needed. The GOI in association with Ralph Cummings of the Rockefeller Foundation in 1966, introduced high Yielding Variety (HYV) seeds of wheat from Mexico with support from Ford Foundation. In 1966, India imported 18000 tons of Mexico seeds which had multiplied quite a few times from 250 tons in 1965. These seeds were first introduced in Punjab, Haryana and Western Uttar Pradesh. The results were spectacular and India produced 17 mn tons of wheat in 1967-68 from 12 mn tons in previous years. Gradually these HYV seeds were introduced for rice, maize, millet and sorghum cultivation.

10.4 Moderate Growth 1975-1990

By 1975, the union government led by Indira Gandhi started to realize the limit to which it can push it's socialist agenda. The failure to rationalize the wholesale wheat market in 1973 along with the poor industrial performance in the early 1970s and the largest ever increase in Consumer Price Index for Industrial Workers-21% in 1973-74 and 27% in 1974-75-further exaggerated the policy failures. Further, the oil crisis and stagflationary conditions disclosed the government's inability to fight external shocks.

During the Emergency rule between,1975-77, attempts were made by the government to bring the economy back on track. The government allowed some marginal changes and relaxed some constraints to better use of productivity. Between, 1977-80, there was change in guard in the union government, led by the Janata Party. But due to infightings within the government important economic decisions failed to materialise and the government collapsed in three years paving the way of return of the Congress government led by Indira Gandhi. But this time the government was more pragmatic and outward looking in taking decisions regarding industrial policy or trade policy. Other than the nationalization of six more banks, this was the time when deregulation or delicensing slowly begun.

- **Deregulation of Industry:** Deregulation of the industrial sector occurred in three phases, each more progressive than the previous one. The first between 1975-79, second between 1979-84 and third between 1985-89.

Phase I :

1. Under 'diversification' provisions, engineering firms were allowed to introduce mix of products within their existing capacity. But since the firms were not allowed to install new machinery it failed to achieve the desired goal.
2. 'Recognition of capacity' over and above of the licensed capacity was allowed to reward the firms those who were able to increase exports or output through modernization and increased efficiency. But products removed from SSI lists were not given 'capacity recognition'.
3. 'Automatic capacity expansion' up to 25% were allowed and 15 selected engineering industries and for establishing new capacity on the basis of 'commercial utilisation' of results of research and development.
4. 24 sectors were delicensed (excluding the MRTP and FERA firms), given that import of machineries and raw materials or foreign collaboration would be allowed.

Phase II : The second phase of liberalization coincided with the oil shock of 1979 and the return of Indira Gandhi led Congress government. The Industrial Policy Statement of July 1980, carry forwarded the reform measures taken in 1975, in a more pragmatic way. Some of the main measures are stated below.

1. 'Regularization' of capacity in excess of licensed capacity in 34 key industries and also 'production for exports' were excluded from the calculation of the licensed capacity. This scheme was also applicable on non-dominant MRTP and FERA firms.
2. The earlier scheme of 'automatic expansion upto 25%' of the licensed capacity was expanded from 15 engineering industries to 'appendix-I' industries in 1980 and to 45 other new industries in 1982.
3. New investment opportunities by MRTP and FERA firms were enlarged through identification of various of national importance that were freed from MRTP, promotion of 100% export oriented firms, special incentives for backward areas through industrial activity.

4. In 1984 private participation in production of telecommunication equipment was introduced.

Phase-III : The liberalization programme received a major boost after 1984, under the Prime Ministership of Rajiv Gandhi.

1. In 1986, companies under 28 industry groups were allowed to switch between similar production lines like-trucks and cars, rather than limit their production to only a certain kind of product. This expanded the scope of the earlier provision of 'product mix' to be used in fuller capacity.
2. In 1986, firms that reached 80% of their capacity utilization were authorized to expand their capacity up to 133% of their maximum capacity utilization. Although the MRTP and FERA firms were excluded from this provision.
3. 30 industries and 82 pharmaceutical products were delicensed in and after 1985.
4. The ceiling on asset size in plant and machinery in small-scale enterprises was raised from 2 million to 3.5 million rupees in 1985. During the same period the phasing out of excise tax on value of sales of products started.
5. Price and distribution controls on cement and aluminium were entirely abolished.

• Trade Liberalization :

1. Under trade licensing liberalization programme, one of the first step was the rationalization of the licensing regime in 1978-79, based on recommendation of the P.C Alexander Committee report. The committee strongly voiced for the products that were domestically not produced to be freed from licensing in the open general licensing (OGL) list, that have been revived in 1976. The items included in the OGL list would mean that it was not domestically available and therefore be subject to satisfy domestic availability condition.
2. The share of canalized imports declined in total imports fell between 1980-81 and 1986-87 from a hefty 67% and 27%. Over the same period, canalized non-POL (petroleum, oil, lubricants) imports as a proportion of total non-POL imports declined from 44% to 11%.
3. Escalation of tariff rates was an important characteristic during the period under consideration, especially after 1984-85. Tariff revenue as a percentage of imports, which rose from 27% in 1977-78 to 62% in 1987-88. The

objective behind tariff escalation was to convert large quota rent (i.e; excess of domestic price over the world price) associated with imports into government revenue.

4. Many exports were subject to licensing because the objective was to keep domestic prices down, using market power to improve terms of trade and promotion of exports of high value added products using licensed items as inputs.
5. For promoting export, Export Processing Zones (EPZs) and bonded manufacturing (100% export-oriented units or EOU) schemes to promote exports.

• **Other Reforms :**

1. In the taxation area, there was a major reform of the tax system. The multipoint excise duties were converted into a modified value-added (MODVAT) tax, which enabled manufacturers to deduct excise taxes paid on domestically produced inputs and countervailing duties paid on imported inputs from their excise obligations on output.
2. The telecommunications sector was separated from the Post-Office and Telegraph department. The government also ended monopoly on production of telecommunication equipment and allowed private sector participation in the mid-1980s. First, technology park was also first opened in Bangalore and liberalized imports of electronic equipment.

10.5 Conclusion

In the concluding part of this unit let us revisit on how India was able to shift from its pre-independence growth rate of 1% in the first of the twentieth century to 4.1% of the in the first 14 years of the post-independence period and what caused its growth rate to dampen through late 60s and 70s and also was India able to move out from the trap of low growth in later decades.

At the beginning years of independence India embraced a largely liberal, honest and efficient bureaucracy and judiciary and strong political leadership under Prime Minister Nehru with a vibrant entrepreneur class. Though later on corruption slowly moved in, but at least the 50s saw almost all the parts of government and judiciary working efficiently. The early 50s can basically be recognised as a relatively liberal regime. Though, there were also intervention from the government side through the

expansion of public sector, licensing and controls on import and export. The foreign investment regime was also progressively liberalised throughout the period. But the problem remained in the supply side because there were very few foreign companies that wanted to participate. However, this situation also improved with the coming of foreign capital and technology in the country. On the investment licensing front, the first five years were virtually unconstrained. Some tightening policies were introduced in the from the second five year plans because of the governments emphasis on setting up of heavy industries and expanding public sector, but even in those circumstances, the private sector had relatively free space. Investments were made on infrastructure like- electricity, irrigation, transport and communication which accounted for half of the public expenditure in both 2nd and 3rd year plan periods. These factors made the environment entrepreneur friendly. Foreign investment were relatively open because the domestic machinery sector was in infancy and was not able to rise to the then international standards in short period of time. Thus, restrictions on import of foreign machineries were not in place, so that the domestic entrepreneurs could avail the technology and benefits of the economies of scale.

This task of planning was relatively less strenuous in the first and second five years of plan period. This was because the economy was much less complex and the number of projects taken was relatively small than what was required during that time. So, decision making was much easier. But as the economy started to grow hugely by the 60s, the situation became more complex. It got tougher for the planning authorities to allocate correct amount of resource to various sectors. Thus, the problems of shortage and rising demand came. This also accompanied corrupt practices by the authorities and mismanagement of funds and other resources. The growth which the country was experiencing through the 50s to the mid-60s was sustained by huge borrowings of funds and machineries and expansionary fiscal policies, which led to rising public debt. The final blow came in terms of two consecutive drought periods of 1965-66 and 1966-67 which put the economy into severe crisis.

The Indian Economy faced major obstacles in turning the economy back to the path. First there was massive decline in foreign aid in the early 70s. Foreign savings which reached at the high of 3.1% of GDP during 1966-67, declined gradually to 1% of GDP in the following few years. Along with it there was a major war against Pakistan in 1971 (which created independent Bangladesh) and this resulted in massive influx of refugees which created a burden on economy. Again, there was two consecutive drought years in 1971-72 and 1972-73 for which agricultural growth

reduced to -5%. Finally, oil prices rose sharply from 1972-73 to 1975-76. To tackle such problems more tightening controls were imposed during this period which were detrimental to growth for the long run. The policies created institutions with vested interests in both private and public sector that made liberalization efforts difficult. For example the mismanagement of public resources by FCI whose downsizing still remains a challenge for government.

One of the key objectives of the interventionist policies of government under Indira Gandhi was to achieve equitable distribution of income and wealth. This initiative killed the incentives of wealth creation. The big business houses were forbidden from expanding their business other than core-capital intensive industries under the worry that it would create concentration of wealth. But, if business was expanded in other sectors also it would have created jobs for the poor. Since, only small firms were allowed to produce these labour intensive products, the Indian market missed the chance to deliver high quality products and ended up producing low quality products for the domestic market. These low-quality products created low-wage jobs. Thus, the equity driven policies basically turned anti-growth and also anti-poor. During the years of reform from mid-80s we could see that growth oriented policies actually became one of the instrument for poverty alleviation. These external and internal factors contributed to the prolonged stagnation in industrial growth coupled with inflation.

10.6 Summary

The Indian economy grew as rapidly in the 1980s as in the 1990s and since liberalization started only in 1991, any positive contribution of liberalization to India's growth is in doubt. Growth rates during 1981-91 and 1991-01 were respectively at 5.6% and 5.8%, which looks comparable, but major liberalization measures were taken in 1991. Opening of the Indian economy to the world market has been the heart of whatever success the Indian economy has achieved till date. People living under poverty have declined sharply since the initiation of reforms has been the major success of reform, besides increase in trade share of India in world trade has been another success of reform. But, there has been also problems of rising inequality and unemployment which we will discuss in details in the next unit.

10.7 Questions

Discuss in detail :

- 1) Discuss the different growth stages of the Indian economy in the pre-reform period.
- 2) Compare the Slow Growth and Moderate Growth periods of the Indian Economy.
- 3) Discuss the major causes that caused the slow-down of the Indian economy through the mid-60s to the 70s.

10.8 References

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Unit 11 □ Mixed Economy and Planned Economy Problems and Consequences

11.1 Learning Objectives

11.2 Introduction

11.3 Evolution of Indian Economy from a Planned Economy to a Mixed Economy

11.3.1 Critical Evaluation of Planning in India

11.3.2 Critical Evaluation of Mixed Economy system in India

11.4 Conclusion

11.5 Summary

11.6 Questions

11.7 References

11.1 Learning Objectives

- ❖ To conceptualize planned economy model and mixed economy model.
- ❖ To study the problems and consequences of the both the economic models.
- ❖ To learn how the Indian economy has evolved from a Planned economic model to a Mixed economic model.

11.2 Introduction

A Planned Economy is an economic system where the government has control over the production and pricing of goods and services. In a Planned economy, the investment, production and the allocation of capital goods take place according to the economy wide production plans and economic plans. Therefore, there is a central planner. A planned economy may use centralized, decentralized or participatory forms of economic planning. But this does not mean there is no private participation. In many planned economies both public sector and private sector have a healthy market share. Though incidences of Monopolies, which are owned by the government, are common, these may include financial services, utilities, or even companies within the transportation sector. Planned economies often make too much of one product and not enough of another to meet demand because it is hard for one entity

(i.e., the government) to realize the needs of everyone in the country. So, that means large surpluses or shortages may be common in command economies. Examples of planned economies today include the majority of countries adopting socialism (including those based on the Soviet model) have used central planning, though a minority have adopted some degree of market socialism. China was a command or planned economy before turning to a mixed economy with both communist and capitalist ideals.

11.3 Evolution of Indian Economy from a Planned Economy to a Mixed Economy

Thus, the planned economy is unlike a free market economy. In a free market economic system, the economy is based on the powers of supply and demand with little or no government intervention. A mixed economic system has features of both a command and a free market system. A mixed economy is partly controlled by the government and partly based on the forces of supply and demand. Most of the main economies in the world are now mixed economies, which operate under a mix of socialism and capitalism. Most mixed economies use fiscal or monetary policies to stimulate growth during economic slowdowns. This may come in the form of corporate bailouts or stimulus packages.

Generally, a mixed economic system involves a public and private sector. There is limited government regulation in a mixed economy, while there is heavy government regulation and control in a command economy. In the mixed economy, governments allow corporations to profit, but they will limit this through taxation or by imposing tariffs. Under this system, both private and public sectors work for the efficient use of resources. Public sector works for social benefit while private sector makes the optimum use of these resources for maximisation of profit. In this system, the main priority is given to social welfare through effective economic, planning. The private sector is controlled by the government. Production and price policies of private sector are determined to achieve maximum social welfare. Another important characteristic in a mixed economy; there is both economic and occupational freedom as found in capitalist system. Every individual has a liberty to choose any occupation of his choice. Similarly, every producer can take decisions regarding production and consumption.

For example, suppose XYZ, a car manufacturer, is in a mixed economic system. The prices and production levels are subject to the discretion of company XYZ and

the law of supply and demand. However, company XYZ has been using too many of the natural resources in the state where it is located. The government is able to intervene because it goes against the welfare of the public.

Evolution of the Indian Economy from a Planned Economy to a Mixed Economy:

After gaining independence from the British Empire, India was declared to be a planned and a mixed economy. The country at that point needed national planning, which was already decided by the political leadership almost a decade ago before independence. Post-independence India had to face not only regional disparities but also inter-regional disparities, which were also prevalent since centuries. Mass poverty could only possibly be eradicated if the government started the economic planning. Thus, it was considered as the only tool to do away with disparities. Basically, it was the prevalence of abject poverty that made the government take the idea of planning, so that it could have an active and major role in the allocation of resources and properly mobilise them for equitable growth and development. Though by the declaration in the constitution, India is basically a federation of states, but through the initiation of planning, authority of regulation, directing and undertaking economic activities got more and more centralised within the Union Government.

The decision to make India a planned economy was also influenced by various external issues, like the Great Depression of 1929 and the reconstruction challenges the world had to face after the Second World War. Thus, experts in those period suggested intervention of state in the economy (opposite of non-intervention as proposed by Adam Smith). Around the same time command economies like the Soviet Union and East European economies started making news of faster economic growth. Throughout the 1950s and 1960s the dominant view of the policy makers around the world was in favour of an active role of state in the economy. Besides, a dominant role of the state in the economy to counter market failures (as happened during the Great Depression), was gaining ground around the world. For many newly independent developing nations, economic planning was therefore an obvious choice. Economic planning was considered to help states to mobilise resources to realise the prioritised objectives in a well-defined time.

Once, the political leadership of that time had decided in favour of a planned economy for India and major role of the state in the economy, they needed to clarify about the organisational nature of the economy—whether it was to be a

state economy or a mixed economy-because in a free market economy planning was impossible, as it would have been more capitalistic. The Indian idea of planning was inspired by the Soviet-style of planning, which was more of a command economy and it was completely unsuitable for India because it was still very much privately owned. The dominant force behind planning in India, was Nehru's leaning towards socialist policies. But his idea of socialism or planning included the idea of democratic values which was absent in Soviet Union during that time. Though at the same time France had obtained a capitalistic democratic process, but it had little to offer to the Indian policy makers because it was itself trying to come out of the disastrous world war. Thus, with an urge to accelerate economic growth the planners defined the respective role of the state and the market, in the very first plan.

But, at same period, when the major economies of the world were in favour of state intervention, something different was happening in one of Asia. The East Asian Miracle, of the coming three decades raised questions about interventionist policies and limitations of such policies. The East Asian economies were able to sustain a high growth rate in the three decades and had revived again the debate on the role of the state and that of market and also what should be the nature of state intervention.

The real nature of the Indian brand of mixed economy, which was beautifully outlined in 1951, went through a long process of evolution in the decade of 1950s. But by the end of 50s the idea of mixed economy got buried already and it rose again from hibernation only by mid-1980s and finally showed up in 1990s in wake of balance of payments crisis and initiation of economic reforms.

The process of planning have been modified and also the function of the Planning Commission in wake of reform process- an attempt to redefine the roles of government and private sector in the economy. Post the economic reforms we see the process of growth and development getting more dependent on the role of the latter. By 2015, the Planning Commission have been replaced by the NITI Aayog, with the aim of 'overhauling' the very process and method of planning in the country. Co-operative federalism, bottom-up approach, holistic and inclusive development with the need of an Indian model of development are some of the major attractions of the new design.

11.3.1 Critical Evaluation of Planning in India

1. **Lack of Perspective in Planning:** If a nation is going for economic planning

it must have a 'perspective' element to it. To have a perspective in planning two basic elements is required- i) Planning should be evaluation based and ii) Long-term goals should be followed up besides the short-term goals.

In the Indian context, the succeeding plans have always been commenced without the full evaluation of the preceding plan. This was mainly due to the following reasons—

- a) Lack of nodal body responsible for data collection at the national level.
- b) Federal nature of policy made data collection full of delays and also due to higher dependence on the states and
- c) Speedy data delivery was not possible.

After the recommendation of the National Statistical Commission, 2000, the government discussed to set up a nodal body for data collection at the pan-India level, cutting across several hurdles. For the time being the Plans are launched on the basis of projected data, almost near the actual data. But, once the above discussed arrangements are in place, Indian planning will be based on evaluation, undoubtedly. The first plan had set both long term (20 years) and short term (5 years) goals. But overtime, falling confidence in mobilising resources and political uncertainties at the Centre made it a convention to set only short-term targets of planning.

2. **Failing in Promoting Balanced Growth and Development:** The Indian planning is blamed for failing to the objective of regionally balanced growth and development. The Second Plan itself recognised this fact and measures that were taken were not sufficient or short-sighted. The Economic Planning which was otherwise considered to be highly effective at the national level for promoting balanced growth, turned to be just the opposite in the Indian case. To take care of the issue of balanced growth, the planning process has been using the right tools, i.e; allocating plan funds on a sectoral (primary, secondary and federal reasons) basis. But because of political reasons, enough discrepancies cropped up in the method of allocating funds to the states. At the theoretical level, the governments knew the remedies, but at the practical levels politics dominated the planning process. Democratic immaturity and politicisation of the planning process is to be blamed for this.
3. **Highly Centralised Nature of Planning:** Decentralising the process of planning has been a major goal of the governments since the 1950s. But

after Nehru, with every plan we see greater tendency of centralising of power in the planning process. Setting up of NDC and promoting multi-level planning did not serve much purpose in this direction. It has been one of the heavily criticised area of planning in India. By the mid-1980s the mind-set of the government had changed for a decentralised planning and finally by the 1990s two constitutional amendments (73rd and 74th) promoted the cause of decentralised planning by delegating constitutional powers to the local bodies.

4. **Loop-sided Employment Strategy:** Planning in India have been biased in promoting capital-intensive industries, especially from the Second Plan onwards. Such industries in the public sector could not generate enough employment. Since, India was a labour-intensive industry it could have gone for expansion of labour-intensive industries. In the era of economic reforms, the attitude changed and the planning process is promoting agro-based industries and agro-exports to create more gainful employment opportunities. The earlier emphasis on wage-employment shifted towards self-employment.
5. **Excessive Emphasis on PSUs:** The Indian planning emphasised on the public sector undertakings (PSUs) for all the right reasons, but in the wrong way for a considerable longer period of time. The state monopolies in certain area continued over such a long period that too in loses that there came a demand supply gap in the major goods and services produced by the PSUs. Even after the period of reforms the hangover for large PSUs were still looming large. Several more reforms for PSUs and a more liberal approach towards private sector were required.
6. **Agriculture Overshadowed by the Industry:** Promoting the cause of faster industrialisation over time became so dear to the planning process that the agricultural sector got badly overshadowed. Though the plans were highlighting or promoting agriculture, the industrial sector and the PSUs were glorified in such a way that time and resources both were scarce for the agricultural sector. Such a policy always created a situation of food insecurity for the country and the masses who depended upon agriculture for their livelihood and income could never increase their purchasing power to a level that the economy could reverse the situation of 'market failure'. In India even today the industrial growth is heavily dependent on agricultural growth.

7. **Faulty Industrial Location Policy:** Theories of 'industrial location' have been time-tested over the years and these theories suggest that industries should be set up in areas where there is good communication, better transportation, easy market, cheap availability of labour etc. But the plans always suggested setting up of industries in backward regions of the country which falsify the theories of industrial location. For running the PSUs skilled employees were required but since the industries were set up in areas that lacked skilled employment it failed to generate much local employment or very low-skilled employment. Therefore, their living standards remained the same or had very little improvement.
8. **Wrong Financial Strategy:** Mobilising resources for the highly capital-intensive industrial sector (PSUs) have always been challenging for the government. Therefore, no stones were left unturned to keep continuous flow of funds towards that sector in the initial planning periods. At the same time the government was going for a highly complex and liberal tax structure, nationalising banks etc. Ultimately, tax evasion, menace of parallel economy and lesser and lesser capital for private sector crept in. Expansion of subsidies, salaries and the interest burden every year gave an upward push to the non-plan expenditure. Thus, it led to scarcity of funds to support planned expenditure.
9. **Politicisation of the Planning Process:** In a democratic political system, almost every issue of socio-political importance is influenced by politics. It is more correct in the case of lesser matured democracies. The same stands true for the process of planning in our country. Greater politicisation of the planning process culminated in such a design that at time of economic planning served the opposite purpose.

11.3.2 Critical Evaluation of Mixed Economy system in India

1. **In-stability:** According to many economists, a mixed economy system is generally un-stable in nature. Either the public sector gets maximum benefits or the private sector. The mixed economy system that India follows, the public sector had got the maximum benefits. Existence of large PSUs after so many years of reforms, in the capital intensive industrial sector proves that a large share of the resources has gone to them. Though the private sector is expanding in post-reform period, but overall India's growth story

have always been dominated by the performance of the PSUs.

2. **Ineffectiveness of the sectors:** Under this system, both the sectors are ineffective in nature. The private sector does not get full freedom, hence it becomes ineffective. This leads to ineffectiveness among the public sector, since both the sectors are inter-linked in a mixed economy system. In true sense, both sectors are not only competitive but also complementary in nature.
3. **Inefficient Planning:** There are no such comprehensive planning in mixed economy. As a result, a large sector of the economy remains outside the control of the government.
4. **Lack of efficiency:** In this system, both sectors suffer due to lack of efficiency. In public sector it is so because government employees do not perform their duty with responsibility, while in private sector, efficiency goes down because government imposes too many restrictions in the form of control, permits and licenses, etc. Inefficiency and under-performance in the age of competition, of the public sectors have led to closing down or have pulled to the brink of closing of various government owned companies like- BSNL, MTNL, Hindustan Cables and many more. The Public Sector Banks are also in bad financial state because of mismanagement of their officials.
5. **Delay in Economic decisions:** In a mixed economy, there is always delay in making certain decisions, especially in case of public sector. This type of delay always leads to a great hindrance in the path of smooth functioning of the economy. In India, one of the major characteristic of the mixed economy system have been, the investment through setting up of Public-Private-Partnership, where both the public and private sectors jointly own a business or investment. Thus, every decisions needs to be jointly taken by them. This has many a times lead to delay of important projects because of lack of co-ordination or delay from top-officials of the government.
6. **Corruption and Black marketing:** There is always corruption and black marketing in this system. Political parties and self- interested people take undue advantages from public sector. Hence, this leads to emergence of several evils like black money, bribe, tax evasion and other illegal activities. All these ultimately bring red-tapism within the system. In India, the illegal nexus between the government officials, political leaders and private

investors had lead to serious cases of frauds, scandals or corruptions in the recent past. The projects under PPP models have been maligned for its corrupt practices. Areas where both private and public sector are in bussiness, allegations are, private sector have always been given preference over public sectors (like the Airlines, Telecommunications etc). Fraudulent practices of Public Sector Banks in giving loans to the private investors without proper evaluation of their business plan have lead to crisis in the banking industry.

7. **Wastage of resources:** Mismanagement of resources due to lack of proper co-ordination between public and private sector have lead to wastage of resources. Wastage of funds for various projects is common in India. This has lead many private companies to go bankrupt and thus loss of money from public sector banks. Recapitalisation of banks again leads to waste of public money, which could have been used for other social welfare practices.
8. **Threat of Nationalism:** Under mixed economy, there is a constant fear of nationalism of private sector. For this reason private sector does not put into use their resources for the common benefits.

11.4 Conclusion

Over the decades post-independence the Indian economy have experienced strict policies of planning to policies under a more liberal mixed economic regime. Depending upon the policies there have various highs and lows in growth process of the economy. If we look at the growth patterns we could see that, the Indian economy have shared both periods of high and low growths under both Planned economy regime and Mixed economy regime respectively, thus it is very tough to draw a conclusion whether the economic model of Planning or the Mixed economy model which we have been trying to follow since the liberalisation have been better.

11.5 Summary

It is true that growth rates have been lower in the pre-reform period than the post-reform period of mixed economy, at the time it is also true that inequality have been on rise that too rapidly in the post-reform period. If we look at the performance of the industrial sector, certain PSUs have registered better performance whereas some has become weaker. The private sector naturally have been better performer

under a mixed economic regime. Employment have increased rapidly in the post-reform period, but it have been through the expansion of the informal sector. Thus, we see both types of economic models have their problems. So, it is important to change the policies according to economic conditions.

11.6 Questions

Discuss in detail :

1. Critically evaluate the Planned and Mixed Economy models in context of India.

Discuss briefly :

2. What do you mean by Planned Economy?
3. What do you mean by Mixed Economy?

11.7 References

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Unit 12 □ The New Economic Policy, 1991 : Changing Growth Rate

12.1 Learning Objectives

12.2 Introduction

12.3 The Era of Reforms

12.4 Appraisal of Economic Reforms in India

12.5 Conclusion

12.6 Summary

12.7 Questions

12.8 References

12.1 Learning Objectives

- ❖ To study the post-liberalisation era of the Indian economy and its impact on the growth process.
 - ❖ To see how the growth rates have fluctuated during this period
 - ❖ To find out how the different sections of the economy have performed with the fluctuating patterns of growth rates.
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12.2 Introduction

Economic Reforms or the beginning of Globalization of the Indian economy in true sense were introduced in 1991 under the leadership of former Prime Minister, P.V. Narasimha Rao. Though initially the economic reform programmes were not well received by many politically opponent parties during that time, especially the Left and few other regional parties. Later over the years, consensus have grown among almost all political parties of the necessity of economic reforms. The reforms programme in nearing completion of almost 3 decades and process is still continuing. Thus, it is important to properly undertake appraisal of the achievements and shortcomings of the economic reforms (Datt and Sundaram, 2013).

But before going into taking appraisals it is important to understand under what circumstances, it became inevitable to open the economy in true sense.

The consensus for controlled regime among politicians and bureaucrats began shifting towards in favour of a more liberal regime since the mid-80s. The then RBI Governor, I.G. Patel (1987) who was also one of the prime mover behind the second round of bank nationalization in early 80s termed the liberalisation policies under Rajiv Gandhi as 'New Economic Policy'. The consensus he spoke about was increase of outward as well as inward competition by the end of the 1980s. The Industrial Policy statement in 1990 also acknowledged the need for economic reforms and also accepted the political consensus that was growing in favour of internal and external liberalization just before a year of balance of payment crisis. Two successive governments one under, Prime Minister V.P. Singh (1989-90) and the other under Prime Minister Chandra Sekhar (1990-91), proved to be politically fragile and failed to implement the reforms. Finally it was under Prime Minister Narasimha Rao, the economic reforms were introduced in the Indian economy.

During the fiscal years of 1988-91, GDP at factor costs grew at rates of 10.5%, 6.7% and 5.6% respectively. The average rates of these was 7.6%, a rate not previously recorded over any continuous three year period in Indian history. Growth was spread across all sectors- 7% in agriculture, 9.1% in industry and 7.1% in services. The high growth in agriculture was because of the spread in use of HYV seeds, tractors and fertilizers along with good monsoon. Thus it is more important to put emphasis on the growth spurt in industry and services, which happened because of liberalization measures, expansionary fiscal policy and massive foreign borrowings. The latter was basically the reason behind the balance of payment crisis in 1990-91.

The liberalization efforts taken during this period was not much different from the policies in early 1950s. But this time, the measures that were being taken were steady and progressive and there were reversals. Thus, the entrepreneurs were confident that the room that was given for expansion would not be taken away. A major effort was also taken in making the business environment export-friendly. All exporters were entitled to tradeable replenishment licenses that allowed them to import any item on the limited permissible and canalized lists, up to specific percentages of the value of exports. The real exchange rate was also allowed to depreciate in order to make exports more attractive. The impact of liberalization could also be seen from the outcome variables. Thus, according to the Government of India (Economic Survey), gross fixed private investment as a proportion on GDP steadily rose from 10.2% in 1986-87 to 11.5% in 1987-88, 12% in 1988-89 and 13.9% in 1990-91. On the external front, the merchandise imports-GDP ratio rose from

6.3% to 7.6% in 1990-91.

Complementing liberalization in stimulating growth were borrowing from abroad and fiscal expansion. Throughout the 1980s, India ran large current account deficits. The deficits became particularly large during the second half of the decade. From 1980-81 to 1984-85, it ranged between 1.3% and 1.9% of GDP. In 1985-86, it jumped to 2.4%, fell back to 2% in 1987-88 and then shot up to 3.1% in 1988-89, 2.6% in 1989-90 and 3.4% in 1990-91. While foreign borrowings reflected in these current account deficits and made a positive contribution to growth by allowing domestic investment to exceed domestic savings, it also led to accumulation of foreign debt, which rose from \$20.6 billion in 1980-81 to \$64.4 billion in 1989-90. The external-debt to GDP ratio rose from 17.7% in 1984-85 to 24.5% in 1989-90. The rapid growth in debt was associated with a rapid deterioration in quality of debt. The share of private borrowers in the total long-term debt increased from 28% to 41%. Thus, the external debt was helping the economy to grow, as well as moving the economy to crash.

On the internal front also several problems were evolving. While external borrowings were helping to solve supply side problems, rising domestic public expenditure provided the demand stimulus, particularly in service sector. Defence spending, interest payments, subsidies were fuelling this growth in demand. The share government expenditure in GDP which averaged around 18.6% in the first half of the 1980s, rose quickly to an average of 23% in the second half of 1980s, with the maximum going to defence, interest payment and subsidies, whose average rose from 7.9% to 11.2% of GDP.

With high external borrowings, the expenditures were proving to be unsustainable, where the fiscal deficit rose from 8% in first half of 1980s to 10.1% in second half of 1980s. The rising public-debt with interest payments accounted for a large proportion of government revenues. This also fed into current account deficits, which kept rising up to 3.4% GDP in 1990-91. The final blow came in form of decline in stock of foreign exchange reserves. From an average reserve of 4.6 months for imports in 1984-87, it declined to 3.9 months in worth of imports 1987-88. This trend continued and the reserves fell for just one month of import in 1990-91. The crisis resulted in intervention of International Monetary Fund (IMF) in July 1991 along with World Bank with the programme of Structural Adjustment Loan (SAL). These two programmes initiated the economic reforms process. The economy have been growing steadily with the growth rates stabilizing around 6% per-annum

almost throughout the 1990s and after brief lull in between 1999-2002, the economy was growing to more than 8% between 2003-07 till the global economic recession in 2008. The economy recovered again by the end of 2009, returning to the growth path.

The major changes that were proposed under Industrial Policy Statement are as follows:

- 1) The investment ceiling in plant and machinery for small-scale industries (fixed in 1985) would be raised 3.5 million rupees to 6.0 million rupees.
- 2) All new units, up to an investment of 250 million in fixed assets in non-backward areas, would be exempt from requirement of obtaining a license.
- 3) For the import of capital goods, the entrepreneur would be entitled to import up to a landed value of 30% of the total value of plants and machinery required for the unit.
- 4) Imports of raw materials and components would be permitted up to a landed value of 30% of the ex-factory value of annual production. The ex-factory value of production would exclude the excise duty on the item of production. Raw materials and components on OGL, would not be included within this 30% limit. In case of transfer of technology, if import of technology was considered necessary by the entrepreneur, he would conclude an agreement with the collaborator, without obtaining any clearance from the government provided that royalty payment did not exceed 5% in domestic sales and 8% in exports.
- 5) Keeping in view the need to attract an effective inflow of technology, investment up to 40% of equity would automatically be allowed.
- 6) The deregulation suggested above would cover all case of expansion and would not be restricted to new units.
- 7) 100% export-oriented units and units to be set-up in export-processing zones would be delicensed up to an investment limit of 750 million rupees.
- 8) Units set up by FERA and MRTP companies would be covered by procedures set out above, but they would continue to need clearances under the provisions and regulations of these two acts.

12.3 The Era of Reforms

The era of economic reform could be divided into four generations.

- 1) First Generation Reforms (1991-2000) 2) Second Generation Reforms (2001 onwards)
 - 3) Third Generation Reforms. 4) Fourth Generation Reforms.
- **First Generation Reforms :** (i) This includes various important liberalising policy decisions, i.e; de-reservation and de-licensing of the industries, abolition of the MRTP limit, simplifying environmental laws for establishment of industries etc. (ii) The objective was to make public sectors profitable and efficient. Thus steps of disinvestment and corporatisation were taken. (iii) Steps were taken to abolish quantitative restrictions on imports, switching to floating exchange rates, full current account convertibility, permission to foreign investment, promulgation of liberal FEMA (Foreign Exchange Management Act) instead of FERA. (iv) Banking, Capital markets, Insurance, Mutual funds markets were liberalised. (v) The tax base was simplified, modernised, broadened for checking tax-evasion.
 - **Second Generation Reforms :** (i) The factor reforms hold an important position in India's reform process. The dismantling of the Administered Price Mechanism (APM), through which many products whose prices were regulated or fixed by the government such as- sugar, petroleum, fertilizers, drugs etc; was initiated. Most of these products were produced in the private sector, but were not sold according to market principles which hindered their profitability. (ii) In the public sector reforms, emphasis was laid on greater functional autonomy, free leverage to the capital market, international tie-ups and greenfield projects, mergers etc. (iii) The area of fiscal consolidation was proposed in 1991 reforms, but this through passing of FRBM (Fiscal Responsibility and Budgetary Management Act), it got a constitutional commitment and responsibility on the Centre and States. (iv) The social sector, especially the healthcare gets increased attention by the government, as the budgetary allocation gets increased manifold. (v) It was for the first time that an important role of the state for reforms was designed. All new steps for reforms were now to be decided by the states while the centre would play a supportive role.

- **Third Generation Reforms :** This was initiated with launching of the Tenth Plan (2002-07). Importance was given to strengthen the Panchayati Raj Institutions, so that the benefits of reforms could reach to the grassroot level. The Government this time was more concerned of the inclusive growth in the process of development. Later on in the Eleventh Plan this initiative was further ratified through mass employment generation programmes.
- **Fourth Generation Reforms :** Since 2002, some experts coined this generation of reforms which entails a fully 'information-technology' based India. They hypothesised a two-way causation between economic reforms and IT based reform.

12.4 Appraisal of Economic Reforms in India

The goals of behind economic reforms could be listed as below-

- 1) Achieving a higher rate of growth.
- 2) Enlargement of employment potential leading to full employment.
- 3) Reduction of population living below the poverty line.
- 4) Promotion of policies that leads to better deal for the poor and less well-off sections of the society.
- 5) Reduction of regional disparities between the rich and the poor states of India.

Now we will discuss to what extent we have been successful in achieving the above goals.

• **GDP Growth and Poverty reduction :** There is no doubt behind the fact that economic reforms have been able to generate a higher growth than the pre-reform period. After staggering in lower rates during the first two years of reform around 1991-92 and 1992-93, but the growth rate averaged around 7% per annum between 1993-94 and 1997-98, thus providing an crucial evidence of how growth potential has improved as a result of reforms. During the pre-form period of 1980-81 and 1990-91, the average annual growth rate settled around 5.2%, but in the post-reform decade 1991-92 and 2000-01 the average annual growth rate settled at a slightly higher rate to 5.8%. Again between 2000-01 and 2003-04 the average improved to 6.0% and further to 7.9% between 2003-04 and 2012-13. Now we will discuss the effects of reforms on poverty and employment.

- a) **Growth, Reforms and Poverty :** In the pre-reform period there was marked

decline in both rural and urban poverty rates (percentage of people living below the poverty line) between 1973-74 and 1986-87. Between the 38th (1983-84) and 43rd (1987-88) NSS round, rural poverty rate declined from 45.6% to 39.09% and urban poverty rate declined from 40.79% and 38.20% and on average by 44.48% to 38.86%. This trend also continued till the 45th round (1989-90), where the poverty rates declined across all the sectors with overall poverty rates further declining to 34.28%. Coming to the post-reform period the trend reversed till 1992 (48th round), with rural poverty rates increasing to 45.25%, urban poverty rates to 35.48% and overall poverty rates to 43.01%. Though there was again a reduction in the poverty rates in the 50th round (1993-94), the trend further showed an increase till 59th round (1998). Again, coming to the next decade of reforms the rural poverty declined to 42.0%, urban poverty declined to 25.5% and overall poverty to 37.2%. The declining trend continued further till 2009-10, with rural poverty showing a steep decline to 33.8% and urban poverty to 20.9% and overall poverty declining to low as 29.8% (Datt and Sundaram, 2013).

b) Growth, Reforms and Employment : From the point above, one question arises that though growth rates have been quite high especially after 1993-94, it had not have been accompanied by an adequate decline in poverty rates. Now, if poverty is linked with employment-unemployment rates, it would be interesting to look at changing employment patterns in before and after reforms. During the pre-reform period 1983-1990, the growth rate of employment in the organized sector was around 1.73% on an average per-annum, in unorganized sector it was 2.41% and overall the growth rate was 2.39% on an average per-annum. Again, in the post-reform period, 1991-1998, the growth rate in employment in organized sector slowed down to 0.6%, in unorganized sector it slowed down to 1.1% and on average at 1.0%. Since, the reforms were focused on the organized manufacturing sector, it would be desirable to look at the employment patterns in the organized manufacturing sector. During 1983-94 the annual growth in employment in the public sector was around 1.53%, but in 1993-04 the growth rate contracted in the public sector at -0.60% and between 2004-09 it contracted further by -0.56%. In the private sector, during 1983-94 the employment growth was around 0.44%, between 1993-04 the employment growth was around 0.36% and between 2004-09 the growth rate of employment further jumped to 3.58%. Overall, employment growth was higher in the pre-reform period at 1.20%, negative at -0.3% between 1993-04 and 0.82% between 2004-09. It is therefore, imperative to that the causes of this increasing trend of unemployment despite GDP growth reaching a high over

8% during 2003-04 and 2007-08, should be analysed further (Datt and Sundaram, 2013).

• **Economic Reforms and Impact on Labour :** Industrial relations in the pre-reform period (1981-90) shows, almost 402.1 million man-days were lost during the decade, but in post-reform period (1991-2000) the man-days lost reduced to 230.2 million. This aggregate statistics apparently shows that during the post-reform period there have been an improvement in the industrial relation. But a disaggregate level analysis shows that during the pre-reform period (1981-90) man-days lost due to Strikes were about 53.8% and Lockouts were 46.2%. Whereas, in the post-reform period (1991-2000) man-days lost due to Strikes and Lockouts reduced both in absolute terms but in percentage terms, man-days lost due to Strikes reduced to 39.8% and for Lockouts increased to 60.2%. Further, between 20001-06, Strikes and Lockouts reduced in absolute terms and the percentage of Strikes reduced further to 25.5% and Lockouts increased to 74.5%. The reduction of number of Strikes implies increasing fear among the workers of losing their jobs in the wave of casualization and privatisation. But increased share of Lockouts in the post-reform era also implies man-days lost was more of a consequence of disciplining labour rather than the employers. All these trends have increased the proportion casual labour in total employment in post-reform period. The proportion of casual employment was lowest at 31.2% in 1988 in the pre-reform period and gradually increased to 37% in 1998, reduced again to 29.9% in 2005 and increased again to 33.5% in 2010 (Datt and Sundaram, 2013).

• **Increase in Productivity and Real wage earning :** Industrialist lobbies have frequently charged labour for not raising labour productivity, but forcing an increase in the real wage earnings of labour. Several study reveals, that overall real labour productivity showed an increase during 1983-88 by 3.16% and during 1988-94 by 3.32% and real earning of workers increased at the annual average rate of 7.0% during 1983 and 1987-88. But showed a miserably low increase of 1.0% during 1987-88 and 1993-94. Though this post-reform period of analysis is not long enough, but this gives an indication that the productivity increase during 1988-94 by 3.32% were passed on to the workers by only 1% and the rest were absorbed by the employers (Datt and Sundaram, 2013).

The upshot from the above analysis is that the basic problem with economic reforms is not to treat labour as an asset but as a mere instrument, which can be shirked off according to the judgement of the employers. For the employers the

economic reforms or labour reforms act as a tool for downsizing employment and cost reduction to make their commodities more competitive in the era of globalization. But for the employees it is their loss of livelihood without any social security. In the developed countries, any incidence of downsizing employment is associated with at least some social security which provides them basic minimum necessities. But in developing countries like India where a major part of workforce are engaged in unorganised or informal enterprises without any social security, job loss hurts the workers more (Datt and Sundaram, 2013).

- **Increase in Inequality :** The effects of liberalisation in 1991 has created large number of debates over the decades post liberalisation and the debate is still continuing. There have been arguments that, momentum which the Indian economy has gained over the decades post-liberalisation could not be achieved if there were not any radical shift towards opening of the economy. While, others have contradicted this argument that economic liberalisation has solved little of the macroeconomic problems and has given rise to some more, particularly pertaining to the condition of the working class of the economy. Despite such impressive performance one can definitely say, based on reports (e.g; National Sample Survey) from the Government of India, achieving high growth rates was not enough for all round development. Per-capita income and other social indicators of development are mere statistical averages and they do not reveal anything about well-being of a common man (Nayyar, 2017). Even if it is the case that growth rate of Indian economy has increased post-liberalisation, what is also true is that during the same period, there has also been a significant increase in inequality. The reason for rising inequality despite an overall significant growth in per-capita income could also be attributed to the falling share of labour in output, which leads to an economy wide phenomenon of rising inter-personal inequality in case of the Indian economy.

- **Economic Reforms and Industrial Growth :** Economic reforms were made to remove the bottlenecks, which acted as obstacles in the industrial production. For this, the government delicensed several others. During 1998-99, three Industries-Coal, Petroleum and Sugar were delicensed. During the eighties (1981-82 to 1990-91), the general Index of Industrial Production (IIP) recorded an annual growth of 7.8% on average. It improved to 9.3% during 2004-05 and 2011-12. In the manufacturing sector it increased from 7.6% in the 80s to 10.2% and in electricity it declined from 9% to 6.8% and in mining and quarrying it slumped from 8.3% to just 6.0%. Thus the expected growth of IIP that would have stimulated did not materialise. What more significant is during the major reform years of 1993-94 and

2004-05, the growth in industrial production was not up to the mark. The IIP in Mining and Quarrying actually fell to 4.4% from 8.3% in the pre-reform period (1981-1991). The same happened for the Electricity sector where IIP fell to 6.1% from 9% in the 80s. Though, in manufacturing sector the IIP growth improved to 8.3% from 7.6%, The result puts a serious question on the success of economic reforms on the industrial sector as a whole (Datt and Sundaram, 2013).

• **Performance of the Public Sector Enterprises :** The performance of much maligned Central Public Sector Enterprises (CPSEs), reveals, that gross profit as percentage of capital employed was at 11.61% in 1993-94, 15.88% in 1994-95 and then 21.5% in 2004-05. A similar trend was observed in net-profit, which was of the order of 2.84% in 1993-94 but improved to 12.1% in 2005-06. Value added per unit of capital which indicates the efficiency of capital employed also showed an improvement from 0.26% in 1993-94 to 0.44% 2001-02. Thus, we see, CPSEs have shown better performance during the reform period of 1993-94 and 2005-06. So, the question that arises, is it justified to divest the public sector enterprises? Also, wouldn't it be better to introduce reforms to sustain their performance for the long-run? Evaluation of the PSEs by the Government showed that among 102 PSEs, 44 performed excellently, 36 very good and 14 as good. If these 94 PSEs performed well during the post-reform era, steps should be taken to improve their technical efficiency (Datt and Sundaram, 2013).

• **Trend of Growth in Infrastructure :** The IIP for the period 1980-81 to 2010-11, reveals that in case of saleable steel and cement, the growth rates were higher in the post-reform period than the pre-reform period. In case of steel the growth rate of production improved by 10.2% during 1993-94 and 2004-05 as against only 4.9% in the pre-reform period (1981-82 to 1990-91). Similarly, the growth in cement production also indicated a sharp increase by 7.8% during 1993-94 and 2004-05 as compared to only 4% in the pre-reform period. However other infrastructure industries like coal, petroleum and electricity did not fare well during the post-reform period (Datt and Sundaram, 2013).

• **India's Foreign Trade and Balance of Payment :** Although policies regarding liberalising foreign trade were introduced in 1985-86, but their impact, realised in 1986 to 1991 was slow and after globalisation in 1991 with the abolition of quantitative restrictions and reducing tariff barriers which hindered trade, the effects of trade liberalisation became more pronounced. The main implications of reform measures were to boost exports so also to facilitate import of goods that were important for

improvement industrial production (Datt and Sundaram, 2013).

During the post-reform period, the situation pertaining to foreign trade was somewhat satisfactory. As against imports, exports have grown faster in percentage term. Although trade deficit has increased but the massive increase in net indivisibles has helped to contain current account deficit. During 2001-02 and 2003-04, the emergence of a positive balance on current account is a major achievement of the post-reform period. This situation turned the other way during 2006-07 because of the rise in imports far exceeded the exports. Thus, as a result the trade deficit became negative to the record extent of \$61, 782 million. Although net indivisibles were positive to the extent of \$52,217 million, but were unable to wipe out the trade deficit, which resulted in appearance of the negative balance of payments in 2006-07 to the extent of \$9565 million. The situation became worse in the coming few years and reached a record high of \$ 78, 155 million in 2011-12 (Datt and Sundaram, 2013).

There are several lessons that we can learn the trends in BOP. India's current account balance was able to show a surplus during 2001-02 and 2003-04 which needed to be sustained. But the emergence to negative BOP problem after few years resulted in adverse situation. With an unprecedented increase in oil prices during those years along with revival of industry, imports were rising fast. Thus it is important to look at pursuing a very vigilant liberal import policy (Datt and Sundaram, 2013).

• **Reduction of Regional Disparities :** One of the major objectives of development is to reduce regional disparities. Thus, the state policies were patterned keeping this view in mind to help the backward regions. It was also included as a part of devolution of funds and higher allocation were made for the backward states so that regional disparities could be brought down. The reform process initiated in 1991 has been emphasising the rise of market forces, which naturally attract investment to regions more developed infrastructure-both economic and financial. It does pay any attention to reduce regional imbalance. It would be therefore desirable to understand the impact of economic reforms on various states (Datt and Sundaram, 2013).

Dr. N.J Kurien of the Planning Commission who made an extensive study of the 'Widening Regional Disparities in India', has indicated that more than two-thirds of the investment proposals in the post-reform period were concentrated in the forward states and a similar situation prevailed in terms of financial assistance

disturbed by All-India Financial Institutions as well as State Financial Corporations. The All India Financial Institutions like- IFCI, ICICI, LIC, GIC, IRBI, SIDBI and IDBI disbursed around 67.3% of total financial assistance to forward states up to 31st March, 1997. Even among the 9 forward states, four states, namely- Maharashtra, Gujrat, Tamil Nadu and Andhra Pradesh were able to appropriate about 51% of total assistance. Even the State Financial Corporations provided 70% of their assistance to the forward states. This analysis reveals that economic reforms favoured the forward states at least in the initial years of reform. Consequently, the already better-off states can further accelerate the growth process while the backward states being unfavourably treated face a retardation in growth. This explains the growing disparities in terms of growth of NSDP- both in terms of total and per-capita (Datt and Sundaram, 2013).

• **Social Infrastructure and Human Development :** Wide disparities are observed among states- like, Kerala and to some extent Tamil Nadu have shown that it is possible to achieve higher levels of human development even with low levels of economic development. But, by and large, better levels of per-capita NSDP are associated with higher levels of human development. To achieve high human development, it is necessary to invest higher amount in educational and health infrastructure. The backward states such as- Uttar Pradesh, Bihar, Rajasthan, Madhya Pradesh have very poor record in terms of literacy, especially female literacy. They have also failed in investing in health infrastructure and thus have lower life-expectancy, higher infant mortality and higher birth rate. The private sector which is the flag-bearer of economic reforms may be setting up nursing homes or hospitals and also private schools or colleges requiring higher levels of charges or fees to meet the demand of the upper-middle class and affluent sections, but it does not offer anything for the welfare of the poor. Either, the private sector should involve itself in more social purpose or the state should invest more (Datt and Sundaram, 2013).

12.5 Conclusion

The post-reform period has been characterized by accelerating growth in terms of GDP, foreign trade and foreign investment. At the aggregate level, the growth rate during 1988-2006 was 6.3%, compared to 4.8% during 1981-88. During the period from 2003-04 to 2005-07, the country's GDP at factor cost grew at the impressive rate of 8.6%.

Opening of the economy to the world markets and projecting towards more market oriented discipline has been the prime reason for whatever success has achieved till date after the reforms. While the reforms under Rajiv Gandhi gave rise to growth in the late 80s, it was actually the systematic reform measures in the 90s that made this growth accelerate and sustainable at around 6% for over a long period of time. Substantial amount of reforms under NDA government helped shift the growth rate to 8.6% during 2003-04 to 2005-06. Growth in trade has also been one of the most successful events of the reform period. India's merchandise exports stood at \$18.1 billion in 1990-91. The volume exports nearly doubled at the end of the decade. In recent period, the exports doubled in one-third of that time from \$52.7 billion in 2002-03 to \$102.7 billion in 2005-06. Exports in services also more than from \$26.9 billion in 2003-04 to \$60.0 billion in 2005-06.

12.6 Summary

India's share in world merchandise exports grew from 0.5% in 1990-91 to 0.7% in 1999-2000 and to 1.0% in 2005-06. In service exports, the share grew to 2.5% in 2005-06. These changes have greatly integrated the Indian economy to the world economy. The exports of goods and services as a proportion of GDP, grew gradually from 7.2% in 1990-91 to 11.6% in 1999-2000 and shot up to 20.5% in 2005-06. The share of total trade (exports plus imports of goods and services) to the GDP rose from 15.9% in 1990-91 to 25.2% in 1999-2000 and then to 43.1% in 2005-06.

It has also been acknowledged that the reform process will not be able to achieve its socio-economic objective, because the private sector is merely concerned with profit motive. Whereas, the liberalisation process has reduced the role of the public sector investment, it has failed to fill the vacuum created by the withdrawal of public sector investment in infrastructure, more especially in the backward states.

The most forthright criticism of the reform process came from the former President K.R. Narayanan on the eve of the Republic Day message where he warned- "The fury of the patient and long suffering people would be unleashed if the three-way fast lane liberalisation, privatisation and globalisation failed to provide 'the safe pedestrian crossings' for the un-empowered India. This indicates the scant care the market forces show to the poor. Mr. Narayanan has drawn attention to the tragic contradictions in our society, particularly the great regional and social inequalities.

While justifying the trajectories of modern progress such as factories, dams and

sattellites, Mr. Narayanan, however, cautioned against ecological and environmental devastation leading to uprooting of human settlements, especially of the tribals and the poor.

12.7 Questions

Answer in detail :

- 1) How has the Indian economy fared in the post-liberalisation period?
- 2) What were the factors that led towards liberalisation?
- 3) Discuss scenario of the Indian economy before the initiation of reforms.

12.8 References

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Unit 13 Growth-Development Debate

13.1 Learning Objectives

13.2 Introduction

13.3 Growth-Development Debate: The case in India

13.4 Conclusion

13.5 Summary

13.6 Questions

13.7 References

13.1 Learning Objectives

- ❖ To differentiate between the concept of growth and development.
 - ❖ To understand the growth-development debate in the Indian context.
-

13.2 Introduction

The two words 'growth' and 'development' were often used interchangeably in economic discussion. To a layman, these two terms appear to be synonymous. However, in the 1950s and 1960s, economists drew a line of demarcation between economic growth and economic development. True enough, the concept of economic development is broader than economic growth. Development is taken to mean 'growth plus change', whereas economic growth means growth only quantitative expansion of an economy. Economic growth is, thus, a quantitative concept, while economic development is a qualitative concept. C. P. Kindleberger says that growth involves focusing on height or weight while development focuses on the change in functional capacity.

Economic growth is defined in positive terms. It is measured by the sustained increase in real, national or per capita income of a nation over time. Economic growth is usually measured in terms of an increase in real GNP or GDP over time or an increase in income per head over time. Growth is desirable as it enables a society to consume more goods and services. This is why 'growth' is considered the basis of advancing of the living standards but at the same time it does not necessarily imply an improvement in human welfare. Thus, economic development is more

fundamental to economic growth.

Now the question is, why does the concept of 'economic growth' fail to assess the state of the economy correctly? The answer to this question is given as follows.

First, economic growth is associated with an increase in GNP/GDP per capita. But per head GNP does not, by itself, constitute or measure welfare or success in development. This is because per capita income does not give any information about income distribution. It is observed that despite high rate of growth, some of the countries experience high incidence of poverty and unemployment.

Secondly, economic growth does not talk about the quality of life. In poor developing countries, people end themselves at low level of literacy, low standards of health and nutrition, etc. Miseries arising from lack of food and shelter do not get reflected in the concept of economic growth.

Thirdly, economic growth does not deal with environmental issues. In the process of achieving higher economic growth, environmental considerations like depletion of renewable natural resources, air pollution, etc., are given little weightage. These aspects have an important bearing on the economic development of a country in the long run. Desire for higher economic growth is associated with environmental damages. It is economic development that cares for environmental issues.

Concept of Economic Development :

It is, thus, obvious that economic development involves something more than economic growth. In fact, there are certain qualitative dimensions in the process of development that are conspicuous by their absence in the growth or expansion of an economy. Economic development implies both more output and changes in the technical, institutional arrangements by which it is produced, and a change in attitudes and values. Naturally, economic development is a value-based concept. It should include not only the acceleration of economic growth but also the reduction of inequality and eradication of poverty, increase in employment opportunities and welfare of the masses.

However, economic development may mean more. Economic development must encompass human development. Amartya Sen defines economic development in terms of 'entitlement' and 'capability'. Entitlement refers to the set of alternative commodity bundles that an individual can command through the totality of rights and obligations that he or she faces. Thus, entitlements of people generate 'capabilities'. Entitlements of people do not only depend on their incomes but also on a host of

power relations in a society, the spatial distribution of resources in a society (like facilities of health care and schooling) and what individuals can accumulate from such supplied by the state. 'Capability' represents a person's freedom to achieve various functioning combinations. Thus, the notion of capability is essentially one of freedom, the range of options a person has in deciding what kind of life he or she wants to pursue. According to Amartya Sen, poverty is a kind of 'capability deprivation'. Sen says that economic development should be interpreted as a process of expansion of the freedoms that people enjoy. Important areas of 'unfreedom' that people face are famine and undernourishment, mass illiteracy, poor state of health of people, lack of shelter and other basic needs, economic insecurity, denial of basic civil and political liberty. Through the policies of expansion of human capabilities, development processes can be initiated. That is why it is said that the basic objective of development is the process of expansion of entitlements and human capabilities. That is to say, how GNP growth is used to improve human capabilities and, in turn, how people utilise their capabilities is economic development.

Thus, instead of concentrating on GDP, development economists should take into account both entitlements and capability expansion. Sen argues that income does not necessarily address the nature of entitlement. Taking references from the Chinese famine (1958-1961) and also the Bengal famine (1943), he emphatically demonstrated that famines, in general, were to be attributed to the entitlement failure rather than the shortage of food. Despite abundant supplies in food, people had to suffer miserably from hunger and famine in Bengal due to entitlement failure in collecting food from the market. This famine is one source of un-freedom.

Amartya Sen, carrying on his value-loaded development economics, talks on social justice. He says that undernourishment of children, absence of opportunities of basic schooling, lack of entitlement of basic medical attention, particularly to the underprivileged of our society, are nothing but social injustices.

For the Indian economy the events of the year 1991 was both fascinating and tumultuous, as the economy was witnessing a radical structural change by getting integrated to the world economy in a true sense. The effects of liberalisation in 1991 has created large number of debates over the decades post liberalisation and the debate is still continuing. There have been arguments that, momentum which the Indian economy has gained over the decades post-liberalisation could not be achieved if there were not any radical shift towards opening of the economy. While, others have contradicted this argument that economic liberalisation has solved little

of the macroeconomic problems and has given rise to some more, particularly pertaining to the condition of the working class of the economy. Despite such impressive performance one can definitely say, based on reports (e.g; National Sample Survey) from the Government of India, that achieving high growth rates was not enough for all round development. Per-capita income and other social indicators of development are mere statistical averages and they do not reveal anything about well-being of a common man (Nayyar, 2017). Even if it is the case that growth rate of Indian economy has increased post-liberalisation, what is also true is that during the same period, there has also been a significant increase in inequality. The reason for rising inequality despite an overall significant growth in per-capita income could also be attributed to the falling share of labour in output, which leads to an economy wide phenomenon of rising inter-personal inequality in case of the Indian economy.

13.3 Growth-Development Debate: The case in India

During the Tenth Five Year Plan (2002-03 to 2006-07) the Indian Economy was witnessing a record growth rate of 7%, which was highest for any plan period so far. The last four years of the Tenth Plan witnessed an average GDP growth of 8.6% making it one of the fastest growing economies in the world during that time. The saving rate, investment rate and the industrial sector responded very well in the face of competition. But the positive effects of this high growth did not reach to all sections of the society-especially to the sector of lower-income groups, unorganised and informal workers and many other marginal groups-such as SCs, STs and the minorities. Keeping in mind these drawbacks of high growth such as rising income and wealth inequality the concept of 'inclusive growth' was introduced in the Eleventh Five Year Plan.

Under the strategy of 'inclusive growth' the plan was to yield broad-based benefits that ensures equal opportunity for all. Fundamentally the idea of growth with development includes the concept 'inclusiveness'. But sometimes high growth leaves behind a large section of people impoverished. It was in 2000-01, when the Government of India came think clearly about 'inclusiveness' in the economy, while reviewing the performance of the economic reforms. The government found that, only the people with enough resources could get the benefits, whereas the reforms failed to percolate the marginalised sections of the society. Though even before the reforms these problems were already existing in the country, but these started glaring after the initiation of reforms, due to high pace growth. Finally, the real

attention was paid in the 11th Plan (2007-12), with the government designing a clear set of policies.

Target Set to Achieve the Objectives :

1) Income and Poverty :

- a) Average GDP growth of 9% per year
- b) Agriculture GDP growth of 4% per year
- c) Generation of 50 million employment opportunities.
- d) Reduction of unemployment among the educated to less than 5%.
- e) 20% increase in the real wage of unskilled workers.

2) Education :

- a) Reduction in drop-out rate among children at the elementary level from 52.2% in 2003-04 to 20% by 2011-12
- b) Developing minimum standards of attainment in elementary schools to ensure quality of education.
- c) Increasing Literacy rate for persons 7 years or more to 85% by 2011-12.
- d) Reducing gender gap in literacy to 10% points by 2011-12.
- e) Increasing the percentage of persons going for higher education from 10% to 15% by 2011-12.

3) Health :

- a) Infant Mortality Rate (IMR) to be reduced to 28 and maternal mortality rate (MMR) to 1 per 1000 by 2011-12.
- b) Total Fertility Rate to be reduced to 2.1% by 2011-12.
- c) Clean drinking water to be made available to all by 2009.
- d) Malnutrition among children of age 0-3 to be reduced to half its present level.
- e) Anaemia among women and girls to be reduced to half its present level.

4) Women and Children :

- a) Sex ratio for age group 0-6 to be raised to 935 by 2011-12 and to 950 by 2016-17.

- b) Ensuring that at least 33% of beneficiaries of all government schemes are women and girl children.
- c) Ensuring that all children enjoy a safe childhood, without any compulsion at work.

5) Infrastructure :

- a) To ensure electricity connection to all villages and BPL households by 2009 and reliable power by the end of the 11th Plan.
- b) To ensure all-weather road connection to all habitations with population 1000 and above (500 above for hilly areas) by 2009.
- c) To connect every village by telephone and provide broad band connectivity to all village by 2012.
- d) To provide homestead sites to all by 2012 and step-up the pace of housing construction for the poor to cover all the poor by 2016-17.
- 6) Environment:
 - a) To increase forest and tree cover by 5% points.
 - b) To attain WTO standards of Air Quality in all major cities by 2011-12
 - c) To treat all urban waste water by 2011-12 to clean water.
 - d) To increase energy efficiency by 20% points.

Now we will analyse the various aspects of development in the post-reform growth process and see whether all the sections of the society have fared better in the era of growth-dominated economic policies.

Growth and Poverty Alleviation :

• There is no doubt behind the fact that economic reforms have been able to generate a higher growth than the pre-reform period. After staggering in lower rates during the first two years of reform around 1991-92 and 1992-93, but the growth rate averaged around 7% per annum between 1993-94 and 1997-98, thus providing an crucial evidence of how growth potential has improved as a result of reforms. During the pre-form period of 1980-81 and 1990-91, the average annual growth rate settled around 5.2%, but in the post-reform decade 1991-92 and 2000-01 the average annual growth rate settled at a slightly higher rate to 5.8%. Again between 2000-01 and 2003-04 the average improved to 6.0% and further to 7.9% between

2003-04 and 2012-13. Now we will discuss the effects of reforms on poverty and employment.

- In the pre-reform period there was marked decline in both rural and urban poverty rates (percentage of people living below the poverty line) between 1973-74 and 1986-87. Between the 38th (1983-84) and 43rd (1987-88) NSS round, rural poverty rate declined from 45.6% to 39.09% and urban poverty rate declined from 40.79% and 38.20% and on average by 44.48% to 38.86%. This trend continued till the 45th round (1989-90), where the poverty rates declined across all the sectors with overall poverty rates further declining to 34.28%. Coming to the post-reform period the trend reversed till 1992 (48th round), with rural poverty rates increasing to 45.25%, urban poverty rates to 35.48% and overall poverty rates to 43.01%. Though there was again a reduction in the poverty rates in the 50th round (1993-94), the trend further showed an increase till 59th round (1998). Again, coming to the next decade of reforms the rural poverty declined to 42.0%, urban poverty declined to 25.5% and overall poverty to 37.2%. The declining trend continued further till 2009-10, with rural poverty showing a steep decline to 33.8% and urban poverty to 20.9% and overall poverty declining to low as 29.8% (Datt and Sundaram, 2013).

Growth and Inequality :

Debates on the policies of economic reforms in India began since the 1980s and seems to continue till today. After adopting liberalisation there was widespread apprehension from a large section of economists that liberalisation would ultimately lead to regional, rural-urban and inter-personal inequalities. Studies based on the World Wealth and Income database (Chancel and Piketty, 2017) and the National Sample Survey (Ghosh and Pal, 2007) suggests that the Indian economy is still plagued with the problems of poverty, joblessness and an increasing inequality.

Mazumdar (2017), using the various NSS rounds data, says, Indian growth in the post reform period has been characterised by increasing inequality, though poverty declines significantly. The pre-reform (1983-93) growth process was characterised by pro-poor policies, such that Average Per-capita Consumption Expenditure (APCE) of rural population belonging to the lower part of the distribution grew faster rate than the post-reform period. Though after reform the richer people in the rural areas were mostly favoured. Further in the urban areas the growth was more biased towards the urban rich. The following table (Table 4.1) presents the measure of inequality in APCE.

Table 4.1: Measures of Rural-Urban inequality

Period	Gini
Rural	
1983	0.3193
1993	0.2982
2004	0.3199
2011	0.3103
Urban	
1983	0.367
1993	0.3568
2004	0.3891
2011	0.3901
Total	
1983	0.337
1993	0.3465
2004	0.3758
2011	0.3743

Source: Reproduced from Inequality in India-I, 2017

From the Table-4.1, we see that, over the three decade the Gini or Inequality has been always higher in urban areas than the rural areas. Between 1983 and 1993 the Gini declined in both rural and urban areas and increased again between 1993 and 2004 for both rural and urban. Though between 2004 and 2011, the Gini declined in the rural area again, but in the urban the Gini continued to increase.

Income data, through government surveys are unavailable in India, although Chancel and Piketty (2017), combined household surveys and national accounts data along with the income tax data following certain methods to analyse the patterns of Indian income inequality from 1922 to 2014.

According to the estimates, between the period 1922 to 2014, based on World Wealth and Income Database, the top 1% income earners currently captures around

22% of the national income, which is the highest level since the inception of income tax in 1922 (see. Figure 4.1). The top 1% captured around 13% of the national income in 1922-23, which climbed to near 21% in 1939-40 and after beginning of the second world war it continued to decline around 10% in 1949-50 and decreased further through the next three decades reaching its lowest point in 1980 (Chancel and Piketty, 2017).



Figure 4.1: Top 1% income share in India, 1922-2014

Source: Reproduced from Chancel and Piketty, 2017

The evolution of the share of income of the top 10% and middle 50% is almost a mirror image (see Figure 4.2). The share of income of the top 10% and mid-40% were almost similar at 40% in the mid-50s. After that the share of mid-40% steadily progressed from till 1982-83, capturing 46% of national income, while that of the top 10% dropped. But again, from the early 80s the trend began to reverse and the around 2000 the trend in their shares crossed each other and in 2013-14 the share of the middle 40% dropped significantly to an historic low of 29.6%. The trend in share of the bottom 50% followed a similar trend to that of middle 40% (see Figure 4.3). The share of bottom 50% increased from 19% to 23.6% between the period 1955-1982 and after that declined continuously to 14.9% in 2013-14 (Chancel and Piketty, 2017).



Figure 4.2: Top 10% vs. Middle 40% income shares in India, 1951-2014

Source: Reproduced from Chancel and Piketty, 2017

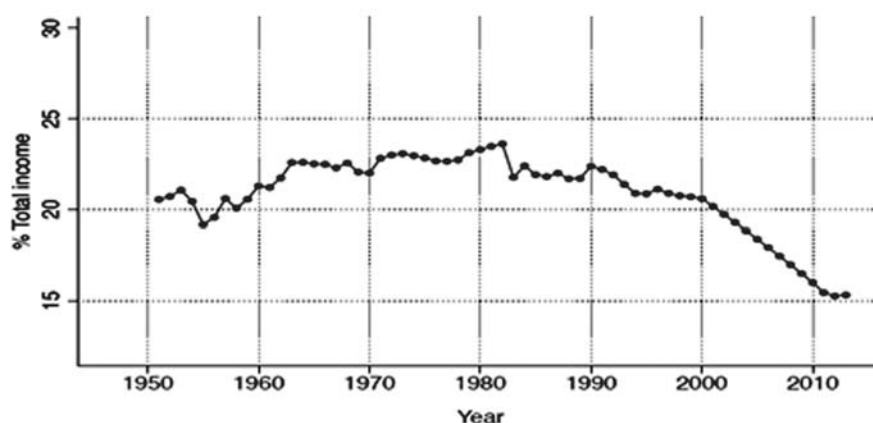


Figure 4.3: Bottom 50% income share in India, 1951-2014

Source: Reproduced from Chancel and Piketty, 2017

The above in-depth discussion about the pattern of income inequality in India implies that, during the above mentioned period of the analysis 1922-2014 (see Figure 4.1) and 1951-2014 (see Figure 4.2), the inequality trends (the share of top 1% and top 10% income earners in total income) did not follow the path as suggested by Simon Kuznets, i.e; the patterns are not inverted-'U'. Instead they are actually 'U'-shaped. If the trend of the inequality followed the path suggested by Kuznets (1955), then during the low decades of growth (1950-1980) the share of

the top 10% or the top 1% of income earners in total income would have increased and after liberalisation in the 1990s, when the growth rate was picking up, the share of the top 10% or 1% should have declined. Moreover, the increase in inequality in last decade (post-2000) has been the highest which also coincides with the period when India experienced its highest growth rates ever in history.

Growth and Human Development :

In the latest Human Development Report, 2016 (HDR, 2016) of the UNDP, India has been ranked at 131st (falling one rank from 2015) out of 188 countries. The report focuses on progress of three major parameters of human development- standard of living, life expectancy, education. The major features of it for the period 1990-2015 are given as below-

- 1) India's HDI value of 0.624 (46% growth) puts it in the 'medium human development' category, alongside countries such as Congo, Namibia and Pakistan. It is ranked third among the SAARC countries (but lowest among the BRICS nations), behind Sri Lanka (73) and Maldives (105) both fighting in the 'high human development category'.
- 2) India's life expectancy at birth increased by 10.4 years, mean years of schooling increased by 3.3 years and expected years of schooling increased by 4.1 years and its Gross National Income per capita increased by about 223.4%.
- 3) India's public health expenditure was even lower, at 1.4% of the GDP. However, it did make some gains between 1990 and 2015, improving life expectancy by 10.4 years. Child malnutrition also declined by 10%.
- 4) Inequality in human development-reduces 27% from India's HDI.
- 5) Between 1-5 years of age, girls in India and Pakistan have a 30-50 % greater chance of dying than boys.
- 6) The report noted that untargeted subsidies take away a lot of government resources. The richest 20% of India's population enjoyed subsidies of \$16 billion, thanks to six commodities and services-cooking gas, railways, power, aviation fuel, gold and kerosene.

But, in many cases the efforts from India have also been praised like- reservation policy through which share of Dalits in civil services have improved from 2% in 1965 to 11% in 2001. Rural Employment Guarantee Scheme, Right to Information

Act, National Food Security scheme and Right to Education Act, Mazdoor Kisan Shakti Sangathan have helped in popularising 'social audits' of government schemes. The success of national development programmes like Skill India, Digital India, Make in India and BetiBachaoBetiPadhao—aimed at bridging gaps in human development- will be crucial in ensuring the success of UN's Sustainable Development Goals 2030 (unveiled in 2015), as per the report.

Gender Issues : Gender discrimination is embedded in the Indian society. It shows up in most spheres such as access to education, to social and economic opportunities. The reliance on legal system to offer gender equality and justice, has not been built in a time dimension in the dispensation of justice. Further, dependence on schemes and programmes with inadequate coverage, outlays, inefficiencies and leakages in the delivery mechanism, the social, economic and legal condition of women shows inadequate improvement in terms of several indicators. We find gender discrimination in multiple levels of our society—

- 1) From sex determination tests and abortion of the female foetuses.
- 2) Differentiating between a girl and a boy belonging to the same family in terms of nutrition or food offered to them.
- 3) Restricting girl child from access to higher education.
- 4) Discriminating a girl in opportunities of employment and wages paid.
- 5) Unequal share in inheritance.

The government over the years have only relied on legal routes, instead of social transformation through proper awareness, scientific education and political will. Thus, such discriminative practices against women have always pulled back the country from all-round development.

Educational Scenario :

In the process of realising the demographic dividend, education and skill have to play the most vital role in the country. This is why the education sector remains a priority area for the government. The present concerns regarding education is briefly highlighted below.

Major findings of the ASER 2014 have been given below—

- a) There has been a decline in enrolment in the government schools in the rural areas which fell down from 72.9% of 2007 to 63.1% in 2014. This

decline looks made up by an increase in the private schools during the same period which increased from 20.2% to 30.7%. Concerns about the decline in enrolment in government schools need to be addressed. The large shift in enrolment from government to private schools might largely be attributed to poor quality of education offered in government schools.

- b) There is a sharp decline in the number of children in standard V who can read a text book of standard II in both government and private schools.
- c) The decline in educational outcomes in private schools warrants equal attention since there is an increase in the share of private providers of schooling and education across India.

As per the Economic Survey 2016-17, an important concern that is often raised in the context of school education is 'low learning outcomes'. This has been pointed out in several studies (including ASER, 2014). While there have been improvements in access and retention, the learning outcomes for a majority of children is still a cause of serious concern. Some of the underlying causes contributing to low quality of education are- Teacher Absenteeism and Shortage of professionally qualified teachers. Though the share of budget for the teacher component in SarvaShikshaAbhiyan (SSA) budget has been increasing from 35% in 2011-12 to 59% in 2014-15, teacher absenteeism and shortage of professionally qualified teachers remain an issue to be addressed. In terms of Gender Parity Index (GPI), the parity between girls and boys has improved impressively for the Scheduled Tribes at both school and higher education. But for the Scheduled Castes and overall category the parity in higher education is not impressive.

Health Scenario :

The draft approach paper to the 12th Plan proposed the idea of universal healthcare in 2012, for the first time. The funding situation did not seem conducive enough in wake of falling growth rates and so the government backed off from the idea. However, providing accessible, affordable and equitable quality healthcare, especially to marginalised and vulnerable sections of the population is one of the key objectives of the government. There are innumerable challenges to the delivery of efficient health services in India, given the scarcity of resources and the huge requirements in the health sector.

The report, 'India: Health of the Nation's States-2017', provides the first comprehensive set of findings for the distribution of diseases and risk factors across

all States from 1990 to 2016. The concept of Disability Adjusted Life Years (DALYs) provides a framework for analysing the disease burden and risk factors. DALYs is the sum of years of productive life lost due to pre-mature mortality and years of productive life lost due to disability. Some of the major findings of the report are as follows-

- a) There has been significant improvement in the health status of the individual as life expectancy at birth (LEB) has increased by approximately 10 years during the period 1990 to 2015.
- b) The per person disease burden measured as DALYs rate dropped by 36% from 1990 to 2016 in India, after adjusting for the changes in the population age structure.
- c) Of the total disease burden in India measured as DALYs, 61% was due to communicable, maternal, neo-natal and nutritional diseases (CMNNDs) in 1990, which dropped to 33% in 2016.
- d) In 2016, malnutrition still remained the most important risk factor (14.6%) that results in disease burden in the country though the disease burden due to it has dropped in India substantially since 1990.
- e) Though there have been overall improvements in overall life-expectancy in India over the years, inequalities still persist among states. One of the most populous states in India-Uttar Pradesh has a life-expectancy of 64.5 years, whereas the state of Kerala has a life-expectancy of 75.2 years of 2015.
- f) As of 2018, the number people open-defecating has declined from 55 crore in 2014 to 25 crore. States like-Sikkim, Himachal Pradesh, Kerala, Haryana, Uttarakhand, Chhattisgarh, Arunachal Pradesh, Gujarat, Daman and Diu and Chandigarh have been declared 'open defecation free'.

Expenditures by the Government healthcare providers accounts for about 23% of the Current Health Expenditure (CHE) as per National Health Accounts 2014-15 that reflects the prominence of private hospitals and clinics among health care providers. The expenditure on pharmacies accounted for 29% of CHE by both health care providers (government and private). In a developing country like India, incurring higher levels of out of pocket expenditure adversely impacts the poorer sections and widens inequalities. Although this expenditure has declined 7% between 2004-05 and 2014-15, the share is still high as 62% in 2014-15. In the Union Budget of 2018-19 the Government of India announced a the world's largest government

funded health care program named as National Health Protection Scheme (NHPS), aiming to cover over 10 crore poor families providing coverage of Rs. 5 lakh per family per year for secondary and tertiary care hospitalisation.

Social Sector Expenditure :

India's social sector expenditures has not reflected a major increasing trend in the recent past (2008-2016). An increase in expenditure may not always guarantee appropriate outcomes and achievements. The efficiency of expenditure incurred so far can be assessed by the performance of social sectors through social indicators. An overall assessment of social sector expenditures in terms of achievements shows that wide gaps still exist in educational and health outcomes and there is need for substantial improvements and the need to remove inequalities in the country.

The data regarding General Government (Centre and State) expenditures of India on the 'social sector' for the year 2017-18 (i.e, Budget Expenditures) are stated below-

- a) Total Expenditure- 26.4% of the GDP (26% in the previous year)
- b) Expenditures on social services-6.6% of GDP (6.5% in the previous year)
- c) Expenditure on Education-2.7% of GDP (2.6% in the previous year)
- d) Expenditure on Health-1.4% of GDP (1.5% in the previous year)

13.4 Conclusion

There are positive externalities of social infrastructure. It has a significant role in economic development and welfare of a nation. Expenditure on health and education positively impacts growth, have been widely recognised. Investing in human capital by the way of education, skill development, training and provision of healthcare facilities enhances the productivity of workforce and welfare of the population. The followings points suggests some actions that could be pursued so that economic growth can be achieved along with all-round development.

- 1) Strong action is required in direction of improving the quality of education provided in schools to arrest and reverse the decline in enrolment in government schools. It is also essential to improve the outcome in both private and public schools. An important way through which this could be achieved is by improving the quality of teachers.
- 2) Innovative models, for delivery of better services is required as it has a

crucial role to play in India's march towards double-digit growth.

- 3) Without improvement in social infrastructure, development of a country is incomplete. To capitalise the advantages that India will have on the demographic front with a large segment in the productive age-group, social infrastructure requires fresh impetus with focus on efficiency to improve the quality of human capital. To foster education and skill development of its diverse including the marginalised, women and differently abled and to provide quality health and other social services, the Government has identified has identified potential technology platforms which can significantly improve efficiency in the system.
- 4) Overhauling of the subsidy regime is needed with faster pace. It will not only rationalise the subsidies but bring in variety of other benefits in the service delivery system-inclusion of the needy population, exclusion of fake accounts, prevention of corruption and leakages. The idea of Direct Benefit Transfers through the Jan-DhanYojana introduced by the Government could be path-breaking.
- 5) There is a need for integrating the social sector initiatives of the Centre, states and local bodies. The new 'think-tank' NITI Aayog has been playing role of an important platform for this.
- 6) The local bodies including the Panchayati Raj Institutions, should be strengthened. This will not only boost the social sector but will have an effect of externality through awareness, participative citizenry.

13.5 Summary

We have discussed here the essential difference between growth and development. We have tried understanding whether the two actually brings development following the socio-economic parameters of desirable living.

13.6 Questions

Discuss briefly :

- 1) What do you mean by 'Development'?
- 2) What is the difference between 'Growth' and 'Development'?
- 1) Discuss the importance of focusing on Development, rather than Growth from the Indian context.

13.5 References

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Module II
Theorizing Development

Unit 14 □ Sustainable Development

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14.1 Learning Objectives

Environment is not external to humans but an integral part of our existence. Throughout the history of environmental issues, the concept of "sustainable development" has played a prominent role in addressing some of the major challenges of not only the environment but socio-economic issues as well. In this unit, we will be examining the concept and importance of sustainable development in the development discourse, and how it conveys significant aspects of social, economic and environmental sustainability.

Thus, the salient learning objectives of this unit are:

- ❖ To understand the concept of Sustainable Development.

- ❖ To understand the history, pillars, and principles of Sustainable Development.
- ❖ To understand Millenium Development Goals which were institutionalised before Sustainable Development Goals.
- ❖ To understand Sustainable Development Goals.
- ❖ To examine the issues and challenges of achieving Sustainable Development Goals in India in the context of gender.

14.2 Introduction

Development is important for any nation or society as it leads to the progress of that country. However, any development which is carried forth at the cost of other human beings, environment and biodiversity is not only unequal but also unsustainable. In contemporary times when nations across borders are progressing at a fast pace, there have been concerns regarding the kind of progress we have been making. Environmental degradation, growing social and economic inequalities, and now the Covid19 pandemic are also a reality of the unsustainable times we exist in. Societies cannot be considered progressive and advanced if their environment is degrading because of its economic activities, and the marginalised communities are further pushed to the peripheries of vulnerabilities. In order to address these wide ranging yet interrelated issues of not only the environment but wide ranging socio-economic issues, the concept of "sustainable development" emerged in the 20th century to tackle and combat these challenges worldwide.

Concerns regarding environmental degradation is not something new but has been there since many decades. Many prominent scholars and thinkers had warned regarding the implications of deteriorating the ecology, and degrading the environment. In the history of mankind, several ecological and social crises have taken place which shook the world and emphasised on the dire need for a more sustainable way of existence. Many ecologists and philosophers had warned us regarding the unnerving extent of the environmental degradation. For instance, in 1968 the ecologist and philosopher Garret Hardin wrote an essay "The Tragedy of the Commons" in which he argued that if individuals act independently and only focussed on their individual interests then it would stand in sharp contrast to the community goals, and also put pressure on our nature and its resources. Hardin was of the view that mankind needed to radically change its way of using common resources to avoid a disaster in the future in order to lead a sustainable life (Youmatter: 2018). The

actions of human beings have had dire consequences for our planet's ecosystems. Unsustainable forms of development have not only aggravated the developmental social inequalities but have had grave consequences on the entire ecosystem. Unsustainable development increases many social and environmental issues.

Thus, in this unit, we will examine how such social and environmental issues have been addressed through the concept of sustainable development in order to achieve sustainability not only in the present generations but also for the future ones. In contemporary times, the concept of sustainable development paradigm has dominated the development discourse. Sustainable development focuses on the growing concerns about a range of environmental issues with socio-economic issues. (Rath: n.d.). Sustainable development is the larger encompassing idea that the future of our world should be a better, healthier place than the present and the past (Blewitt: 2018).

We will examine in detail the concept of sustainable development in the next section by examining its inception, principles and pillars to establish our basis for this unit.

14.3 Understanding Sustainable Development (SD)

Development is always multi- dimensional, and sustainable development is one important dimension of development. Sustainable development has garnered attention in the academic, governance, planning and development intervention space (Mensah: 2019: 15). The concept of sustainable development entails minimising the use of exhaustible resources of our planet in order to create a constant flow of it across generations, and making an appropriate use of renewable resources (Rath: n.d.). This concept identifies that growth must be both inclusive and environmentally sound in order to eradicate and lessen poverty, and build a shared prosperity for today's population and to continue to meet the needs of future generations (ibid).

DID YOU KNOW?

During the 20th century, the publication of Rachel Carson's *Silent Spring* in 1962, which analysed the devastating ecological impact that chemical pesticides had on the American countryside, marked the beginning of what became known as Earth politics and the modern environmental movement (Blewitt: 2018:7).

It is important to understand what sustainability means as many times sustainable development and sustainability are used synonymously. Basiago (1999) states that

sustainability means a capacity to maintain some entity, outcome or process over time (as cited in Mensah: 2019: 5). DESA-UN (2015) elucidates that the ultimate objective of the concept of sustainability, is to ensure suitable equilibrium among society, economy and the environment in terms of the regenerative capacity of the planet's life-supporting ecosystems (Mensah: 2019). Scholars like Diesendorf (2000) states that sustainability is the goal or endpoint of a process called sustainable development (Mensah: 2019). Sustainability is a paradigm for aiming at a future in which environmental, societal and economic considerations are balanced in the aim to achieve an improved quality of life (UNESCO: 2015). Sustainable development is a process, a way of achieving things which includes values and principles and practical goals or desirable outcomes, such as the UN Sustainable Development Goals being developed in 2015 (fdd.org: 2020).

Karl Thompson states that the concept of sustainable development has two important aspects- First, is Development, and second is Sustainable (Thomson: 2015)-

- A. 'Development' emphasizes the aspect that people have basic needs and that there is a need for further economic development as many people still live under impoverished and difficult conditions.
- B. The 'Sustainable' aspect recognises the fact that there are certain limits to growth since our earth has limited resources as well as capacity to consume waste generated through certain environmentally degrading economic practices.

Prominent Indian environmentalist Dr. M. S. Swaminathan has defined 'Sustainable Development as a future in which standard of life is improved through economic development and where local environment and biosphere are protected and science is mobilised to create new opportunities for human progress (Mittal & Kaur: n.d.). There are four major dimensions to sustainable development society, environment, culture and economy which are interrelated as well as intersect each other (UNESCO: 2015). A prosperous and a progressive society is one which has a healthy environment to provide food and resources, safe drinking water and clean air for its people (UNESCO: 2015). Angela Delli Paoli et al., 2020 states that sustainable development means a developmental process which is aimed at providing basic environmental, social, and economic services to all the members of a community, without impairing the environmental and social setting in which such services are provided.

Sustainable development is about protecting and conserving the planet's natural environment and promoting social equity and a degree of economic equality within and between nations (Blewitt: 2018: 20). Even though there are many definitions and perspectives on sustainable development, the most often cited definition of the concept is the one which was proposed by the Brundtland Commission Report. We will examine this report in detail while examining the history of the concept of sustainable development.

DID YOU KNOW?

Few prominent literary publications have given a boost to the world's thinking on sustainable development, and nature's conservation. Some of those classic works on environmental protection are apart from Rachel Carson's "Silent Spring"(1962):

- "How to be Survivor: A Plan to Save Spaceship Earth (1971)- Paul Erich's
- Only One Earth(1972): Barbara Ward and Rene Dubos
- The Greening of America (1970)- Charles A. Reich
- Small is Beautiful (1973)- E.F. Schumacher's

Rachel Emas states that the intrinsic interdependence between the long-term stability of the environment and the economy has been the bedrock of sustainable development (Emas: 2015:2). What makes sustainable development different from earlier traditional environmental policies has been the dire importance of conserving resources for the future generations, and in addressing the issues of environmental degradation. The major objective of sustainable development (SD) has been the long-term stability of the economy and environment wherein the chief principle of it has been the integration of environmental, social, and economic concerns into all aspects of decision making (Emas: 2015).

We have examined a brief understanding of the concept of sustainable development but it is important to explore the historical events which led to the prominence of sustainable development worldwide.

14.3.1 History of Sustainable Development

The literature on the concepts 'sustainability' and 'sustainable development' is vast (Burns: 2013). The idea of sustainable development has emanated through varied political and environmental struggles, citizen and government engagement

with the complexity of contemporary ecological and other problems, and a vast array of perspectives, values and interests that have been applied in seeking to understand and deal with them (Blewitt: 2018:7). It has a long history and can take different forms in different places and at different times (Blewitt: 2018). Pigou (1920) was of the view that historically, Sustainable development as a concept, derives from economics as a discipline (Mensah: 2019: 6). It has also been stated that the inception of the concept of sustainable development was very much embedded even in Malthus theory of population growth in the late 1700s. However, the concept started gaining popularity in the early 1970s which was followed by a range of monumental publications drawing attention to man's over exploitation of the environment (Rath: n.d.).

It was around 1972 and 1992 that the theoretical framework for sustainable development evolved through a series of international conferences and initiatives. Prominent academicians, researchers and development practitioners have asserted that the concept of sustainable development received its first major international recognition in 1972 at the UN Conference on the Human Environment held in Stockholm (Mensah: 2019: 7). It was through this conference that a considerable impetus was created and a series of recommendations led to the establishment of the UN Environment Programme (UNEP) as well as the creation of numerous national environmental protection agencies at the national level (Rath: n.d.).

In 1980, the International Union for the Conservation of Nature (IUCN) published its world conservation strategy document which is one of the original sources of the expression 'sustainable development' (Rath: n.d.). As it has been stated before, it was only after the revival by the Gro Harlem Brundtland report "Our Common Future", published in 1987 that sustainable development gained momentum. Furthermore, the 1992 Rio Summit laid the foundations for the global formalisation of sustainable development. Thus, sustainable development was first listed as the answer to the issues of environmental degradation by the Brundtland Commission in 1987 (Mittal & Kaur: n.d.). The report defined Sustainable development as the well known definition of "development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs". Kates and others (2000) states that one of the pertinent premises of the Brundtland Commission Report on sustainable development were the concept of needs, in particular the essential needs of the world's poor; and the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs (Mensah: 2019)

Jain and Islam (2015) contends that the Brundtland report gave rise to the United Nations Conference on Environment and Development (UNCED), known as the Rio Earth Summit, in 1992. In the year 2012, almost twenty years after the first Rio Earth Summit, the United Nations Conference on Sustainable Development (UNCSD) or Rio+ 20 was held (Mensah: 2019: 7). Allen and others (2018) states that the focus of this conference was on two themes: green economy and an institutional framework (Mensah: 2019). The aftermath of Rio +20 contained a process for developing new Sustainable development goals (SDGs), which were to take effect from 2015 while encouraging well defined action on SD in all sectors of global development (Mensah: 2019: 7). We will discuss the goals in detail in section 5.00 of this unit.

DID YOU KNOW?

It is important to briefly look at various earth summits amidst many others that led to various global agreements to address and resolve environmental issues (Thompson: 2015)-

- Agenda 21 - In this the signatories agreed in principle to the concept of sustainable development.
- The 1993 Convention on Biological Diversity which focuses on development but not at the cost of ecology.
- The 1997 Kyoto Protocol, in which 192 nations eventually committed to reducing greenhouse gas emissions
- In 2015 - The Sustainable Development Goals - A set of 17 goals which look forward to 2030, approximately half of which are explicitly to do with sustainability, a much stronger commitment than the previous Millennium Development Goals.

We will discuss these 17 goals in detail in the following sections of this unit.

In the year 2012, Sustainable development was identified as one of the five key priorities by the United Nations Secretary-General Ban Ki-Moon by highlighting the key role Sustainable development should play in international and national development policies, programmes and agenda (Mensah: 2019: 8).

We have explored a brief understanding of the concept of sustainable development, its importance and the historical events which led to the prioritisation of the concept. We will now examine the important principles and pillars of sustainable development in the following sections to further understand the concept in detail.

14.3.2 Principles of Sustainable Development

Salient principles of the concept of sustainable development were formulated in the Rio Declaration, 1992 and Agenda 21. These principles play a monumental role in achieving the goals for sustainable development (Mittal & Kaur: n.d.).

The fundamental principles of sustainable development are as follows (Mensah: 2019; Mittal & Kaur: n.d.).

- a. Inter-generational equity;
- b. Use and conservation of natural resources;
- c. Environmental protection;
- d. The precautionary principle;
- e. The 'Polluter Pays' principle;
- f. Principle of liability to help and co-operate;
- g. Poverty eradication; and
- h. Principle of 'public trust'

Above all, the most important principle of sustainable development is that the people should be responsible for the conservation of the environment (Mensah: 2019: 14). It is a collective endeavour. Humans have to collectively achieve peace, conservation of the environment, and sustaining society. Sustainable Process thus, needs to be participatory wherein people from all walks of life should be involved in the process. We will now explore important pillars of sustainable development which establish the important tenets of sustainability in the long run.

14.3.3 Pillars of Sustainable Development

Sustainable development does not focus only on environmental issues but on a larger spectrum which encompasses three general policy areas namely economy, environment and society. Thus, sustainable development thrives on society, economy and the environment which are interrelated, and these three spheres are the three pillars of sustainable development. "Economic sustainability", "Social sustainability", and 'Environmental sustainability are the cornerstone of sustainable development.

1. **Economic Sustainability:** Economic sustainability includes a system of production which aims to satisfy the present consumption levels without compromising the needs of the future (Mensah: 2019: 9).

2. **Social Sustainability** : Daly (1992) states that social sustainability incorporates the notions of equity, empowerment, accessibility, participation, cultural identity and institutional stability (Mensah: 2019: 10). Scholars like Gray (2010) and Guo's (2017) contends that social sustainability covers many issues like human rights, gender equity and equality, public participation and rule of law all of which aims to promote peace and social stability for a developmental process which is sustainable (Mensah: 2019: 10).

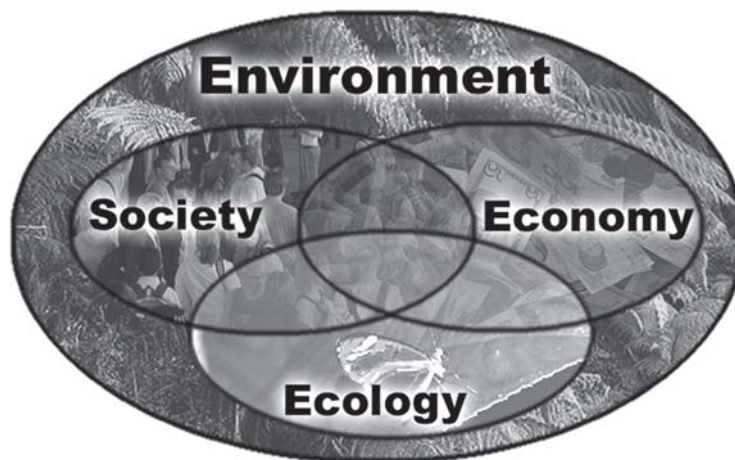


Figure : Inter-relatedness of Society, Economy and Ecology

Source:https://upload.wikimedia.org/wikipedia/commons/e/ea/Ecology_Society_Economy_diagram_Environment_background.jpg

3. **Environmental Sustainability** : Environmental sustainability entails a system in which countries do not pressurise the ecosystem and live in harmony with nature. Brodhag&Taliere (2006) states that environmental sustainability relates to ecosystem integrity and carrying capacity of the natural environment. For instance, due to rapid changes in the environment and also its degradation changes in the climate can be seen all over the world. Mensah states (2019) that effects of climate change provide a convincing argument for the need for environmental sustainability.

Thus, our actions on this planet not only affects humans but the environment. Everything in society is interrelated. Wanamaker (2018) states that the spheres of social, economic, and ecology constitute a set of interrelated concepts which

should form the basis of human decisions and actions in the quest for SD (Mensah: 2019: 8).

The concept of sustainable development is simple yet has many interpretations and perspectives but its essentiality has been recognised universally. The formulation of the Sustainable Development Goals (2015-2030) have been an important landmark in the history of achieving sustainable development. However, before the Sustainable Development Goals were designed, Millennium Development Goals (2015) were formulated in 2000 to address the burning issues of society, and the environment. Thus, it is imperative to briefly discuss the Millennium Development Goals (2015) after which the Sustainable Development Goals were developed.

14.4 Millennium Development Goals

The Millennium Development Goals were institutionalised prior to the Sustainable Development Goals. Millennium Development Goals marked a global mobilisation to achieve a set of important social priorities worldwide. After many conferences and summits, in 2000 the world leaders came together at the United Nations Headquarters in New York and adopted the United Nations Millennium Declaration through which the committed nations pledged to a new global partnership to reduce extreme poverty to achieve 8 targets by the year 2015 (Joshi: n.d.). This is generally known as the Millennium Development Goals.

The 8 major objectives of the Millennium Development Goals were (Blewitt: 2018: 19)

- Halving extreme poverty and hunger;
- Achieving universal primary education;
- Empowering women and achieving gender equality;
- Reducing mortality for the under-fives by two-thirds;
- Reducing maternal mortality by three-quarters;
- Reversing the spread of major diseases, especially HIV/ AIDS and malaria;
- Ensuring environmental sustainability;
- Creating global partnerships for development with targets for trade, aid and debt relief.

The Millennium Development Goals were an important platform for achieving

environmental sustainability along with many socio-economic issues which had plagued society for a long time. Critic Samir Amin held the view that the Millennium Development Goals were designed to shore up the North's global economic and political dominance of the South (Blewitt: 2018). In spite of the relative effectiveness of the Millennium Development Goals, not all the targets of the eight goals were achieved and thus there was a need for the introduction of the Sustainable Development Goals. to continue with the development agenda (Mensah: 2019: 11).

14.5 Sustainable Development Goals

The Sustainable development goals had succeeded the Millennium Development Goals (MDGs) which acted as a reference and universal guidepost for transforming into sustainable development in the period 2015-2030 (Angela Delli Paoli et al.: 2020). The Sustainable development goals in contrast to the Millennium Development Goals are supposed to be universal and applicable to both developing and developed countries (Angela Delli Paoli et al.: 2020: 49). In the year 2014, after a year of intergovernmental work (usually known as the Open Working Group), and after the decision taken at the RIO + 20 Conference, a proposal was put forward in the form of 17 goals, with several targets under each goal, amounting to a total of 169 targets (Angela Delli Paoli et al.: 2020: 49). The 17 global goals were formulated and designed in a holistic manner in order to be inclusive, empowering, and gender-sensitive (Barua: 2021).

The 17 Sustainable Development Goals are (Ford: 2015) :

- 1) End poverty in all its forms everywhere
- 2) End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- 3) Ensure healthy lives and promote wellbeing for all at all ages
- 4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 5) Achieve gender equality and empower all women and girls
- 6) Ensure availability and sustainable management of water and sanitation for all
- 7) Ensure access to affordable, reliable, sustainable and modern energy for all

- 8) Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
- 9) Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
- 10) Reduce inequality within and among countries
- 11) Make cities and human settlements inclusive, safe, resilient and sustainable
- 12) Ensure sustainable consumption and production patterns
- 13) Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)
- 14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably managed forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss
- 16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- 17) Strengthen the means of implementation and revitalise the global partnership for sustainable development

The sustainable development goals were adopted by 193 countries. These goals came into effect in January 2016, which aim to foster economic growth, ensure social inclusion and protect the environment. Agenda 2030 has five overarching themes, known as the five Ps: people, planet, prosperity, peace and partnerships, which span across the 17 SDGs (Mensah: 2019: 11). These goals aim to tackle the root causes of poverty, covering areas such as hunger, health, education, gender equality, water and sanitation, energy, economic growth, industry, innovation & infrastructure, inequalities, sustainable cities and communities, consumption & production, climate change, natural resources, and peace and justice (Mensah: 2019: 11-12).



Figure 17 : Sustainable Development Goals

Source: https://i1.wp.com/www.un.org/sustainabledevelopment/wp-content/uploads/2015/12/english_SDG_17goals_poster_all_languages_with_UN_emblem_1.png?fit=728%2C451&ssl=1

These goals have been published as an essential element of the UN's 2015 Development Agenda which was formally adopted in New York at the UN Sustainable Development Summit in September 2015 and published as Transforming our World: The 2030 Agenda for Sustainable Development (Blewitt: 2018: 17).

While these goals are specific and aim to target a number of socio-economic and environmental challenges, and are followed by different countries, yet the experience of implementing policies in achieving these goals is different for different countries. As we know that the sustainable development goals are adopted by both the developing as well as the developed nations. However, since each country is different, the challenges in attaining the goals are also different for varied nations. We will understand this in detail in the next and final section by examining a case study on how sustainable development goals are not easily achievable in a nation like India because of its embedded inequalities, and other social challenges.

14.6 Challenges in Achieving Sustainable Development Goals in India: A Case Study on Gender

The case study in the context of gender and sustainable development goals [SDGs] in India explored in this section shed light on how different countries encounter differing challenges in attaining SDGs. Gender plays a prominent role in understanding developmental issues, and sustainable development. Blewitt (2018) states that many grave issues like that of climate change, global poverty, economic inequality and scarcity of water also highlight the significance of gender in sustainable development. Barua (2021) states that the pandemic has posed many new challenges to the process of sustainable development goals as it has had a devastating socioeconomic impact. The prioritisation of sustainable development goals by the nations worldwide has become all the more imperative since the pandemic.

The difference between SDGs and MDGs has been SDGs global commitment to achieving visible gender equality, integrated and ingrained into all the SDGs apart from the standalone Goal 5. It is goal 5 in the sustainable development goals which aims at achieving gender equality and empowerment. Gender and women's empowerment plays a prominent role in achieving sustainability which has been universally recognised. Barua (2021) states that even though the pandemic has shed light on some of the dire consequences of persisting inequalities in nations, yet the progress on the goals had been uneven even before the COVID-19 crisis. Goal 5, pertaining specifically to women empowerment and gender equality, has proven to be particularly challenging for many countries, including India.

In this case study on gender, we will explore how gender issues and empowerment of women and girls still remain challenging in India especially for tribal women. Sustainable development goals place important emphasis on the empowerment of women and the girls, and achieving gender equality. However, achieving maximum gender equality is still a distant dream in India especially for women who belong to marginalised sections. Barua states that even though there has been positive changes on a few aspects in the context of gender, for instance, improving sex ratio, more girls having access to education and more women serving in positions of leadership. But such positive transformations are not reflected in the status of women belonging to the Adivasi and other marginalised communities of the Northeast region (Barua: 2021). These women have been marginalised and oppressed for decades in India, and are subjected to varied forms of discrimination, and are

exposed multiple levels of violence, abuse, sexual exploitation, and do not have access to basic healthcare. Furthermore, women belonging to the adivasi community of the North east region live in abject poverty. These women play the most monumental role as primary caretakers of the family and the larger community, wherein environmental degradation and climate changes affects the natural resources on which they depend on and garner food and water (Barua: 2021).

Women from these communities have to perform a number of tasks apart from doing household chores, they have to travel long distances to fetch water, food, and fuel which compounds to their domestic pressure of work. Besides, many women have to even work and earn wages as sole wage earners as their husbands fall prey to alcoholism and other issues. Barua states that even though the North-east region fairs better than the rest of the nation on number of verticals, especially a lower gender gap in literary and women's work participation, women from the marginalised sections fall prey to many challenges and violence which is inflicted on them. She states that according to the data from National Crime Records Bureau's reports on 'Crime in India' indicates a high number of kidnapping cases of women from Assam who are then forced into prostitution (Barua: 2021).

Tanvi Barua posits sustainable development can be achieved when the lived experiences of women belonging to Adivasi and other marginalised communities are taken into account. These women share a symbiotic relationship with nature, and thus, their perspectives play a crucial role in the sustainable development process. Thus, when countries like India will follow and adhere to the central tenet of the 2030 Agenda, 'Leave no one behind,' can it and the world achieve sustainable development (Barua: 2021).

14.7 Conclusion

Sustainable Development is an indispensable need of the hour. Given the unprecedented levels of environmental degradation and increasing levels of social issues across the world, achieving sustainable goals has become all the more pertinent. As we explored in this unit, sustainable development's discourse looks at development and growth as economy centric but a blend between growth, human development and environment (Rath: n.d.). The discourse on sustainable development emphasises on the importance of the environment which is not external to humanity but a fundamental part of it.

Sustainable development is an effort at guaranteeing a balance among economic

growth, environmental integrity and social well-being. When we try to examine sustainable development, we understand it in varying contexts and definitions, however, the major premise about the concept is the intergenerational equity, which recognises both the short and long-term implications of sustainability in order to address the needs of both the current and future generations (Mensah: 2019). Thus, what is important in achieving sustainable development is that people participate in the process in order to address the social, environmental, and economic issues of different countries and society at large. Furthermore, creating awareness through education is pertinent in achieving sustainable development. This can only be achieved successfully when different countries design and implement social policies which aids tolerance, social cohesion and justice as the major foundations of social goals of sustainable development (Mensah: 2019: 16).

Sustainability entails a creation of a political order in which natural resources are maximally controlled by the local communities who are dependent on those resources. Furthermore, decision-making within the community ensures participatory development and a democratic decentralisation. It is only through these means can sustainable development be achieved in society (Down To Earth: n.d.). Finally, as we had seen in the previous section on gender issues and sustainable development in India, the challenges in achieving goals of sustainability are specific to a specific country. Allan and others in this context emphasise the importance of country specific approach to the global goals (Mensah: 2019: 12). Thus, developed nations should aid the developing ones in achieving their sustainable development goals. These goals cannot be met in isolation or only through governmental efforts. What is also needed as Breuer et al. (2019) argues that primal stakeholders such as private sector, NGOs, and civil society play a monumental role in achieving the 17 targets of the sustainable development goals (Mensah: 2019). Finally, as Enrico Giovannini (2020) asserts that in order to make the world more sustainable what is needed is holistic technologies, a revolutionary transformation in the mindset of people around the world, and a redesign of both public and private governance private institutions.

14.8 Summary

In this unit, we examined the concept of sustainable development, its importance, emergence, and the monumental pillars and principles which form the base for achieving sustainable development. We then examined Millenium Development Goals, and Sustainable Development Goals which have been vital in addressing varied

socio-economic as well as environmental issues across nations. We summarised the unit by focussing on a case study on gender issues in North East India, and challenges of achieving sustainable development goals to understand how different countries face specific challenges in attaining these objectives of sustainable development.

14.9 Questions

Answer Briefly :

1. Write a short on Sustainable Development.
2. What was the Brundtland Report on Sustainable Development?
3. What are the Millenium Development Goals?
4. What is Environmental Sustainability?
5. Define Sustainability.

Answer in detail :

1. Examine the important principles of sustainable development.
2. What is Sustainable Development? Examine the main pillars of sustainable development.
3. Explain Sustainable Development Goals.
4. Why is gender equality important for sustainable development? Examine this with a suitable example.

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14.11 Suggested Readings

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14.12 Glossary

- **Sustainability:** DESA-UN (2015) elucidates that the ultimate objective of the concept of sustainability, is to ensure suitable equilibrium among society, economy and the environment in terms of the regenerative capacity of the planet's life-supporting ecosystems (Mensah: 2019). Scholars like Diesendorf (2000) states that sustainability is the goal or endpoint of a process called sustainable development (Mensah: 2019).
- **Sustainable Development :** Sustainable development is the development which meets the needs of the current generation without compromising the ability of future generations to meet their own needs.
- **The Brundtland Report :** Sustainable development was first listed as the answer to the issues of environmental degradation by the Brundtland Commission Report in 1987 (Mittal & Kaur: n.d.). The report defined Sustainable development as the "development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs".
- **Environmental Sustainability :** Environmental sustainability entails a system in which countries do not pressurise the ecosystem and live in harmony with nature. Brodhag & Taliere (2006) states that environmental sustainability relates to ecosystem integrity and carrying capacity of the natural environment.
- **Economic Sustainability :** Economic sustainability includes a system of production which aims to satisfy the present consumption levels without compromising the needs of the future (Mensah: 2019: 9).
- **Social Sustainability :** Daly (1992) states that social sustainability incorporates the notions of equity, empowerment, accessibility, participation, cultural identity and institutional stability (Mensah: 2019: 10).
- **Sustainable Development Goals :** In the year 2014, after a year of intergovernmental work, and after the decision taken at the RIO + 20

Conference, a proposal was put forward in the form of 17 goals, with several targets under each goal, amounting to a total of 169 targets (Angela Delli Paoli et al.: 2020: 49). These goals aim to tackle the root causes of poverty, covering areas such as hunger, health, education, gender equality, water and sanitation, energy, economic growth, industry, innovation & infrastructure, inequalities, sustainable cities and communities, consumption & production, climate change, natural resources, and peace and justice (Mensah: 2019: 11-12).

- **Millenium Development Goals :** Millennium Development Goals marked a global mobilisation to achieve a set of important social priorities worldwide by 2015. After many conferences and summits, in 2000 the world leaders came together at the United Nations Headquarters in New York and adopted United Nations Millennium Declaration through which the committed nations pledged to a new global partnership to reduce extreme poverty to achieve 8 targets by the year 2015, generally known as the Millennium Development Goals (Joshi: n.d.).

Unit 15 □ Developmental Inequality: Caste, Tribe and Gender

15.1 Learning Objectives

15.2 Introduction

15.3 What is Developmental Inequality?

15.4 Sustainable Development Goals

15.5 Critique of Uneven Development: The Indian Context

15.6 Developmental Inequality: Caste

15.6.1 Case Study: Development and Exclusion of Dalits in Gujarat

15.6.2 Conclusion

15.7 Developmental Inequality: Tribe

15.7.1 Issues and Problems of Tribal Development

15.7.2 Case Study : Mahanadi Coal Fields Ib valley and Displacement of the Tribals

15.7.3 Conclusion

15.8 Developmental Inequality: Gender

15.8.1 Case Study: Gender Violence in Odisha

15.8.2 Conclusion

15.9 Summary

15.10 Questions

15.11 References

15.1 Learning Objectives

In this unit you will be able to comprehend and understand the following objectives:

- ❖ Understanding the development process in brief and the emergence of Sustainable Development Goals
- ❖ Understanding the unequal facets of development which will help you to

develop and enhance deeper insights and comprehension into the social implications and social cost of development

- ❖ The social cost and implications of developmental inequality will be understood in the context of India through the experiences of the marginalised caste groups, tribes and women
- ❖ Each section of the unit on caste, tribe and gender are supported with recent studies and literature to help you garner sufficient understanding of the inequalities that are heightened through the development process
- ❖ This will then shed light on why do these inequalities still persists in India in the context of development
- ❖ Towards the end you will be able to explicate who gets what from the development process and economic growth and who are the ones that are left behind

15.2 Introduction

One of the most integral aspect and a core component of any society is 'development'. Development is an indicator of change and dynamism in society which is a positive desired change. There are various indicators in the process of development. Some of those important indicators of development are: Economic growth, Human Development, Social Development and Sustainable Development. Thus, development also reflects an improvement in the quality of life of everyone, especially of the marginalised sections of the society.

One of the most daunting realities of any society is that society does not always function merely on the basis of formal principles. Egalitarianism within society is a utopian dream since the functioning of any society is entangled within the varied complexities of social formations, and the pernicious forces of caste, class, gender, religion, race, ethnicity which still spreads and permeates through every aspect of a particular society. The struggle for equality has been at the foreground of almost every society.

The inequalities that exist in varied forms in different societies thus privileges one group over the other and marginalises the other groups which occupy the lower rungs of society. Such inequalities are a result of the flawed and heinous social constructions of society privileging one set of social group over the other. These inequalities also exists within the paradigm of development. You can even

understand this in the context of the vast difference between the developed and developing countries which have been the result of the colonial exploitation. The development process has been exploitative in nature and has been advantageous for some and highly unfair for many.

One of the most eminent scholars and economist Amartya Sen stated that "Development is Freedom" (1998), which is an expansion of the citizens capabilities. But have we truly reached that stage? Has the capabilities of individuals and groups actually been enhanced through the process of development? Has the development process been egalitarian and equal? These and many other startling questions will be explored in this unit which will help you to understand the unequal process of development which is marked by differences in caste, ethnicity (tribe), and gender. Let us now turn to an understanding of what exactly is developmental inequality.

15.3 What is Developmental Inequality?

Developmental inequalities spring when the process entails dynamics of power relations and is a part of the dominant discourse. It emerges when the perspective and goodwill of everyone is not taken into account despite a number of provisions and opportunities. Development refers to the enlargement of people's choices when there is availability, accessibility, affordability and awareness of the development process. Development does not refer only to the physical dimensions (for example, building of roads, malls, etc.) of development but when there is a reduction of structural inequalities in terms of religion, caste, class, gender, region and ethnic identities is when the process of development is inclusive and the social implications of it are taken care of. But it is when the process of development is not inclusive and when the enlargement of people's choices are not increased but curbed is when one can observe issues of rising developmental inequalities.

According to United Nations inequality is the state of not being equal, especially in status, rights and opportunities and is of two types : Economic inequality which is the unequal distribution of income and opportunity between individuals or different groups in society; and Social inequality which occurs when resources in a given society are distributed unevenly based on norms of a society that creates specific patterns along lines of socially defined categories e.g. religion, kinship, prestige, race, caste, ethnicity, gender etc. have different access to the resources of power, prestige and wealth depending on the norms of a society (Drishti IAS 2019). Both economic and social inequalities intersect in the process of development. Let us

now turn our attention to an understanding of Sustainable Development Goals which will help us examine the extent to which these have been employed in India and whether the desired changes have been witnessed.

15.4 Sustainable Development Goals

'Sustainable Development' has also been an important indicator of development. In the year of 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development that includes 17 'Sustainable Development Goals' (SDGs) which centres around the principle of "leaving no one behind" and emphasises a holistic approach to achieving sustainable development for all by 2030. Around 193 member countries including India, committed itself to these goals. It addresses major issues like poverty, inequalities and tackle climate change so that the vulnerable groups like the Indigenous People, Women, Persons with Disabilities, Children and Other marginalised groups are lifted from their marginalised conditions. It encompasses social, economic and environmental development. At the center of the SDGs are 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries whether developed or developing in coherence and partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests. You can also visit the United Nations official website to gather information and knowledge on how different countries are tackling and initiating process of Sustainable Development. Sustainable Development Goals are also known as Global Goals. The main agenda for adopting SDGs is to promote a strong, healthy and just society which can be achieved through promoting personal wellbeing, social cohesion, and inclusion, and creating equal opportunity for everyone. This is why the main agenda and propagation of SDGs is 'leaving no one behind'. The 17 Sustainable Development Goals are (Liz Ford 2015: The Guardian):

- 1) End poverty in all its forms everywhere
- 2) End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- 3) Ensure healthy lives and promote wellbeing for all at all ages
- 4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- 5) Achieve gender equality and empower all women and girls
- 6) Ensure availability and sustainable management of water and sanitation for all
- 7) Ensure access to affordable, reliable, sustainable and modern energy for all
- 8) Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
- 9) Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
- 10) Reduce inequality within and among countries
- 11) Make cities and human settlements inclusive, safe, resilient and sustainable
- 12) Ensure sustainable consumption and production patterns
- 13) Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)
- 14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably managed forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss
- 16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- 17) Strengthen the means of implementation and revitalise the global partnership for sustainable development

Social sustainability is achieved when the development process maintains the social cohesion between various groups which cuts across caste, class, gender and religious identities. Economic and environmental sustainability is maintained when the natural resources are not exploited for the process of development, there is no environmental degradation and the consumerist lifestyle that is the social reality of today doesn't pressurise the environment. Plus, the widening and burgeoning gaps between the rich and the poor is not aggravated. Sustainable Development entails and aspires a social coherence people's development along with that of the future

generations. Sustainable Development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Critics of the process of development have argued that the development process has not improved the quality of life of the marginalised people as it had been visioned. Even if governments, NGOs, and other international organisations are working towards in achieving the 2030 Sustainable Development Goals yet the ground reality is extremely tragic and unfortunate especially in the Indian context.

Let us now examine and explore uneven and unequal development in India to further understand the same in the context of caste, tribe and gender.

15.5 Critique of Uneven Development: The Indian Context

The constitution of India guarantees that the state should treat all citizens equally without any discrimination based on gender, caste, religious beliefs and birth. In a vast and diverse country like India, there are naturally vast minorities presenting immense problems that have been aggravated with the development process. Wherein ideally the process of development should be inclusive and take into account the welfare of everyone. Unfortunately the paradigm and the path of development process is not inclusive and is carried forth at the cost of the already marginalised sections of the society.

Some of the factors which exhibit and reflect an unequal form of development are:

- When the focus is only on the material development (for example building of shopping malls which leads to the eviction of the original inhabitants on the land the mall was constructed) which undermines the psychological and cultural development.
- When the development process is not 'inclusive'. It is a skewed and not a uniform form of development. When the development process does not take into account a large section of groups and communities and the process functions at the cost of them. When development does not incorporate a participation of everyone is when the process of development is not inclusive.
- Unsustainable forms of development (for example, developmental practices which leads to environmental degradation: Read on The Chipko in Uttarakhand (1970) and the Appiko Movement (1989) in Karnataka).
- There is lack of Participatory Development (the people's/ groups/communities

for whom the process of development is initiated are not taken into account). The already marginalised sections are further excluded both socially and economically.

All of the above reflect the structural inequalities which hampers the overall development of people. Current reports on the Sustainable Development Goals India Index measures the progress of varied states of India and union territories to measure the socio-economic status of the nation and its states. In 2018, according to the report by NITI AAYOG for measuring the performance of states in India, many states have performed well in it and the others have not. For instance, Himachal Pradesh and Kerala scored extremely well in the SDGI wherein states like Assam, Bihar and Uttar Pradesh did not perform that well. You can read reports by NITI AAYOG on it and examine the progress of the different states and compare it with the performance of your own state. However, our objective is to unravel and explore the persistent inequalities in the development process despite the changes that have been witnessed. We need to understand how people who have been historically marginalised are still exploited and suppressed due to the asymmetrical development.

Even though many efforts have been put for elevating these groups from their marginal conditions, the development process has not been favourable for them. We will explore tribes, gender and caste issues in the process of development separately to understand the adverse effects of it on them and the increased inequalities which is a product of development.

15.6 Developmental Inequality : Caste

The caste system in India has been one of the most heinous and pernicious forces of social problems in India. The caste system is still deeply rooted within the varied facets of the Indian society despite a number of modifications and changes within the system. It has not completely disintegrated or vanished from the social structure and continues to exist in other forms. The caste system still continues to hamper the social, economic, political and cultural development of those who occupy the lower rungs within the discriminatory system of the caste. The inequalities based on the system of caste is ubiquitous within the Indian society. Despite many efforts and constitutional safeguards modern forms of discrimination is still meted out against many caste groups and development is an evidence of the inequalities that are increased through it. Amartya Sen had argued that India has one of the

most terrible records of social inequalities and caste is only one reflection of it.

According to the Oxfam International annual Inequality Report in 2019 titled "Public good or Private Wealth?" highlighted the stark income inequality existing in India wherein the report states that caste is still a significant factor for determining access to resources like education, income and health valued by individuals. The report also states that India's upper caste households earned nearly 47% more than the national average annual household income, the top 10% within these castes owned 60% of the wealth within the group in 2012, as per the World Inequality Database (DrishtiIAS 2019). Even after decades of changes in the economic and social structure of the Indian society, caste still imposes enormous obstacles to the full attainment of civil, political, economic, social and cultural rights of the people.

David Mosse (2018) gives a comprehensive analysis and critical examination of the importance of studying caste in India with the changes in the economic structure in the nation. Building his work from rich anthropological, economics, sociological and other scholarly data, David Mosse gives its reader a lucid picture of the intricate relationship between economic development and caste inequalities persistent in the Indian society. David Mosse states that several international and other organisations like the United Nations have observed that caste is one of the fundamental determinants of social exclusion and development. However, Mosse stresses on recognising the fact that caste still plays a dominant role as a continuing structural cause of inequality and poverty in present day market led development and is not a redundant or archaic mode for analysing economic developmental inequalities (2018: 423). Satish Deshpande (as cited in Mosse 2018: 423) argues that the aggregating disparities in occupation, education and assets into a Caste Development Index clearly shows that the degree of caste inequality is unimproved by the greater wealth or faster growth of different Indian states.

In recent times of economic development, a number of Dalits migrate from rural areas to urban areas for better opportunities of livelihood which is also an escape from the harsh and humiliating conditions of rural areas. Mosse observes through his analysis of the scholarly data that market-led development both weakens and reproduces caste inequalities; caste identities and networks persist because of their advantages; caste-based discrimination is a feature of Indian labor markets and business economy, and policy innovation adapted to the realities of caste is needed.

Mosse states that the recent ethnographic research explores the ways that caste identity shapes modern opportunity at every level. A study by Carswell, De Neve, & Heyer in 2017 of the Dalit workers in the Tiruppur (in Tamil Nadu) garment

industry found out that the Dalits are more likely to find themselves in the low-skill dirty dyeing units as compared to the non-Dalits who are trained in the skilled tailoring sections. Other forms of economic discrimination also exists wherein the caste-class culture is exhibited during the recruitment even when Dalits have gained certain kinds of skill required for the job. For instance, Mosse states that a number of studies by Satish Deshpande and Spears (2016) and many others have concluded that caste-based discrimination is also demonstrated in experimental studies on charitable giving where there is unwillingness to support identifiable victims with Dalit names or exam marking where lower marks for papers is randomly assigned to Dalit names (Mosse 2018:428). This reflects discrimination which is based on social identities.

The effects of caste in the economic structure function very differently for the upper and lower castes. For instance, Dalit women face extreme forms of discrimination and violence. Anandhi and Kapadia (2017) argues that Dalit women suffer control and violence as the effects of the failed masculinity of humiliated Dalit men. They also face discrimination, are paid low wages and are sexually harassed by the contractors and their employees. This is why the understanding intersectionality becomes extremely crucial for understanding the effect of developmental forces on women especially from the marginalised communities wherein along with caste other identities of religion, ethnicity and gender plays a crucial role in identifying varied forms of oppression. This is also discussed in-depth in the gender and development section wherein women are the victims and targets of multiple forms of oppression. Citing M. Das (2018), Mosse towards the end of the article states that the effects of caste are not locational. The effects of caste in fact travel from the village to the city and into virtually all markets wherein the cultural and social relations play out, and have an impact on the gains from developments such as education. The relational inequalities of caste require no particular ideological justification which are then reproduced rather than being erased by the globally-integrating neoliberal urban or industrial development.

We now move to the next section which will provide you with an example of how inequalities have increased based on caste in one of the most developed states of India: Gujarat.

15.6.1 Case Study: Development and Exclusion of Dalits in Gujarat

Arif Rasheed's Study (2018) "Development and Exclusion: Dalits in 'Vibrant Gujarat' of the Dalits in Vibrant Gujarat" critically examines the existence of caste based discrimination in the ideals of an economically developed state of Gujarat.

Rasheed states that behind the cloak of a developed state are the voices of the marginalised Dalits who still suffer gravely even when there is a rapid economic growth in the state. In this paper, Rasheed first briefly gives its readers a view of the formation of Gujarat which was created in the year 1960 when the former state of Bombay was separated into Gujarat and Maharashtra. Since then the State has adopted a path of development and many Gujarati Communities have already established trade and mercantile activity from early times. The state government's slogan of a 'Vibrant Gujarat', Rasheed states have been extremely successful in luring domestic and foreign investments. Shah (as cited in Rasheed) states that this rhetoric of development have successfully imprinted itself in the psyche of the common people. However, the ground reality is far from being that vibrant. Those who were rich have become richer and those who were poor have become poorer. Citing the earlier studies of Shah, Mander, Thorat, Deshpande, & Baviskar (2007), Rasheed stated that even though the status of Dalits like that of all other groups has certainly improved over the years, but still they continue to lag behind other groups. He states that neoliberalism and US global imperialism has been advocated by the upper-caste forces in India, which fit to the interests of the Indian ruling castes/classes (49).

Employing methods of participant observation and semi-structured interviews, Rasheed's study focuses on the villages in districts of Surendranagar, Gandhinagar and Patan in the state of Gujarat to examine the lived experiences of the Dalits. Rasheed observes that even though the Gross Domestic Product of the State has had remarkable progress over the past 15 years but this in reality has been at the expense of basic human development. Citing NSSO's data of 2011 Rasheed critically observes that it is the rural areas that has been particularly hit despite the fact that there has been an increase in growth in the rural sector. With approximately 3.6 million in the state who are mostly agricultural labourers, only few of them own their own land wherein others are subjected to rampant abuse by the landlords. Rasheed affirms that when we observe the farm sector Dalits face extreme selective exclusion which includes harvesting, mostly in the harvesting of fruits and vegetables. Even if the Constitution of India has made certain provisions for upliftment and welfare of the Scheduled Castes SCs wherein the reservation policy in political, educational and service sectors have become the major source of their empowerment yet the 'caste mentality' as Karade (2014) argues is still showing its various facets, especially in rural areas. Rasheed argues that untouchability is still practiced in varied forms in the aforementioned states of Gujarat wherein the division between the Dalits and the Non-Dalits is extremely pernicious and strong. According to Davis's study in 2011 (as cited in Rasheed: 53) untouchability is still practiced in

rural Gujarat, for instance there is separation of Dalit and non-Dalit children in schools, public facilities and temples. The assignment of economic rights across various castes is, however, unequal and hierarchical, for instance Valmiki still perform manual scavenging of dry toilets in Gujarat.

DID YOU KNOW?

Even though Manual Scavenging was banned in India in the year 1993 with the passing of the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act it still continues to exist claiming the lives and dignity of many. The Government of India defines Scavenging as a practice of manually cleaning human excreta from dry latrines. Most of the manual scavengers are members of the Dalit caste. These people are still victims of such an atrocious reality even when there is rapid economic growth in India many people still have to rely on such sources for basic income and amenities. This also leads to their social ostracised.

Consider This: Phoolan Devi from Mangraul Village in Uttar Pradesh has a regular morning routine for the past many years, which includes waking up, performing household chores and then visiting houses in her locality collecting human excreta or 'Maila' in Hindi. Later in the evening, she visits the same houses begging for a meagre meal. Like Phoolan Devi, others from her village are compelled into manual scavenging- a practice which is not only against human rights but also against Article 21 of the Indian constitution which guarantees Right to Life with Human Dignity. A survey by the Union Ministry of Social Justice and Empowerment in across 18 states for a headcount of manual scavengers with the help of nodal agency National SafaiKaramchari Finance and Development Corporation (NSKFDC) showed 20,596 people identified as manual scavengers. Kuldeep Kumar Baudh chief functionary, Prayas Jan UtthanSamiti and convenor, Bundelkhand Dalit AdhikarManch with the help of Oxfam India proves that a law from the government is not enough to bring change. For a practice to end completely takes time to be eliminated from the roots of the society. Communities must be made aware of their rights. This is the harsh reality of India wherein development has still not seeped in such occupations and many people are still stuck in this heinous cycle.

[SOURCE: OXFAM INDIA

<https://www.oxfamindia.org/blog/jalauns-manual-scavengers-fighting-right-life-dignity>]

Rasheed states that in some villages of district Gandhinagar as well as Surendranagar one can observe a practice in which the food items are sold to Dalits on paper, whereas if the same food item is purchased by a member of the upper caste, it was given in plates (55). Thorat and others (2013) observed that Dalits also face discrimination in selling of food items wherein the the high castes generally avoid buying milk and vegetables from the untouchables because they consider goods purchased from a low-caste seller to be impure and polluting (55). This in turn affects their economic as well as social well-being.

Activity

In the year 2017, a Tamil documentary "Kakkoos" was released which is directed by activist DivyaBharathi. This documentary explores and follows the daily lives of people engaged in manual scavenging. Watch the documentary and try to relate it to the larger issues of caste discrimination and inequalities in India in the context of developmental issues.

Also explore and identify other documentaries that have been made on this issue in India and globally. This will help you enter the world of those who are marginalised and you will be able to grasp the lived experiences and reality of such professions.

Towards the end of this study, Rasheed states that despite of massive economic growth Dalit members still face new forms of discrimination. The rise of gigantic industries have also been made a target of caste, class and economic hierarchy wherein the educated and skilled people are blessed with occupying the white-collar jobs and the poorly educated and skilled people from weak educational, financial and caste backgrounds rely on other menial or unskilled works. He asserts that this is the result of unequal forms of access to opportunities wherein the lower castes still are discriminated and do not have equal access to skills enhancements. The monstrous and disgraceful nexus of social, religious and cultural forces still excludes the Dalits from their fully economic participation in society. The one who controls the major economic, social and political resources are the ones who are also in control of the status quo not only in Gujarat but in many other parts of India as well. The process of industrialisation, globalisation and development keeps poor people at the margins with little difference (Rasheed 2018:56).

15.6.2 Discriminations

In the above section on caste and developmental inequality we first tried to

understand the forms that are mediated against the Dalits in the era of rapid economic growth and development. We then tried to have a more in-depth analysis of it through Arif Rasheed's study on the experiences of social exclusion in development of Dalits in Gujarat. His study helped us to examine that despite the enormous economic opportunities in one of the most developed states of India, caste based discrimination still persists in new forms which in turn hampers the economic growth of the marginalised poor Dalits. This has helped us to garner and gather an understanding of how development process has perpetuated new forms of inequalities rather than lessening them. We will now analyse the experiences of the tribal communities in India who like the Dalits are one of the most marginalised sections of the Indian society.

15.7 Developmental Inequality : Tribe

The tribals have been one of the most disadvantaged and the most marginalised people not only in India but globally. In India, the tribal communities represent an important social category of the Indian social structure, and according to the 2011 census they constitute around 8.2 percent of the total population (Malache 2015). Before we delve into examining the major issues that arises from uneven development, we need to first briefly examine an understanding of the tribals and the varied approaches and policies that have emerged since the colonial times in the context of tribal development. This will help us to chart out an important trajectory of how tribals involvement with the mainstream society have led to their marginalisation.

The tribal people of India have had a rich cultural history and heritage. There are approximately 500 different tribes who constitute about 8% of the population in India. Some of the tribal groups across India are: The Gurung, Miri, Dafla, Tharu, Bhoksa, Jounsari, Bhotia, Khasi, Garo from the Northern and North-Eastern zone; the Kol, Katkari, Bhil, Santhal, Munda and Gond from the Central region and the Yeruva, Todas, Kadar, Kanikkar, Malvadan, Kota, Badaga, North Sentinelese, Jarwa in the Southern Zone. These are some of the tribal groups amidst many others that are found in varied regions of India. Many scholars, anthropologist and sociologist have endeavoured in defining tribes. D.N. Majumdar defined tribes as a 'social group with territorial affiliation, endogamous, with no specialisations of functions, ruled by tribal officers, hereditary or otherwise, united in language or dialect, recognising social distance with other tribes or castes, without any social obloquy attaching to them, as it does in the caste structure, following tribal traditions, beliefs and customs, illiberal from naturalisation of ideas from alien sources, above all conscious of homogeneity of ethnic and territorial integration'. Even after many

years of research and studies scholars have not found a universal definition of tribes since we need to recognise the diversity and dynamism to accommodate the multidimensional aspects of tribals which is heterogeneous.

Traditionally, the tribals made their living through the following means: Hunting, gathering, fishing, shifting cultivators, as cultivators, and artisans, and nomadic groups (Abraham 2006). The tribals have mostly inhabited regions in the forest and had lived a peaceful life until it came in contact with the external non-tribal social world and cultural forces.

Let us now turn to an examination of the major approaches to tribal development in India to understand the process of development which has been extremely uneven and unequal for many tribal communities in India. There are three major approaches to explicate the development of the tribal communities: The Isolation Approach, the Assimilation Approach and the Integration Approach (Malache 2015).

Isolation/Segregation Approach: Since the tribes inhabited the forests majorly and had minimal/no-contact with the outer world, this approach was adopted by the Britishers who were of the view that the tribal areas should not be interfered with and left undisturbed. For example, Verrier Elwin (1934) supported the establishment of a sort of 'national park' of the tribals. However, this did not spare the tribal people from the exploitative rule of the Britishers. The regions and forest areas inhabited by the tribals were also regions of rich source of minerals and resources. The Britishers ripped off the tribal belts and areas of their natural surplus, thus leaving the tribal lands exploited leading to their forced eviction from their natural habitat.

Assimilation Approach: Assimilation is a gradual process by which a person or group belonging to one culture or society adopts the practices of another. In the context of India, the tribals have accepted the Hindu culture gradually through the process of assimilation. However, this approach is criticised for it tried to change the tribals by imposing the non - tribal customs and traditions on them. Many scholars like Risley, Russell and Hiralal, Bose, Srinivas, Sinha and Sarkar have studied this approach. Assimilation approach is criticised for it tends to be hegemonic and it deprives the tribals of their cultural identity by placing them in the lower rungs of the caste system of the Hindu society.

Integration Approach: This approach was mainly a vision of our first Prime Minister Jawaharlal Nehru. Under this approach comes two measures: Protective

measures and Promotional Measures. Protective measure consists of land policies, forest policies and the policies to protect tribal culture and traditions, whereas promotional measures is development and welfare programmes which are undertaken by the government through plans and other voluntary agencies to make the tribal life better through the integrationist approach. Jawaharlal Nehru also promoted the approach of 'Panchsheel' which propagated the process of development to be followed within the framework of the tribals and had five major principles (Malache 2015: 76):

- a. People should develop along the lines of their own genius
- b. Tribals rights in land and forests should be respected
- c. We should try to train and build up a team of their own people
- d. We should not over administrative their areas or overwhelm them with a multiplicity of schemes. We should rather work through, and not in rivalry to their own social and cultural institutions
- e. We should judge results, not by the amount of money spent, but by the quality of human characteristics evolved.

The Constitution of India has framed varied safeguards for the tribals and their development. The constitutional provisions for the tribals can be divided into two major themes: Protection and Development. Amidst a number of protective provisions for the tribals some of the major ones are: For example, Article 15 of the Indian Constitution which promotes social, economic, and educational Interests, and prohibits discrimination on the basis of religion, race, caste, sex or place of birth. Article 16(4) Provides Reservation in Posts and Services; and Article 19(5) safeguards the tribal Interest in property.

Provisions that have been meant for their Economic Development of the tribals are stated in Article 275 and 339 of the Indian Constitution. Article 244 and 244 (A) under Part X of the Constitution provide for administration of Scheduled Areas and tribal Areas. Under the Constitution the terms Scheduled Areas are governed by the provisions contained in the Fifth Schedule Areas and governed by the provisions of the Sixth Schedule (Abraham 2006).

Despite such major provisions and policies there still persists unequal process of development of the tribals and they are the most marginalised when it comes to reaping the benefits of it. Our national leaders and other visionaries envisioned a fair reality for the tribals thinking that the development process will be rewarding

for everyone equally but they were highly mistaken in that line of thought. The process of development has been extremely uneven and unequal. It has only been advantageous for certain sections of the society wherein the already marginalised have been exploited rather than uplifted through this process. The reality has not been very advantageous for the marginalised sections of our society. There are still many discrepancies in the process of development and its outcomes. Many scholars have criticised the development process and the ideal utopian vision of development arguing that such visions looks good in theory but the implementation and the ground reality is far from what has been envisioned.

The next section will examine in detail some of the issues that have existed and still exists in the Indian scene of tribal development.

15.7.1 Issues and Problems of Tribal Development

There have been many constitutional, legal and social safeguards and policies which have been set forth for the social development of the tribals yet critics have argued from time to time that they have not been implemented properly. For instance, MeenakshiHooja (as cited in Malache 2015) stated that if we analyse our policies and measures in the development of the tribals we could see that the major problems of land alienation, loss of rights in forest areas and shortage of forest areas, large numbers displacement on account of 'development' projects have continued to be some of the major challenges. D.C. Shah (as cited in Malache 2015) pointed out other major gaps in the development projects and programmes wherein alienation, deprivation and inequality are inherent in the strategy of Indian development. The report of the Planning Commission (which is now known as NITI AAYOG) in 1999 affirmed that the development process has always been unmindful of the plight of the tribals.

Rita Malache (2015) observed that the incidence of poverty amidst the scheduled tribes of India still continues to be very high wherein high range of population is still living below the poverty line in rural and urban areas respectively. Also, low productivity, dispersed habitation, shifting cultivation, weak co-operative and marketing infrastructure, continued tribal land alienation leading to their dispossession and exploitation, remoteness to state, etc., are some of the striking features which characterise the tribal areas and their exploitation. S. C. Dube (as cited in Malache 2015: 78) argued that any "development strategy that skirts around poverty, speaks of social justice in low whisper and underplays an endogenous creativity cannot be

sustained... the worst sufferers in the process will be the tribes, whose problems need sensitive handling, for then we need economically effective and culturally sensitive plans of participatory development. It would be suicidal to ride roughshod over tribal interests and ways of life in the name of national development.

Even after so many decades of independence and despite of innumerable planned efforts, the tribal condition after independence have not improved. India has witnessed the extreme exploitation of the tribal groups in the name of development. There are many factors which have affected their development: Industrialisation and Urbanisation; Socio-Cultural Factors; The Forest Policy; Land-Alienation; Indebtedness, Identity Crisis; Poor Literacy and Education; Unemployment; Displacement and Rehabilitation; and Health, Nutrition and Hygiene all hampering their development. Even when the pace of development is high and fast for many, tribals are those at the very margins of the receiving end of the development process. Over the years, they have lost much of their lands and have been adversely affected by environmental degradation. For this unit, we will focus more on the uneven development process in India and the inevitable displacement of the tribals from their lands to examine the developmental inequality amidst the tribes. This will also help us to examine the other problems that are a result of development induced displacement. The fast paced establishment of industries and modern infrastructure requires land and resources which are generally sought from the forest areas. These are the areas which are inhabited by the tribals, are disturbed with such penetration, making the tribals leave their land. This then leads to the tribes inhabiting a new place wherein they have no knowledge about that place and resource. Their low literacy and lack of appropriate skills to adjust to a new environment adds up to their dilemma.

Mining operations, tea plantations have displaced many tribal communities from their ancestral land. They have been displaced due to many private and government projects such as mills, mines, and dams. The reason why tribes are one of the most affected victims of the development paradigm is because of the rich resourceful lands that they inhabit and thus, in the name of national development resources are extracted from their lands for which they are evicted. These national mega development projects outshine and exhibits numerous opportunities for non-tribals and economic growth but is highly discriminatory when it comes to the people who owned those lands. The indigenous people get displaced after big corporations take over private ownership of their lands. Some of the major problems of the tribals have been identified by Rita Malache (2015: 79-80) as a result of unequal and exploitative development process:

- Displacement or forced/ voluntary eviction of tribals from their land and their natural habitats and subsequent re-habitation has been a serious problem that remains to be addressed by the government.
- Tribal communities have tended to get eroded not only through acquisition of their land for public purpose but also through fraudulent transfers, forcible eviction, mortgages, leases and encroachments.
- The problems of indebtedness is not only an indication of their poverty but also reflected the wider economic malaise, i.e., lack of education, low purchasing/ bargaining power and lack of resources for engaging in gainful activity
- Tribals continue to struggle for mere survival as they face formidable problems and displacement due to development of national parks and wild-life sanctuaries and other environmental restoration projects

One of the pioneers and eminent scholar who has extensively worked on tribes in India is Virginius Xaxa. In his paper "Tribes and Social Exclusion" Xaxa (2011) states that it is important to understand the underlying historical facets of examining tribes in India and how it has been conceptualised by various scholars. Different scholars have analysed and explicated tribals and their development. Xaxa states that during the Colonial Rule even though the Britishers promoted an isolation approach yet in reality they were exploiting the tribals through their administrative rule. Akin to many other parts of India, the Britishers also imposed upon the tribals the notion of the private property and landlordism in place of lineage or community based ownership that they followed traditionally. The revenue collectors and administrators were transformed into owner and landlords. These developments led to the large-scale eviction of tribes from their land and installation of non-tribes in their place. Henceforth, the colonial state took upon itself the right over the forest, thereby denying tribes the right to collect fuel and other daily necessities of life for which they were so heavily dependent on forest (Xaxa 2011: 3). It was the British rule that brought tribes and non-tribes under one single political and administrative authority. V. Xaxa talks about the 'twin colonialism' exploitation that the tribal people had to undergo: one under the British administration, and the second after coming in contact with the non-tribal population. And today even when the Britishers are long gone, it is the people and private companies of India that exploit the lands of the tribals for their commercial gains. Xaxa has argued that the issue is not much of a failure to push development programmes in tribal areas due to inadequate

resources or ineffective implementation or even tribal tradition and social structure but the larger question of development in the form of large-scale development projects such as dams, irrigation, power plants, roads, railways, industry and mineral exploitation etc. Such mega projects have led to the appropriation of tribal lands.

DID YOU KNOW?

We can also build our understanding of eviction and displacement of marginalised communities from their land on the theoretical underpinnings of a Marxist Scholar: David Harvey's examination of the concept of "accumulation by dispossession". This will also help you to understand the functioning of modern forces of Capitalism. David Harvey has critiqued the 'neoliberal capitalist policies' that result in a centralisation of wealth and power in the hands of a few by dispossessing the public and private entities of their wealth or land. For further insights and readings please refer to "The 'New' Imperialism: Accumulation by Dispossession" by David Harvey (2009).

Between 1951-1990, a little over 21 million are estimated to have been displaced by development projects (dams, mines, industries and wildlife sanctuaries) in India. Of the total displaced population, over 16 million have been displaced by dams, about 2.6 and 1.3 million by mines and industries respectively (Xaxa 2011:12). Also, land alienation from tribes to non-tribes, an endemic phenomenon for centuries, continues on a wide scale even in today's times. Xaxa also states that the tribes have underwent change not only in their relationship to land but also in their relationship to forest which was drastically altered first by the Britishers. They exploited tribal lands for commercial advantages and this has been carried forth even in the post-independent era in the name of economic development. Since many tribes are forest dwellers they are under constant threat and violence because of the natural resources that their lands hold. Xaxa states that there is an inbuilt depressor in the way development has been pursued in tribal India other than the North-East and unless this is corrected, development will continue to perpetuate social exclusion (2011: 13-14).

Xaxa has also strongly condemned the view that the tribals like the Dalits only benefit from varied schemes when in reality in the name of development projects millions of tribals are uprooted and displaced from their lands in the name of national development and economic growth. Even if these projects have promoted economic growth and employment opportunities, the major irony lies in the fact that the tribal people who have actually sacrificed their lands for it have hardly

benefited from these mega development projects. For instance, in Jharkhand by 1996, 8 major and 55 medium hydraulic projects along with many more minor projects had come up which displaced a number of people. Neither were these tribal people given adequate compensation nor were they provided proper rehabilitation (Xaxa 2011:14). The fruits of development have not been fully reaped by the tribals as compared to other non-tribals. Xaxa states that even though the literacy rates amongst the tribals have risen yet there is still a widening gap between the tribals and the rest of the population in India. Since the state has legitimised the appropriation of the resources of the tribals this scenario has led to the far fetched discrimination, expropriation and domination of the tribals.

Activity

Identify and make a number of Non-Governmental Organisations and Foundations that are working towards the empowerment of displaced communities due to large development projects. Examine how these organisations have made a positive impact on the communities.

Shramik Mukti Dal is one such socio-political organisation in Maharashtra, India which works in eleven districts of Maharashtra, organising farmers and toilers on issues of drought, dam and project eviction, and caste oppression. Bharat Patankar is one of the leading activists of this organisation.

Let us now move towards the case study on the experience of uneven development by tribes which will help you to gain rich insights into the lived social realities of the communities under study. This case study centres around the displacement of the tribal people in the name of development projects.

15.7.2 Case Study: Mahanadi Coal Fields Ib valley and Displacement of the Tribals

Ever-since India got its independence it has embarked on the journey of planning which started a series of infrastructure projects, be it basic and heavy industries, dam projects, power projects or railway lines. Jawaharlal Nehru even described these dam projects as the 'modern temples of India'. Biswaranjan Mohanty (2005:1318) states that these temples of modern India have emerged as 'temples of doom' for the uprooted people who are evicted from their own land. Instead of sorting and reducing social inequalities these development projects have on the other hand increased it. The development projects have raised some pertinent questions of equity, fairness, justice and equality before law particularly in the matter of distribution

of benefits and burdens. This process of land acquisition in India is strongly condemned for these projects majorly lacks the voices of the displaced people who face many challenges.

DID YOU KNOW?

Resistance is an important aspect of any society. Development projects have been resisted not only by scholars and activists but also by the people who are affected by it. We need to realise that people and communities are not passive recipients but many have fought their way to resist development projects. Read on the DongriaKondh's a tribal group in the Niyamgiri Hills of Odisha who set forth a landmark in resisting and rejecting major mining projects on their lands.

[For more information read: <https://www.theguardian.com/global-development/poverty-matters/2014/jan/14/india-rejection-vedanta-mine-victory-tribal-rights>]

Rajashree Mohanty's (2011) study on the development project Mahanadi CoalFieldsIb valley (in Odisha) critically examined the aftermath and ill effects of such development projects on the tribals. Rajashree Mohanty (2011: 67) states that the unequal process of development and its ill effects on certain population can be referred to as 'backwash effects' wherein the benefits that are enjoyed by the nation at large through the same development process can be referred to as the 'spread effects'.

As it has been stated before, the development projects are carried forth in these regions because they are rich in minerals and resources which are then beneficial for commercial purposes. For instance, in Odisha most of the coal deposits are found in the Talcher Belt in Angul District, and the Ib Valley Area in Jharsuguda District. Most of these regions which are under major development projects are inhabited by the tribals. Mohanty analysed that the Ib Valley Project affected around 19 villages involving a total number of 1306 families (2011: 69). Mohanty's study observed and critically examined the effects of these development projects on the tribals which had led to the decline of the Joint Family System; Landlessness; Joblessness and increase in the proportion of workers; Homelessness; Food Insecurity; Loss of access to common property; Social Disintegration; Increased Morbidity and Mortality. Mohanty argued that even though these projects which displaces thousands of tribal people from their land there is hardly any proper rehabilitation facilities that are given to them and are implemented properly.

Some of the issues described by Mohanty (2011) that prevailed in the resettlement

areas were: Poor dwelling conditions of the people; Rise in the incidence of indebtedness ; Drastic reduction in the socio-economic condition of women in the PAFs (Project Affected Families) amidst many other issues. Mohanty's study revealed and observed that most of the displaced people live a life of hardship and further exploitation in the post-development phase. She concluded this study by stating that a prudent approach towards explicating such development induced displacement of the tribals and other marginalised communities requires and demands long term commitments, financial and institutional guarantees, and the use of professional approach in dealing with the issues of social development of indigenous people (2011: 73).

Rajashree's study was conducted in the year 2011 but hardly anything has changed since then. Until recently there have been many ongoing mega projects which still thrive on tribal people's eviction. In an insightful article "Eviction of Tribals: Forced Displacement and Its Links With Poor Health" by Sarojini Nadimpally, Deepa Venkatachalam and Adsa Fatima (2019) affirms that displacement due to development projects not only marginalises the tribals but but it also tramples their rights to life and health particularly of the Vulnerable Tribal Groups (PVTGs). They write this in critique of the Supreme Court's order in February 2019 for the eviction of Adivasis from some areas of Jharkhand, Odisha and West Bengal since these regions are rich mineral reserves of coal, bauxite and chromite. They have highlighted the significant and critical links between the poor health status of tribal communities and their marginalised location in the socio-economic and political contexts. They argue that this process of forced displacement has increased their vulnerability to exploitation, pushing them to poverty, chronic malnourishment, starvation and ill health, including serious psychological trauma which then leads to poor health outcomes. In this eye opening article they cite examples of the plight and hardships of the tribals particularly women from Sunabeda in Nuapada district of Odisha which resonated the concerns over the Sunabeda Tiger Reserve. The worst sufferers of displacement and such development process are women and children which impedes the nutritional status of them. Thus, what we can see is that the conditions have not changed but have been aggravated with multiple other issues intersecting along with these.

15.7.3 Developmental inequality

In this section on tribe and developmental inequality, we first tried to establish a basic understanding of what constitutes tribes in the Indian context and then we move forward to examine and explore the issues that have risen in tribal development.

We mainly emphasised on the tribal displacement to understand developmental inequality because when such displacements are motivated for economic growth of the nation and generation of jobs and other facets. But, the critics of development induced displacement have argued that the ground reality is extremely different. The tribes who are displaced face a number of hardships which then affects their economic well-being and overall development. Such projects prove to be advantageous only for few and not for the tribes.

However, as Rita Malache has rightly stated that (2015) when we are identifying the problems and unequal treatment meted out to the tribals in India in the process of development, we need to understand that every tribal has unique aspects in terms of region, language, culture, environment. And thus, each tribe has particular problems of its own due to its own socio-economic political historical cultural and environmental conditions. Thus, the above section on tribes is not generalizable but it does show the sorrowful and extremely desolate conditions of certain tribal groups. Let us now move to the last section of this unit, to understand how this developmental inequalities affects gender in India.

15.8 Developmental Inequality : Gender

Gender refers to the social, cultural and psychological characteristics by which human behaviour is categorised as masculine or feminine. Gender is not a biological but a social construction in almost every society. This connotes that gender is not determined by the individual's biological characteristics but by how society constructs and views the roles of women and men. Gender equality has been an important component for overall development seen in various policies and programmes globally and in India.

The approach towards gender and development emerged in the 1980s wherein the feminist movement globally played an eminent role in pushing the envelope for taking into account the voices of women in the development debate. Major Women's Organisations, groups and conferences organised at international level in Mexico (1975), Copenhagen (1980), Nairobi (1985), and Beijing (1995) have set landmark milestones in putting gender as a crucial agenda in development globally. For instance, the concept of empowerment was introduced at the International Women's Conference at Nairobi in 1985 by Women delegates from the global south. This conference called for the redistribution of social power and control of resources in favour of women in the planning and action orientation of development.

Feminist studies view gender systems in operation in a culture that is structured by a basic opposition of masculine and feminine in which the males are always privileged over the females which is even true for the development process. Gender and development determine best possible ways to align policies, project and programmes of development with gender relationships. These policies aim to bridge the gap between gender inequalities that persists within society and hence promote overall development.

Inequalities based on gender can take varied forms and thus, gender inequality is not a homogenous social phenomenon but is a set of diverse and disparate problems. For example gender and development inequality being one of them. Some of those inequalities that manifests itself in gender are based on: preference of a male child over a female child, hence leading to high rates of female infanticide and feoticide; inequality that persists in professional spaces where men are paid more than women; inequalities in the ownership of property; gender biases in other opportunities: for example, the opportunities of higher education is less for women as compared to men. Like many other forms of stratification and inequalities such as those based on class, caste, religion, race, ethnicity, gender occupies a crucial place in analysing inequalities in society. Gender inequalities present within the dynamics of the development process are not unilinear but are often linked and are deeply embedded and engrained in other forms of inequalities such as caste, class, occupation, ethnicity and religion. This difference in society leads to expectations wherein men and women are expected to different gender roles which is determined since early socialisation, especially in a country like India. Francis Abraham asserts that the gender bias in India is so entrenched in the country's cultural heritage that right from conception and birth to womanhood and death, the female suffers discrimination at all levels (2006: 146).

Gender is useful in examining the social, cultural and religious factors that shape relationships within and between men and women. The concept of gender reflects the existing power relationship in any given society and is an integral part of any development process. It is extremely vital to understand the social, economic, political and cultural forces that determine how men and women participate in and benefit from the development process.

There have been different approaches have been identified in understanding gender and development which are utilised by different governments, NGOs, organisations to construct their policies and recommendations on gender and development: These approaches are : Women in Development (WID); Gender and

Development (GAD) ; and the Gender and Empowerment Approach.

WID APPROACH : This approach was a realisation of women's integral role in development process that brought in concepts such as "Women in Development". This approach promotes women's integration in development efforts by focusing on women, looking at how the process of development has made an impact on the position of women in society. It commences from the premise that women have been excluded from development.

GAD APPROACH : This approach include systemic relations of inequality involving the relations between both men and women, together with a critical look at the entire development perspective, process and the underlying assumptions. One of the premises was that the paradigm that dictated development as defined and structured along patriarchal lines and quite often based on western models.

THE GENDER EMPOWERMENT APPROACH : The gender empowerment approach as defined by the European Commission (1993) identifies women's participation in decision-making. Gender empowerment redresses and addresses the imbalance in the status of women through affirmative action to improve the quality of women's lives. Let us know move to understanding the tenets of women's experience of development in India.

Varied constitutional and legal provisions have marked the importance of safeguarding the interests of women. For instance, the primary imperative for women's equality is rooted in Part III (Fundamental Rights) of the Constitution. Articles 15, 39, 42 and 44 refer to certain principles which may not be enforceable in the courts of law, but provide guidance to the state treating women as equal citizens. In the year of 1953, the Central Social Welfare Board (CSWB) was set up in and was confronted with the arduous problem to address the lack of any governmental machinery and for welfare related activities. Later in 1971, the Ministry of Education and Social Welfare appointed a committee called 'Committee on the Status of Women in India' to study the status of women in India. The CSWI report Towards Equality (1974) found demographic trends of declining sex ratio, disparities in the life expectancy and death rates between men and women; and the difficulties involved in women's access to literacy, education and livelihood. Different Five Years Plan addressed varied issues in the context of women and development. For instance, The Seventh Five-Year Plan emphasised provision of gainful employment to women and youth. The new government at the centre formed a full Department of Women and Child Development in the year 2006, under the Ministry of Human Resources.

It included the development of education, culture, sports and youth affairs among women. Despite the historical trends in the process of gender and development in India, women still suffer unequal treatment as is meted out by the process of development. Gender bias still persists in the development policies which reinforces discrimination and social exclusion of women. Gender identities also interact with other identities of women like caste, class, ethnicity and religion which can be understood through the theoretical process of 'intersectionality'. For instance, many tribal women are doubly oppressed first being a woman, and second because they belong to the tribal communities. Thus, we need to understand that inequality in the process of development is not only rooted in relations of gender but cuts across varied other social, cultural, religious and economic identities.

DID YOU KNOW ?

The term "Intersectionality" was coined in 1989 by a Black Feminist thinker and Scholar Kimberlé Crenshaw, a civil rights activist and legal scholar. In a paper for the University of Chicago Legal Forum, Crenshaw wrote that traditional feminist ideas and antiracist policies exclude black women because they face overlapping discrimination unique to them. (Source: Columbia Journalism Review: https://www.cjr.org/language_corner/intersectionality.php). Since then a number of feminist, anti-caste, disability rights and queer rights scholars, activists, and organisations have incorporated this concept to understand social issues. Feminists Scholars and Researchers like SharmilaRege, Uma Chakravarty and Mary E. John have all holistically implemented this theoretical approach to understand women's experiences of discrimination and inequalities in India in varied contexts.

Amartya Sen in 2002 wrote an essay in Frontline examining the varied faces of gender inequality in India and observed seven types of inequalities persisting in India: Mortality inequality, Natalty inequality, Basic facility inequality, Special opportunity inequality, Professional inequality, Ownership inequality and Household inequality. We can observe even today that these seven types of inequalities which Sen observed still exists in the Indian context and affects the development of women even today. PurvaKhera an economist from International Monetary Funds (2019) argues that even when there is rapid economic growth in India, gender disparities in women's economic participation have remained deep. The 2018 World Economic Forum's Gender Gap Index ranked India 142 out of 149 countries on economic participation and opportunity. This indicates extremely large gender gaps and inequality in the labour market and in entrepreneurship. Khera also states that

even today women have restrictions on formal financial liberties due to the social and cultural gender based barriers wherein women still don't own property. This indicates that even when there is development and the government highlights the importance of gender inclusive growth, many women are still at the lowest rungs of the receiving ends.

According to an article by DrishtiIAS (2018) that has been cited a number of times in this section the Global Gender Gap Report, 2018 by OXFAM India ranks India at 142 among 149 countries. The article also states four parameters for measuring gender inequality: Economic participation and opportunity, health and survival, educational attainment and political empowerment. According to OXFAM'S report gender wage gap is highest in India according to International Labor Organization women are paid 34% less than men. Also, women comprise over 42 per cent of the agricultural labour force in the country, yet they own less than 2 percent of its farm land according to the India Human Development Survey (IHDS).

We now move towards the case study which will help us examine the process of gender and developmental inequality in tribal areas of Odisha in the context of how it affects the health and survival of the tribal women and the violence imposed on them.

DID YOU KNOW ?

Despite of many provisions mediated by the government, for instance "BetiBachao, BetiPadhao" slogan which resonates with many people of India and has been popularised also through social media. Yet, the old aged and tarditional mentality of many people has not changed and gender discrimination since the birth of a female child continues to persist.

Consider this: In many households in India, a baby was named 'Anchahi' which means unwanted by her parents. India has for long battled female foeticide and the 'unwanted' girl child. But according to a recent study by Indian scholars, an entire community in one of the regional areas of Maharashtra, has come to the fore after naming their daughters -'Nakusa' meaning unwanted.

For further information Read: SBS HINDI's article on <https://www.sbs.com.au/language/english/audio/i-am-nakusa-india-s-unwanted-girl-child>

15.8.1 Case Study: Gender Violence in Odisha

As it has been stated before, intersectional forces of caste, class, religion and ethnicity plays a vital role in examining gender inequalities and development in

India. A study by Sangita Dhal (2018) "Situating Tribal Women in Gender Discourse: A Study of the Socio-economic Roots of Gender Violence in Odisha" helps us to examine how the growing forces of global economic development have increased gender inequalities and violence against women especially tribal women. Dhal has examined the violence against tribal women as a legitimate human rights issue within the four parameters of globalisation, development, displacement and migration. This case study becomes important for us to examine the ill-effects of development on women and the intersectional barriers to their holistic development in an era of rapid economic growth. Gupta (as cited in Dhal 2018) argues that the growing economy globally has led to the unevenly distributed resources leading to the wide ranging economic disparities, the feminisation of poverty, increased gender inequality through deteriorating working conditions. This has also perpetuated unsafe working environment, especially in the rural areas. Dhal argues that we should address and understand the structural linkages in which the conditions of women are critically linked to the path of the development policies adopted by the state (2018:89). She argues that historically gender violence has been a common aspect of non-tribal societies but now it has seeped into the tribal societies because of neoliberal market economy and intrusion of alien cultural impacts on their society. Forced eviction of people for development projects and displacement has led to increased violence against tribal women who are made to suffer worst forms of deprivation and violence at the hands of officials, contractors, traders and even politicians. Mahapatra observed (as cited in Dhal 2018) that in Odisha the reduction of poverty has not been up-to the mark and even after implementing several social welfare measures the situation has only marginally improved. It is the women and children who are generally the worst victims in these regions. The struggle of the Adivasis to preserve their access to gal (water), jungle (forest) and jameen (land) creates a conflict between the state and the forest people and often leads to instances of human rights violation by the state (Dhal 2018:95). Dhal further argues that the displacement affects the tribal women who are often faced with the problem of child care, hostile host community and difficult working environment in the new place of work. Tribes like Ganda, Majhi, Sabara, Bhatura and Juang migrate from Koraput, Bolangir and Kalahandi (KBK) areas to the states of Gujarat, Punjab, Haryana and Andhra wherein they are exploited in varied forms. They migrate hoping for a better livelihood but are further marginalised and exploited. In these areas tribal women are sold as domestic workers where they have to work under extremely harsh conditions and are also sexually exploited and abused. This is an effect of the changing socio-economic environment of the

tribal women due to displacement. Sangita Dhal states that the major challenge of development is mainly to address such socio-cultural impediments reflected in terms of alienation, subjugation, deprivation and discrimination of marginalised communities. She argues that it is the women, Dalits and tribes who form the most underprivileged and oppressed sections of the society who are in dire need of a greater attention for inclusive development. In this paper Dhal has also identified four major areas which reflect gender disparity in Odisha:

1. economic participation and equal opportunity,
2. education,
3. political empowerment and
4. health and survival.

But there is still a ray of hope. The plight of the tribals has been addressed by government- state welfare schemes and the role of NGO and CSR (Corporate Social Responsibility). For instance, The Scheduled Castes and Scheduled Tribes Research and Training Institute (SCSTRTI) is one such example which has provided opportunities to tribal women, men and youth for economic empowerment in Odisha.

Activity

In India, CSR projects have played a major role in mediating the inclusive development process. One such is that of the Vedanta Limited, Cairn Oil & Gas. Since 2014, the PAHONCH programme aims to enable pregnant women, nursing mothers and children below six years from three districts of Gujarat to have better access to public nutrition and health services under ICDS and National Health Mission (NHM). It linked women from the vulnerable social sections to health services, and educated adolescent girls about menstrual hygiene. Discussion of correct nutrition habits for pregnant and lactating mothers have changed their dietary practice.

[Source : JOVITA ARANHA, THE BETTER INDIA (2017) [Retrieved from:<https://www.thebetterindia.com/110267/csr-health-impact-awards-2017-healthcare/>]

Make a list of some major Corporate Social Responsibility projects in your state and identify the areas that they are working on. This will help you understand and examine the way in which other than the government different public and private bodies play a role for delivering a smooth process of development and upliftment of women.

15.8.2 Conclusion

Concluding this study, Dhal states that one can see that the only way to ensure gender inclusive development paradigm is when each woman will have an equal: political representation, educational opportunity, economic security, social justice and legal equality (101).

Gender: An important indicator

In this section on gender and development inequality we first tried to establish an in depth understanding of why we should take gender as an important indicator and issue in development. We then examined some of the approaches in gender and development leading to the gender and development in India. After this we went on to examine the case study of violence against displaced tribal women in Odisha who has to suffer multiple forms of oppressions and discrimination due to the displacement process. Thus, this section has tried to unravel and explore some of the tenets of gender and developmental inequality mainly in the context of displacement.

15.9 Summary

In this unit we tried to explore and examine some of the facets of developmental inequality in India. These inequalities are so viciously engraved and embedded in our societal structure that despite of many provisions, legislations, policies and efforts of the governmental and non-governmental organisations people and communities who belong to the marginalised categories that of caste, tribe and gender are exposed to a number of discriminatory practises that still persists due to their social location and furthermore it impinges their social, economic and psychological development. Such inequalities in the paradigm of development leads to social conflicts, feelings of social exclusions and is extremely detrimental to public healthcare and education. We tried to understand cases from the experiences of Dalits, Tribes and Women from certain parts of India. However, this is not to state that there hasn't been any improvements. Dalits, Certain Particularly Vulnerable Tribes, and Women from these groups are still oppressed and do not have access to the fruits of development. The picture is extremely sad to note that the marginalised are pushed further into their subjugation and exclusion through the development process.

The case of Dalits from Gujarat, the tribes affected by the IB Project in Odisha and Violence against tribal women in Odisha all are testimonies to the widening and

burgeoning gap between the privileged and them. The dire need of the hour is more strict legislation and implementation of it against the atrocities that are meted out against them. We need more involvement of the affected people and their voices should not be marginalized but heard.

The Government of India had passed the Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act, 1989 prevent atrocities against scheduled castes and scheduled tribes still the experience of developmental inequalities paints an entirely different picture. These communities need more social engagement and spread of awareness of their rights so that we can move towards lessening such inequalities rather than aggravating them.

15.10 Questions

Answer the following multiple choice questions :

- 1) Which year did Amartya Sen stated that "Development is Freedom"?
a) 1988 b) 1998 c) 1996 d) 1995
- 2) Which year was Manual Scavenging banned in India?
a) 1992 b) 1991 c) 1989 d) 1993
- 3) Who supported the idea of a national park of the tribes?
a) Verrier Elwin b) Bronislaw Malinowski c) Radcliffe Brown d) Louis Dumont
- 4) According to the United Nations, what are the two major types of Inequalities?
a) Social And Economic Inequalities
b) Social and Political Inequalities
c) Political and Economic Inequalities
d) Sustainable and Social Inequalities
- 5) Who coined the term 'Intersectionality'?
a) Kimberle Crenshaw b) Sherry Ortner
c) Bell Hooks d) Patricia Hill Collins
- 6) By which year does United Nation aspire to reach the Sustainable Development Goals?

- Answer the following questions briefly**

- Answer the following questions in detail :**

- I) Why is caste an important determinant of developmental inequalities in India?
- II) Why are gender and tribe important determinants of developmental inequalities in India?

- III) What are some of the major findings of David Mosse in the study of caste and development?
- IV) Write in detail on either of the following:
Developmental Issues and Problems of Tribal Development in India Or Developmental Inequalities in India
- V) How does economic growth and development perpetuates caste based inequalities? Elucidate this with suitable examples on caste and social exclusion.
- VI) Explain intersectionality in the context of violence against tribal women in Odisha.
- VII) The displacement of tribes in India is a result of developmental projects. Discuss.

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Unit 16 □ Developmental Inequality : Class, and Religious Minorities

16.1 Learning Objectives

16.2 Introduction

16.3 Social Inequalities in the Development Process

16.4 Developmental Inequality: Class

16.4.1 Examining Agrarian Crisis as an aspect of Developmental Inequality

16.5 Developmental Inequality: Religious Minorities

16.5.1 Examining Developmental Inequality Pertaining Muslim Minorities in India

16.6 Conclusion

16.7 Summary

16.8 Questions

16.9 References

16.1 Learning Objectives

In this unit you will be able to comprehend and understand the following objectives:

- ❖ Understanding the unequal facets of development which will help you to develop and enhance deeper insights and comprehension into the social implications and social cost of development.
- ❖ Understanding in brief what entails social inequalities in society especially in the context of India. This will then help you comprehend how social inequalities aggravate the unequal process of development along the lines of class and religion.
- ❖ This unit will further help you understand through various literature and cited studies on unequal treatment that is meted out to the members of certain classes and religions in the process of development.
- ❖ Overall you will be able to understand the dynamics of how social inequalities

in India further increases these inequalities during the course of the development.

- ❖ Further you will be able to also connect it with the previous unit on developmental inequality in the context of caste, gender and tribe.

16.2 Introduction

Development is a multi dimensional phenomenon. Some of the major dimensions include level of economic growth, level of education, level of health services, degree of modernisation, status of women, level of nutrition, quality of housing, distribution of goods and services etc. But the question remains whether the development process is equal and lessens inequalities prevalent in any society? In the first lines of his illuminating book, *Science, Development and Violence* (1992) Claude Alvarez points out that development has always been identified with progress, modernity and emancipation, but in reality is a label for plunder and violence a mechanism of triage (Linkenbach 1994: 66).

In the course of time, industrialisation (one of the main facets of development) had not only led to far reaching structural changes in the social organisation (urbanisation, migration, pauperisation, growing social inequalities), but it had also led to degradation and destruction of nature and its resources thus undermining subsistence-lifestyles and affecting the health and well-being of people in rural and urban areas. (Linkenbach 1994). We can see its effects even today in the Indian context also.

Development has also been differently defined as, progress, positive change in the socio- economic position of the people, a community or a nation. In India, for example, the nationalist leaders had already arrived at a consensus on the developmental path that the country would choose once it gets independence. Economic development is regarded as indispensable for the progress of any country. As stated before development is always multi dimensional. However, persistent social and economic inequalities hampers the development process, and in turn the development process becomes unequal due to the existence of these inequalities in society.

In India, social and economic inequalities cut across varied facets : caste, class, gender, religious and ethnicity based inequalities. The prominence of these inequalities in the Indian society even today disrupts the equal distribution of the fruits of development to the people belonging to the marginalised sections of these groups.

The development process instead of lessening these inequalities, in fact aggravates these inequalities on an unprecedented level. As we noted in the previous unit, developmental inequalities (negatively) affects members of people belonging to various ethnic (tribal groups), caste and gender. We observed that in spite of many developmental programmes and efforts by the Government, Non-Governmental Organisations on the National and the International level; and many Corporate Social Responsibility Projects, people who are marginalised on the lines of their belonging to the aforementioned groups of caste, ethnicity, and gender are still the sufferers and not bearers of the fruits of development.

We now move towards the major causes and factors in the process of development which has increased inequalities amidst members of people belonging to lower classes and religious minorities. The developmental inequalities are persistent and have increased the inequalities amidst these groups rather than lessening them. But before we move towards the analysis and examination of developmental inequalities which cuts across class and religious minorities groups, let us first examine what entails social inequalities in India and how it marginalises people. This will help us to understand how the development process leads to social inequalities, and how social inequalities present in the society hampers the development process.

16.3 Social Inequalities in the Development Process

Krishna K. Sharma (2015) in his article "Social Inequality in India, Social Development, and Globalization" asserts that social inequality means exclusion which states that patterns of unequal access to social resources are commonly called social inequality. Social Inequalities in society lead to the differential access of wealth, power, and prestige and this inequality may exist on gender, race, age, ethnicity, religion, and kinship. Sharma argues that during the course of development people get classified into different classes and as a process of stratification amidst differences in status, power, income and wealth inequality is produced within the core of the society. Moffitt (2017) stated that social inequality is the existence of unequal opportunities and rewards for different social positions or statuses within a group or society (as cited in Sharma 2015: 100). According to Walker (as cited in Sharma 2015:100) social inequality refers to the ways in which socially-defined categories of persons (according to characteristics such as gender, age, 'class' and ethnicity) are differentially positioned with regard to access to a variety of social 'goods', such as the labour market and other sources of income, the education and healthcare systems, and forms of political representation and participation. Krishna

K. Sharma also argues and contends that there are various manifestations of social inequality. Poverty, deprivation, and gender gap are some of the manifestations in India as has been stated before. Ghosh (2007) noted that since the economic liberalisation in India in the early 1990s, the evidence suggests increasing inequality (in both spatial and vertical terms) as well as persistent poverty (as cited in Sharma 2015: 101).

Towards the end of this study Sharma states that any process of development or globalisation cannot be superimposed from outside, however, any need for development as natural process must start from within the society. Therefore, the respective values, philosophy, culture, and solidarity of the society or community cannot be set aside or compromised considering it as a barrier (Sharma 2015:101). Any development would be meaningless if it would not address the core social problem and objectives. The individual developmental objectives must coincide with the social objectives. In this unit we will examine how the development process in India has not been able to address the major issues in light of the religious minorities and class dimension despite of many affirmative policies and efforts by the government. We will analyse the reasons, and identify the groups (in terms of class and religion) who are marginalised and are meted out with unequal treatment in the process of development and these groups have differential access to the fruits of development (ie. education, health, income).

Let us first delve into an analysis of the class dimension in India to explore how the development process has escalated these inequalities rather than lessening them.

DID YOU KNOW?

Many Scholars across the globe have not only identified the unequal process of development in their own society but have initially explored this in the context of inequalities that persist across the developed and the developing countries. One such eminent scholar is Arturo Escobar. His much enlightening book *Encountering Development: The Making and Unmaking of the Third World* (1995). This book questions and deconstructs the development ideology of the West and examines how the development apparatus generated categories powerful enough to shape the thinking even of its occasional critics while poverty and hunger became widespread. Escobar affirmed that the development strategies have centred on large-scale interventions, such as the expansion of oil palm plantations, mining, and large port development. This has led to the unnecessary and inappropriate environment-destroying, people-displacing infrastructure projects; and state-backed

violence against the poorest and most marginalised sections of society.

Activity

Make a list of scholars and their work on developmental inequality in the global context. This will help you examine structural inequalities in the context of development at the global level.

16.4. Developmental Inequality : Class

Before we begin our analysis of the developmental inequalities which persists within the context of class in India, it is important to first analyse how class has been identified and described by various scholars especially in the context of India.

Mac Iver and Page defined Social Class as : "Any portion of a community marked off from the rest by social status. Where a society is composed of social classes, the social structure looks like a truncated pyramid. At the basis of the structure lies the lowest social class and above it other social classes, arranged in a hierarchy of rank and distinction" (in Nitishan.d.). Social scientists use class as the most powerful concept of stratification for explaining social organisation, social movements and power structure. The most common type of stratification in the modern world is the class system, a relatively open form of stratification based mainly on economic status. The class system is characterised by boundaries between groups that are less rigidly defined than those in slavery, caste and estate systems. Two eminent classical thinkers of the sociological thought Karl Marx and Max Weber defined class respectively and their school of thought are still taken as an inception point for analysis. According to Karl Marx's examination, classes are defined by their differential access to the means and modes of production. The dominant classes are those classes which appropriate the 'surplus' produced by other classes through their control of means of production, and thus exploit their labour. Max Weber on the other hand, defined class as a group of persons having the same 'life chances' or social opportunities. Weber added the 'status' dimension to determine one's class (Nitishan.d.). By status, Weber meant social honour or social esteem. Thus, a class for Weber is composed of all persons, in the same economic situation, who have about the same probability of procuring goods, gaining a position in life, and gratifying their wants, in so far as this probability rests on the control of goods and services and the access to opportunities within the given economic system. However, the main configuration of social classes varies from one society to another, and is culturally bound.

In the context of India, social scientists and political thinkers have tried to analyze the presence of classes in the industrial setting and the agrarian social structure in India (Nitishan.d.). Also in India, the nexus between caste and class is extremely pertinent in analysing the emergence of social classes in India. The growth of social classes in India was mainly linked to the basic structure of colonialism, which bore the imprint of that association. Scholars like Andre Beteille, P. Kolenda, S.M.Shah, Jan Breman, M.N. Srinivas and many others have identified and observed varied facets of the class system in India.

For the context of this unit, we will stick to the analysis of the agrarian classes in India to further examine developmental inequalities. We will identify and see this in our analysis of developmental inequalities in the agrarian classes in rural India. R. S. Gandhi (1980) states that traditionally class, status and power were infused together in the village which was then expressed through the caste system. With independence the dynamics of power and land ownership also started changing. Furthermore, landholdings have never been even in rural India and the differences in the size of land have created diverse agricultural classes in rural society. A broad classification of agricultural classes are: 1. Big farmers, 2. Small farmers, 3. Marginal farmers, and 4. Landless labourers.

As has been stated before that the caste system is an extremely important unit for analysis of the class system in India and that they both intersect in the Indian context. Reetu Chaudhary (n.d.) states that the Caste-class transformation is a very complex process. She also contends that both caste and class are real, empirical, interactional and hierarchical, both are inseparable and closely interlinked. B.R. Ambedkar rightly observed that the caste system not only divides labour or indicates division of labour but also divides the entire social structure (Chaudhary n.d.).

In India, the introduction of the zamindari and ryotwari systems of land tenure, in a sudden and swift manner, empowered the hitherto agrarian castes with land ownership. These were the present-day dominant castes which were agrarian labour and tenants who acquired the land-ownership with a policy shift of the then government (Venkateshwarlu 2015: 32). The Other Backward Classes and the Scheduled Castes, who were agrarian labour, occupational or service castes, were permanently deprived of land ownership and came to depend permanently on the agrarian-transformed-dominant castes. The rich, enterprising and powerful of them have established a horizontal unity which remains unbreakable whatever may be the crisis: social, economic or political. Venkateshwarlu (2015) argues that the upper class segment

of the dominant castes is wielding the actual power in the country today. This may be referred to as the dominant caste-upper class axis. Andre Beteille pointed out the class-caste synonymy in the rural context. The rich peasant class that emerged out the ex-rayots generally belonged to the upper stratum of the intermediate agricultural castes, and to the formerly landowning upper castes who have now taken up agriculture as self-cultivators, wherein the scheduled castes are still generally at the bottom of the socio-economic hierarchy (Sharma 1994 in Venkateshwarlu 2015:32). This has been corroborated by many later studies. Thus, there is a direct correlation between caste and class. Lower the caste, lower is their class status too with only a few exceptions. Brahmins are not necessarily the richest in many parts of the country but dominant castes, yes. (Venkateshwarlu 2015: 32). The privatization has also changed the scenario totally and aggravated social and economic inequalities. Furthermore, the forces of globalization have made it worse with the increasing rich-poor gap, declining wages in real terms and the concomitant social and political tensions. Therefore, it may be said that the process of globalization started with a crisis in the development policy and approach of the state in the country (Venkateshwarlu 2015: 33). The process has also resulted in displacement of peasants from the land and artisans from their means of livelihood, decline in land available for food crops cultivation and increased the dependence of the family on market for food, increased men's control over income who were involved in marketing of cash crops and increased income in the hands of male members, which, in turn, led to increased alcoholism and reduced the income available for food consumption (Degaonkar 2006 in Venkateshwarlu 2015: 33).

DID YOU KNOW?

Education is one of the major indicators of growth in society and development. The policy makers and the government have tried their best to tackle the issues related to education parity and equality in India. Not only the grant of education and access of education to the poor people is an important issue but also the widening gap between the government and private schools. Privatisation has indeed increased this gap between the rich and the poor wherein the former can provide the best private education to their children. Popular culture and films have tried to show this issue through varied forms. One such movie is Hindi Medium which was released in the year 2017. The movie takes up the theme of the wide difference between an English Medium School and a Hindi Medium School and the extent to which parents desire their child to study in the best

English School. The movie shows the stark difference between the rich and the poor. We can even see this in reality wherein there is a wide burgeoning gap in education especially between the private and the government schools wherein even today marginalised groups don't even have proper access to education.

Activity

Watch the film 'Hindi Medium' and write a sociological review on it. Try to connect it with the larger context of social inequalities in the domain of education and development in India.

Let us now examine class based inequalities in the development process by analysing it in the context of the agrarian economy.

16.4.1 Examining Agrarian Crisis as an aspect of Developmental Inequality

The following cited article will give you a glimpse of what is happening in and around the agrarian sector in India and how the government and the global powers play a major role in the further marginalisation of the agrarian communities especially the small scale farmers. We are exploring this to examine how the development process is unequal and how the power relations in the process is not only at the country level but it extends to the global level. The question is that the measures taken for the agrarian communities are not beneficial for them but instead benefits the private companies which invest in agriculture for their profit. Colin Todhunter's article "India's Agrarian Crisis: Dismantling Development"(2019) explores the contours of the agrarian crisis in India which is a result of varied forms of developmental practices in this domain. The article also explores the effects of foreign direct investment in the agrarian sector of India. Through the process of 'globalisation' Todhunter argues, Western powers have also been on an unrelenting drive to plunder what they regard as 'untapped markets' in other areas of the globe. Agricapital has been moving in on Indian food and agriculture for some time. But India is an agrarian-based country underpinned by smallholder agriculture and decentralised food processing. Todhunter states and affirms that the Western agribusiness has been shaping the 'development' agenda in India which has resulted in over 300,000 farmers who have taken their lives since 1997 and many more are experiencing economic distress or have left farming as a result of debt, a shift to (GMO) cash crops and economic liberalisation.

Did You Know?

Farmer Suicides: India is classified as an agrarian country, which means that around 70% of the people residing in the nation are directly or indirectly dependent on agriculture for their survival. Still farmer suicides account for approximately 10% of all the suicides in India. For the past one decade, over 15,000 farmers in India have been taking their own lives each year. The report of the National Crime Records Bureau in 2010, *Accidental Deaths & Suicides in India* stated that around 15,964 farmers committed suicide in 2010. The report has drawn a baseline of 15,000 farmer suicides each year since 2001. There are seven states in India which account for approximately 87.5% of total suicides in the farming sector in the country. The major states which account for these suicides are Maharashtra, Karnataka, Telangana, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, and Tamil Nadu. The surge in input costs, Failed Loan Repayments, Water Crisis are some of the reasons for the high rates of farmer suicides in India.

[Source:<https://www.downtoearth.org.in/news/45-farmers-commit-suicide-each-day-in-india--34387>; <https://www.sociologygroup.com/farmers-suicides-india-reasons>]

Activists and Scholars in India like Vandana Shiva and P.Sainath works towards propagating the rights of the farmers and their distress.

Activity

Review and Read reports by National Crime Records Bureau and examine the rate of Farmer Suicides in India in the past five years. Identify and examine the reasons for the ever increasing rate of farmer suicides and the actions taken by the government of India to tackle this situation.

Todhunter (2019) contends that this has not only affected people from the agrarian sector but has also negatively impacted marginalised communities from the other sectors. He states that millions of people have been displaced to facilitate the needs of resource extraction industries, land grabs for Special Economic Zones, nuclear plants and other large-scale projects. Furthermore, Todhunter (2019) critically examines that India is currently witnessing a headlong rush to facilitate (foreign) agricapital and the running down of the existing system of agriculture. This has resulted in the millions of small-scale and marginal farmers suffering economic distress as the sector is deliberately made financially non-viable for them. Todhunter also states that this has resulted in the ever increasing gap between their income and the rest of the population has widened enormously to the point where rural India consumes less

calories per head of population than it did 40 years ago. Foreign based models of agribusiness have negative impacts on the host society like India. Such models of agribusiness displays the existing system of livelihood-sustaining smallholder agriculture with one dominated from seed to plate by transnational agribusiness and retail concerns. Such models of agribusiness are designed to facilitate the needs and profits of these corporations which belong to the agritech, agrichemicals, commodity trading, food processing and retail sectors. Further, such models can only function by externalising its massive health, environmental and social costs. Such a model that only leads to the destruction of rural communities and jobs, degraded soil, less diverse and nutrient-deficient diets, polluted water, water shortages and poor health.

Todhunter states that (2015) the current policies in India seeks to tie agriculture to an environmentally destructive, moribund system of capitalism. Practical solutions to the agrarian crisis must be based on sustainable agriculture which places the small farmer at the centre of policies: far-sighted and sustained policy initiatives centred on self-sufficiency, localisation, food sovereignty, regenerative agriculture and agroecology. Colin Todhunter (2019) quotes writers like Felix Padel and Malvika Gupta who have argued that adivasi (India's indigenous peoples) economics may be the only hope for the future because India's tribal cultures remain the antithesis of capitalism and industrialisation. Their age-old knowledge and value systems promote long-term sustainability through restraint in what is taken from nature. Their societies also emphasise equality and sharing rather than hierarchy and competition. Thus, we briefly saw how the state and the large global private corporation nexus negatively impacts the agrarian communities in India. In due course, the sufferers of this are farmers and agrarian groups who belong to lower classes of farming or are landless labourers. The investment in the agrarian sector should be made for them, and for their upliftment but instead it caters to the needs of the big companies and private partners.

Let us now examine developmental inequalities in the context of religion, and how it effects and increases the marginalization amidst the religious minorities in India.

16.5 Developmental Inequality: Religious Minorities

India is a religious plural society with a number of religious communities existing within India. The different religions practiced in India can be broadly classified into the following two groups:

- a) Religions of Indic Origin: Hinduism, Jainism, Buddhism, and Sikhism. These are rooted in the long religious tradition of India. Buddhism & Jainism are indigenous to India & spread to the world from Indian society.
- b) Semitic Religions: Judaism, Christianity and Islam. These are rooted in the prophetic tradition of Adam and Abraham.

Article 28 and 29, of the Indian Constitution grants the right to freely profess, practice and propagate one's religion. This is guaranteed to all persons subject to considerations of public order, morality and health. Efforts and interventions by the state and the government of India have tried to identify the minority religions in India. The Union Government set up the National Commission for Minorities (NCM) under the National Commission for Minorities Act, 1992. Thus, based on their numerical size, Muslims, Christians, Buddhists, Sikhs, and Zoroastrians were earlier considered as religious minorities at the national level in India (Abraham 2006). Articles 29, 30, 350A, and 350B of the Indian Constitution use the word minority and its plural forms, but do not define it. However, there has been significant debate in India on the question of precisely who constitutes a minority. The Supreme Court of India in *TMA Pai Foundation & Ors v. State of Karnataka & Ors* (2002) held that for the purpose of Article 30 of the Indian Constitution, a minority whether linguistic or religious is determinable with reference to a state and not by taking into consideration the population of the country as a whole. Due to state based recognition of religious minorities, some religious minorities have struggled to get national level recognition by India's central government. Such is the example of the Jains (Cheema 2017: 2). At present, six religious communities, viz; Muslims, Christians, Sikhs, Buddhists, Zoroastrians (Parsis) and Jains have been notified in the Gazette of India as minority communities by the Union Government all over India.

Before we explore and delve into the major developmental issues of the religious minorities in India, let us first briefly examine the origin of the minority religions in India to gather understanding of their historical background.

- **Christianity:** It came to India in different phases. Christianity was there in India right from 1st century A.D when no other religion existed in India. It was brought by St. Thomas to Kerala after the death of Jesus to Kerala. According to the Syrian Christian tradition, for instance Apostle Thomas, one of Jesus' original twelve disciplines, came to the vicinity of Cochin in 52. The fourth phase of Christian expansion started during the British Rule

in India. The English Baptist missionary William Carey arrived in India in 1793. He inaugurated the most concentrated phase of Protestant Christian activity in India. Between 1751 and 1813 the East India Company was against Christian missionaries but later its policy changed in favour of the Christian missionaries.

- **Islam:** Islam reached India during 7th/8th century A. D. Islamic rule was much later, but in Kerala, Islamic communities were established after a century of establishment of Islam due to trade links with Arabians in spices, due to trade links both Christianity & Islam established itself rather early.
- **Buddhism:** Buddhism was one of the new religious movements that arose in India around the sixth century B.C. It is rooted in the traditional Indian religion called Sanatan Dharma. It is one of the three major forms of Indian religions, the other two being Hinduism and Jainism. It was founded around the teachings of Gautam Buddha.
- **Jainism:** Jainism is one of the oldest religions in India. It is a form of Sanatan Dharma. It has 24 tirthankaras. The first tirthankar was Risabhdev and the twenty-fourth tirthankara was Mahavir. The Jains share some doctrines, rituals and general religious beliefs with early Buddhists and Hindus but they have a religious system of their own.
- **Sikhism:** Sikhism emerged as a devotional sect within the Indian religion around the teachings of Guru Nanak (1469-1539). The term Sikh has originated from the Sanskrit word 'Shishya', which means discipline.
- **The Zoroastrians:** The word Parsee means Persians and refers to those Persians who migrated to India from Iran in the tenth century A.D. They had migrated to India from their Iranian (Persian) homeland.
- **Other Religious Minorities (Animism):** Most tribals who have not converted to Hinduism, Islam or Christianity are classified by sociologists as Animists or Nature worshippers. There are striking similarities between Animist tribes and followers of Folk Hinduism. Therefore, Indian census authorities have always encountered difficulties. In 2001 census, Animist tribes are classified in the category of 'Other Religious Groups' but some other tribes have been classified as Hindus.

16.5.1 Examining Developmental Inequality Pertaining Muslim Minorities in India

Though each religious minority has their specific issues and problems especially associated in the context of development. However, for the purpose of this unit we will stick to the developmental issues and problems faced by the Muslims minority in India. This will give you a holistic picture of the unequal treatment in the context of development meted out against them. You will be able to draw an understanding of the issues pertaining to at least one religious minority in India in a holistic fashion. For the purpose of your interest, explore more on the issues of other religious minorities and the development process.

Discrimination is the main factor behind the lower social well-being of minorities (Hassan et al, 2018: 389). Discrimination limits the minorities' ability to acquire social capital, employment, and political power. It also inhibits social contacts between the minority and the majority population and preserves the status quo of the limited participation of the minorities in social life. Discrimination is a general mechanism linking minority and inequality.

Nazeer Udin's study in 2012 explores in great depth the exclusion of Muslim Minority and their developmental issues. He states that religious identities are significant for an individual's ability to mobilize resources and these religious identities can cause prejudices which may lead to economic exclusion and other forms of discrimination which can impact jobs and livelihood opportunities. Social exclusion keeps a social group outside power centers and resources. It takes the form of segregation from the social, political, economic, cultural, educational and religious domains of society (Udin 2012). NazeerUdin affirms that while minorities such as Christians, Parsis and Jains have a larger share of income/consumption than their population share, Muslim and Buddhist populations have significantly lower access to economic resources. He quotes Amartya Sen who described "unfavourable inclusion" which is through the differential treatment in the terms and conditions of a contract, discrimination in the price charged and received by discriminated groups, in fees and services for water and electricity, rent on houses, and paying a higher price for goods bought (Udin 2012: 396).

According to the 2011 Census, Muslims constitute about 14.2 percent of India's total population. Indian Muslims have not been equal beneficiaries of its economic growth and even suffered downward mobility since the 1950s. NazeerUdin (2012) states that for the Muslim Minorities in India there have been varied schemes and

policies intervened for their upliftment, but how far have they been successful is the major concern. For instance, in 1989, an Autonomous, non-political, non-profit organization, the Maulana Azad Education Foundation (MAEF), was set up to promote education amongst educationally backward Muslims in general and Muslim girls in particular. In The Ninth Plan (1997-02), saw a new Central Sector Scheme for Pre-examination Coaching for Weaker Sections based on economic criteria. It assisted voluntary organizations to run coaching centres to prepare Minorities for various competitive and professional examinations. Despite these schemes, till the end of 2005-06, the Ministry of Social Justice & Empowerment continued to be the implementing agency for programmes for educational Development and economic empowerment of Minorities. Then on January 29, 2006, a Separate Ministry of Minority Affairs was created. It recommended setting up of an autonomous Assessment Monitoring Authority (AMA), creation of National Data Bank and constitution of an Equal Opportunity Commission (EOC).

The majority of Indian Muslims suffer grave deprivation in social opportunity, because of lack of access to education, health care and other public services, and to employment. Muslim Social exclusion can be seen in the form of segregation socially, politically, economically, culturally, educationally in Indian society. (Udin 2012). It was in this context that the Prime Minister Dr.Manmohan Singh, had appointed in march 2005 a high level committee under the leadership of justices RajindarSachar to prepare a report on social, economical and educational status of the Muslim community of India. Till then there was no authentic information on the social, economic and educational backwardness of this community, thereby hampering proper formulation and implementation of specific policies, interventions and programmes to address the issues relating to its social- economic backwardness (Udin 2012: 396).

Popularly known as Sachar Committee Report, it has its base on the notion of development deficit among Muslims, therefore a systematic effort is made to analyze the conditions of Muslims. This Report finds that Muslims are at a double disadvantage with low levels of education combined with low quality education; their deprivation increases manifold as the level of education rises. According to the Sachar Report, the literacy rate among Muslims in 2001 was 59.1 % which was far below the national average (65.1 %) and other SRCs (Socio-Religious Categories) (70.8%). It is highlighted that the gap between Muslims and other SRCs increases as the level of education increases, whereas only 3% as a whole is lagging behind in ed of Muslim children among the school going age go to Madarsas (Jahan 2016).

Yasmeen Jahan states that the parameters like education, employment and income (economic marginalization) are important tools to understand dimensions of Muslims marginalization. Marginalization in education lies in various forms of persistent disadvantage which is rooted in underlying social inequalities. Marginalisation in education is an important factor in the widening of social and economic inequalities (Jahan 2016: 1-3).

Yasmeen Jahan (2016) further contends that homelessness, age, language, employment status, skill, caste, race, and religion are some criteria that have historically been used to marginalize. Muslims being the largest religious minority community in India faces difficulties, spatial differences, intolerance, and physical insecurity and so on under the fabric of social, economic and political development. The processes of 'marginalization' either give birth to their socio-economic inequalities or overlap in various domains of deprivation. Social exclusion theorists like Sukhdeo Thorat, Amartya Sen, Arjan de Haan, Hilary Silver etc. argue that social hierarchical structure, persistent inequality, various forms of discrimination; poverty and unemployment are the leading causes of marginalization. As the increasing democratization, citizenship, globalization and development swell the ranks of those "included" in the social order, so the plight of those who are at the road of margins becomes problematic (Jahan 2016).

Yasmeen Jahan further contends that this exclusion, marginalisation and discrimination is worse for the Muslim women just like the tribal and Dalit women who suffer gravely at the intersections of caste, class, ethnicity and religion. NSSO data 1987-8 shows that Muslim women in urban India are much worse off than their rural counterparts, not only in terms of their overall educational status as citizens of India, but also in terms of their relatively poor educational status when compared to Hindu or Christian women. Since education is considered to be one of the foremost indicator to the strategies of inclusive development, then, of course is also an important tool for analysing gender discrimination (Jahan 2016:3).

DID YOU KNOW ?

Sociologists like Imtiaz Ahmad and Zarina Bhatti have studied how caste dynamics has become an internal feature at play in Indian Muslims. For further analysis read: Caste and social stratification among Muslims in India by Imtiaz Ahmad (1978).

Recent studies (Hasan et al 2018) on the marginalization of the Muslims examine the relationship between the minority size and the level of inequality. These studies

examine how a growing population of Indian Muslims will further exacerbate their socio-economic conditions which may undermine India's political stability. Specifically, Indian Muslims have benefited relatively less than most other groups due to discrimination as well as different structural position. Consequently, over the past 60 years Indian Muslims have experienced downward mobility and faced economic deprivations, social exclusion, and political under-representation (Hasan et al 2018: 392).

Thus, we have briefly analysed the burning issues and concerns in relation to the developmental inequality in India and the religious minorities of Muslims. But the major question is where do we go from here? And how do we address these issues? Yasmeen Jahan asserts that since marginalization is an integral part of the development of strategies for inclusive education, it is important to seek effective measures to improve the conditions of Muslims. She also believes that an effective and inclusive policy is urgently needed to open up various platforms for absorbing religiously marginalized minority communities to develop a more democratic and secular India. Jahan also contends that it is essential to understand the changing dynamics of Muslim politics discourse and how the 'politics of inclusion' is at play in the arena of this dynamics. She also appeals for further analysis and studies on untouchability amidst the Muslims in India, and the grave situation of women who are oppressed at the intersections of the social, cultural and religious parameters in India (Jahan 2016: 5-6).

16.6 Conclusion

In this unit, we first began analysing a brief examination of what development is and further defined social inequalities pertinent in the Indian society which hampers and limits the fruits of development to the marginalised communities and sections of the Indian society. The comprehension of social inequalities was crucial to understand why people are still marginalised, and why social inequalities further impede and obstruct their holistic development in the social and economic context. We then moved onto analyse developmental inequalities in the context of Class. We examined this first by explaining what 'class' means in the context of the Indian society, and later on analysed inequalities in the process of development through a brief analysis of the agrarian crisis and its effects on the small and marginal farmers in India.

16.7 Summary

We observed how the global forces of capitalism affect the well being of this class. After a brief analysis of class we moved to examine and analyse religious minorities in India and the developmental inequalities that is faced by the Muslim Minorities in India. We examined the policies and the process of discrimination and social inequalities which marginalises Muslims in India and further constrains and cripples their holistic economic development especially the poor Muslims. However, as students of Sociology, we should not limit ourselves only to an analysis of the causes and factors which leads to the marginalisation of the aforementioned groups. We should rather find means and modes for reconstructing the present policies for them which are either not implemented properly or still requires a thorough rework. We should work collectively towards inclusive growth and development.

16.8 Questions

Answer the following multiple choice questions :

I) Which dimension did Max Weber added to examine the Class System?

- a) Power
- b) Privilege
- c) Domination
- d) Status

answer: d

II) Who wrote the book Science, Development and Violence in the year 1992 which critiques the development process?

- a) Arturo Escobar
- b) Claude Alvarez
- c) Amartya Sen
- d) Antje Lienenback

answer: b

III) Which book was written by Arturo Escobar in the year 1995 on the development debate?

- a) Encountering Development: The Making and Unmaking of the Third World

- b) Development as Freedom
- c) Why Nations Fail?
- d) Poor Economics

answer: a

IV) Who asserted that the caste system not only divides labour or indicates division of labour but also divides the entire social structure?

- a) BR Ambedkar
- b) Mahatma Gandhi
- c) Amartya Sen
- d) Jawaharlal Nehru

answer: a

V) Which Article of the Indian Constitution states that no discrimination would be done on the ground of religion, race, caste, language or any of them?

- a) Article 28
- b) Article 29
- c) Article 30
- d) None of the above

answer: b

VI) What is the name of the religious classification in which the worshippers worship nature?

- a) Animism
- b) Humanism
- c) Animatism
- d) None of the Above

answer: a

VII) Which year was the Ministry for Minority Affairs formed ?

- a) 2003
- b) 2005

c) 2006

d) 2007

answer: c

VIII) Why was the Sachar Committee formed in the year 2006?

- a) To address and prepare a report on the social, economical and educational status of the Muslim community of India.
- b) To address and prepare a report on the social, economical and educational status of the Buddhist community of India.
- c) To address and prepare a report on the social, economical and educational status of the Sikh community of India.
- d) To address and prepare a report on social, economical and educational statues of the Parsee community of India.

answer: a

Answer the following questions in detail :

I) Write a short note on:

- Social Inequalities in the Development process
- Class
- Religious Minorities in India

II) Elucidate and examine with suitable examples developmental inequality in the context of agrarian crisis in India.

III) Muslim Social exclusion can be seen in the form of segregation socially, politically, economically, culturally, educationally in Indian society. Examine and discuss the statement in the context of developmental inequality in India.

16.8 References

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Unit 17 □ Development: Displacement, Relocation and Rehabilitation

17.0 Learning Objectives

17.1 Introduction

17.2 Development Inequalities: The Cost of Development

17.3 Understanding Displacement

17.3.1 Development-Induced Displacement

17.3.2 Sources of Development-Induced Displacement

17.3.3 Impact of Development-Induced Displacement

17.4 Development Projects Induced Displacement in India: Issues and Challenges

17.5 Understanding Relocation and Rehabilitation

17.5.1 Issues related to Relocation and Rehabilitation Policy in India

17.6 Conclusion

17.7 Summary

17.8 Questions

17.9 References

17.10 Suggested Readings

17.11 Glossary

17.0 Learning Objectives

The salient objectives of this unit are:

- ❖ To understand how development leads to inequalities
- ❖ To understand Displacement which is caused due to development projects
- ❖ To understand the sources and impact of development induced displacement on people
- ❖ To provide an overview of displacement caused by development projects in India

- ❖ To understand the various issues related to Relocation and Rehabilitation

17.1 Introduction

We live in times of technological advancements and growth. Our lives today are mapped by the digital world, and it is almost impossible to imagine life without the virtual world. While the world is advancing on technological fronts, there are still many who occupy the margins of society, and for them fulfilling basic amenities on a daily basis is also a mountain of a task. Development in a nation is desirable as it leads to structural changes and growth yet it has been seen that development in a nation like India is not always equal, and only few enjoy the fruits of advancements in society. The irony of the situation is that many times the cost of this fruit is paid by the marginalized people and communities.

Development is a multidimensional, contested and a complex concept wherein the meaning of development has changed over space and time (Singh: 2020). According to Yogendra Singh, 'development refers to the strategy of planned social change which is considered desirable by the members of the society' (Sanghwan: 2015). However, as stated that while development may prosper some people it may also hamper the lives of many. This leads to a paradoxical situation in which the ill effects of development are many. Nitin Sangwan (2015) states that this paradoxical situation is manifested in the form of displacement, loss of livelihood, emotional trauma, migration, environmental damage, inequality and so on (Sanghwan: 2015).

In this unit, we will explore the cost of development and its ill effects by examining how development projects lead to displacement. We will begin this unit by briefly understanding the issues and challenges related to development, and what causes displacement due to development within the nation, and its impact. In the later sections, we will examine displacement in the Indian context, and an overview of the relocation and rehabilitation policies in India and the challenges associated with it.

Before we examine displacement in the context of development, it is important to explore more on development and the inequalities it poses.

17.2 Development Inequalities: Cost of Development

According to Farooqui (2009) development means the development of a society as a whole and includes not only economic and political system but also the nature of social institution, the structure of social relationship, pattern of culture, nature

of values and way of life based on certain cardinal principles and ideals as the goals of human life as well as the society (as cited in Kumar & Mishra: 2018). Development has also been a source of human agony insofar as it has displaced people, evicting entire communities and denying families their accustomed livelihoods (Penz et al.,: 2011). W. Courtland Robinson asserts that for millions of people around the world, development has cost them their homes, their livelihoods, their health, and even their very lives (Robinson: 2003).

It is in this context of the cost of development that we will explore in this unit, the issues of displacement caused by development projects. Development as has been stated has not been an egalitarian process and displacement is an outcome and a testament to the inequalities aggravated due to development. Let us first understand what displacement means before we devolve into exploring development induced displacement.

17.3 Understanding Displacement

Many scholars have theorized displacement differently depending on its context. For instance Ray posits that displacement is a multifaceted phenomenon in which physical relocation is only one of the most significant outcomes. The relocation can be either internal or international (Ray: 2000). Arun Singh defines it as the physical eviction of people from a dwelling and the expropriation of productive land and other assets to make possible alternative use (Singh: 2020). Displacement can even be direct or indirect. Direct displacement is often in the form of eviction due to various reasons and indirect displacement is often in the form of migration due to uneven developmental process, lack of livelihood opportunities, discrimination, fragile ecosystem, socio-religious notions etc (Sanghwan: 2015: 394).

Sahoo and Jojo (2020:31) states that there are four major sources of displacement:

1. First, due to the political/civil war turmoil.
2. Second, because of social persecution.
3. Third, because of natural disasters such as drought, flood and earthquakes.
4. And, the fourth is due to the changes in natural resource use for new development projects

Our prime focus is on the displacement which occurs within the country due to developmental projects. Singh (2020) asserted that even though internally displaced persons are often defined as those uprooted by conflict, human rights violations

and natural/human-made disasters, they also include those who are displaced by development projects. Let us now examine what is development induced displacement.

17.3.1 Development-Induced Displacement

Development Induced Displacement is defined as 'the forceful eviction of individuals and communities out of their places of habitation in the context of a project posited as being in the local, regional and national interest (Sahoo&Jojo: 2020: 31). Singh (2020) stated that the development-induced displacement occurs when people are forced from their homes and/or their habitat land as a result of development.

Do You Know?

"In Returning to Nothing: The Meaning of Lost Places" an Australian historian Peter Read examined the Australians' response to losing their homes, which lay in the path of dams, motorways, and national parks (Bennet & McDowell : 2012: 35).

Displacement by development is a global human rights crisis which evicts and uproots a large number of the population from their original place of abode. Development-induced displacement is a widespread phenomenon worldwide, wherein the beneficiaries of development are numerous, but the costs are being borne disproportionately by the poorest and most marginalized populations (Robinson: 2003:10). Michael Cernea, a sociologist has asserted after decades of long studies on forceful eviction and displacement of people by development that such forceful uprooting of people places the population more at risk of impoverishment as compared to their former state.

17.3.2 Sources of Development-Induced Displacement

Parasuraman (1999) asserts that the development projects are classic examples of structural biases in society favoring a minority group while millions of people pay the price without reaping any benefits (Siddiqui: 2012: 2). These projects by and large evict people from their roots and in turn impoverishes them. Some of the major sources of displacement which is induced by development projects are:

According to Michael Cernea (1999) the following types of development projects lead in causing displacement of people (Chikkala& Kumar: 2021: 32):

1. Water Supply and Hydroelectric projects (dams, reservoirs and irrigation), Energy (mining, power plants, oil industries).

Do You Know?

China and India are two of the most densely populated countries in the world and the largest scale of development-induced displacement and resettlement is seen in these nations (Singh: 2020). In China, by the late 1980s, roughly 10 million people were counted as "reservoir resettlers" while, in India, estimates of the populations displaced by large dams ranged from 21 million to 33 million people (Robinson: 2003: 15).

2. Urban infrastructure and transportation projects (roads, highways, canals)- Urban Development and infrastructure projects are also one of the major sources of development-induced displacement worldwide. For instance, In Madagascar, a World Bank-funded urban development project displaced a total of 2,341 households in urban areas and resettled them in Antananarivo Plain (Robinson: 2003).
3. Agricultural expansion; parks and forest reserves, population distribution schemes.

These development projects in the world

such as dams, industries, roads, mines, infrastructure, power plants, special economic zones, and new cities are intended to promote national, regional, and local development but all of this comes with a major cost and aggravates inequalities and impoverishment among people whose lands are taken for these projects (Chikkala & Kumar: 2021).

Let us now examine the ill effects of displacement caused by these projects on people.

17.3.3 Impact of Development-Induced Displacement

T.K. Oomen states that displacement induced by development has been regarded as a development pathology which leads to disparity, distress and discrimination (Oomen: 2006). The displacements of people from their natural habitat due to developmental projects like dams and canals is a traumatic, dehumanizing, and heart wrenching experience for the displaced population. While the government and the state aim to develop the nation in the name of larger goals of development projects and in the collective interest of the country, it is to be noted that the social costs of displacement are extremely high and deplorable for the displaced population. The ones at the receiving end of forced eviction and displacement are the marginalized people and communities who have to bear the negative cost of development.

Do You Know?

The research report titled Putting People First: Sociological Variables in Rural Development which was edited by Michel Cernea, and published by the World Bank in 1985, is considered one of the first attempts to conceptualize the issues of development, displacement and resettlement (Chikkala and Kumar: 2021: 30).

Smitu Kothari (2000) states that the cultural identity of the displaced communities and individuals' are subjected to major assault, resulting in severe physiological and psychological distress (UKEssays.com: 2018). Displacement, Singh (2020) asserts leads to the production systems being dismantled wherein long-established residential communities and settlements are disorganized and life-sustaining informal social networks are broken.

Many researches and studies have identified a number of qualitative impacts of displacement on people which even though varies according to the cultural milieu of that particular society yet it has been seen that impoverishment is one of the major effects on the displaced people. Michael Cernea (2000) has identified eight dimensions of impoverishment risk induced by displacement (Singh: 2020:279):

1. Landlessness
 2. Joblessness
 3. Homelessness
 4. Marginalization
 5. Food Security
 6. Morbidity
 7. Loss of access to common property resources and community disarticulation
- Such are the disparities created due to developmental projects which completely negates the existence and life of people who are displaced in the name of national progress and larger goals. Let us now examine in detail the Indian experience of displacement due to development, and the people who are at the negative receiving end of such development.

17.4 Development-Induced Displacement in India : Issues and Challenges

In India displacement became a serious challenge since the colonial age which later aggravated after independence, and in the age of liberalization, privatization and globalization (Singh: 2020). During colonial rule the objective of the British government was to garner rich resources from South Asia and convert it into a supplier of capital and raw materials to Great Britain and a captive market for its finished products. It has been documented that the coal mines of Raniganj in Bengal, tea gardens in Assam, a coffee plantation in Karnataka amidst others had started to displace people as early as the 19th century (Singh: 2020: 283). Furthermore, the Land Acquisition Act of 1894 facilitated land acquisition at a lower rate.

After independence the road to economic growth through massive development in the nation was seen as a pertinent aspect for the progress of the country. Prime Minister Jawaharlal Nehru regarded dams the 'secular temples of modern India, and while laying the foundation stone for India's first major river valley project, the Hirakud Dam in Orissa in 1948, asserted that 'If you have to suffer, you should do so in the interest of the country' (Singh: 2020: 283).

Do You Know?

The phase of large dams in India started with the Mettur dam on the Cauvery in 1930. It was the country's first concrete dam. By 1950, about 100 major dams, with reservoirs having a culturable command area exceeding 10,000 ha had come up. The Bhakra-Nangal and Hirakud dams were exhibited as symbols of progress (DowntoEarth). Source: <https://www.downtoearth.org.in/indepth/developing-distress-27724>

Since independence millions of people have been evicted and uprooted from their land in the larger interest of the nation's progress. Development has never been an equal process and many of those affected by displacement are indigenous people belonging to the scheduled tribes or the Dalits who are the worst victims of uneven forms of development. Tribal areas are a rich source of many minerals and coal which is one of the major reasons for their forceful eviction from their land to extract these valuable assets.

In India the development projects generally have led to involuntary displacement (Siddiqui: 2012). In independent India one of first displacements was reported during

the establishment of Durgapur steel plant in West Bengal in the 1950s displacing around 125,000 people. The second case of displacement is a project for port construction and enlargement in Mumbai, which displaced 12,000 people (Singh: 2020: 284). Parshuram states that the post-independence development-induced displacement has mostly caused a downward "spiral of impoverishment" (Parshuram : 2000: 36).

Scholars and researchers have stated that dams have been one of the major sources of displacement of people in India since independence. The numbers estimating the displaced population is extremely distressing and alarming. According to Taneja and Thakkar (2000), the construction of dams alone displaced between 21 and 40 million people in India wherein Negi and Ganguly (2011) state that over 50 million people in India have been displaced over the last 50 years. Scholars like Fernandes state that it has been estimated that at least 60 million of the total number of people displaced and are affected by development projects in India (Singh:2020:278).

It has also been seen that the official and formal statistics of the number of displaced people are just underestimates. As per research it is usually carried forth in order to present a good cost benefit ratio to project clearance agencies and funders (Indiawaterportal.org: 2019). For instance the number of persons displaced by the Hirakud dam was between 1.1 lakh and 1.6 lakh, while the official figures are only 1.1 lakh. Unofficial figures of displacement due to the Hirakud dam are 1.8 lakh persons (Ray: 2000:3).

The Narmada Bachao Andolan is one of the most well-known and controversial examples of displacement in the world. It has been seen that the projects of dam construction had managed to offend against each of the six core values of human security and well-being, equity, participation and governance, human rights, culture and empowerment, and environmental sustainability (Penz et al.,: 2011).

Do You Know?

Many Indian Scholars, Activists and Researchers have raised their concern and fought against the perils and injustices caused by displacement due to development projects like dams. Some of the prominent names amidst many are Medha Patkar who played a prominent role in Narmada BachaoAndolan.



Image 1 : Medha Patkar

Source: https://en.wikipedia.org/wiki/Medha_Patkar#/media/File:Medhapatkar.jpg

Do You Know?

Many Indian based knowledge sharing platforms and websites like IndiaWaterPortals.org have not only documented displacement caused by dams etc, but have also made a few short films to document the voices of the displaced. Two of their short films which you can watch on Youtube to better understand the repercussions of displacement on people are :

1. Doomed by Displacement
2. From Development To Displacement- A short film on the displacement due to Bargi dam, Madhya Pradesh

Singh contends that the varied effects of displacement in India include loss of ancestral homeland, loss of burial land, loss of properties inherited over many generations, loss of livelihood resources and weakening of traditional values. Furthermore, it has also been seen that the impact of displacement is far worse on women and children (Singh:2020:280).

Some of the major impacts of displacement in India due to development projects are:

1. **Disintegration of Community Ties:** The displaced people who once lived in close community ties and kinship relations have to face the brunt of losing community ties. Many tribal people have to adjust to the new societal norms which also impacts their culture and traditions (Bennet & McDowell: 2012).
2. **Adverse Impact of Health and Well-Being-** The displacement often has

a negative impact on the people on their health as they have to adapt to new ecology and space, and also impacts them psychologically.

3. **Loss of Livelihood:** Usually the displaced communities and people are dependent on land which is their primary means to livelihood, and displacement and forceful eviction of people from their natural habitat affect their basic source to livelihood which is their land.
4. **Ecological and Environmental Impact:** Nitin Sanghwan states that myriad environmental challenges have been posed by dams construction, coal and nuclear power plants, unstructured urban growth India. It has resulted in loss in species diversification, extinction of indigenous species (Sanghwan: 2015).
5. **Impact on Women:** While the impact of displacement is a distressing experience for almost every displaced individual it is the woman that has been seen suffer more in the process. Policies have failed to take into account the gender dimension of displacement. Thukral states that women are not given their due share in the compensation package as all the compensation, whether in the form of land, and money is issued in the name of male members of the family and not jointly (Kumar & Mishra: 2018).

Chittaroopa Palit (2009) in her work as an activist of the Narmada Bachao Andolan found that women experience displacement differently. For instance, she found that after displacement, in the course of the sanskritization process, new Hindu practices, which were not followed before displacement, emerged curbing and imposing new sanctions on Adivasi women. Women also informed her that there was an increase in violence post displacement. (Palit: 2009).

We will now examine the outcomes of displacement which mostly leads to relocation and rehabilitation, and the issues in their policy framework in India.

17.5 Understanding Relocation and Rehabilitation

In India the scholarly work and studies on displacement and rehabilitation began in the early 1960s. Anthropologists Roy, Burman (1961) studied the displacement of tribes due to the Rourkela Steel Plant (Chikkala & Kumar : 2021).

Scholars argue that Resettlement/Relocation and Rehabilitation are often taken to be synonymous by the authorities concerned, who fail to understand that the two

are different. Resettlement/Relocation is the process of physical relocation, while According to Fernandes (2008) Rehabilitation involves a longer process of rebuilding people's physical and economic livelihood, their assets, their cultural and social links, and psychological acceptance of the changed situation (Samling et al.,: 2015).

As it has been stated that after India's independence, large scale land acquisition has taken place since the 1950s to lead the nation towards economic growth by building large projects for irrigation, power, steel and heavy industries. However, at the time we did not have proper laws to address the rehabilitation and resettlement issues of the displaced (Indiawaterportal.org: 2019). It was only after series of resistance and dissent from NGOs, people's organizations and environmental groups, that the protest against displacement grew violent and the immediate need for a proper policy and legal framework came into existence in 2007 when the Government of India formulated a national policy for rehabilitation and resettlement by replacing the earlier policy of 2003 (Indiawaterportal.org: 2019).

The Government of India came up with a comprehensive Land Acquisition and Resettlement and Rehabilitation (LARR) Act, 2013 which states that the rehabilitation & resettlement combines it with land acquisition so the former does not get neglected. In LARR the public purpose for which the land is to be acquired by the government is defined along with a comprehensive rehabilitation and resettlement package is provided for those who lost their livelihood support which includes the landless and tenants. The Act also mandates to provide and establish schools and playgrounds, healthcare facilities, roads and electric connections and assured sources of safe drinking water for each family. In this law the important role of the gram sabha has been clearly stressed and the government has to consult them. The Government has to also comply with other laws like Panchayat (Extension to the Scheduled Areas) Act (PESA), 1996; the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006; and Land Transfer Regulations in Schedule V (Tribal) Areas (Indiawaterportal.org: 2019).

17.5.1 Issues related to Relocation and Rehabilitation Policy in India

It has been observed that the Resettlement and relocation programmes in India have largely focussed on the process of physical relocation rather than on the economic and social development of the displaced and other adversely affected people (UKEssays.com: 2018). The experience of the Indigenous/tribal communities and people who have been displaced by large scale projects has been extremely

negative in cultural, economic, and health terms. It has been researched that there is no ground reality and grassroots perspectives of the displaced communities taken into account while formulating relocation sites wherein the relocation and resettlement sites are invariably selected without reference to availability of livelihood opportunities.

The forced relocation of people results in people being uprooted from a social ecology and location in which they were primary actors to the one in which they are socially, economically and culturally alien. It has also been stated that many times the resettlement sites are under-prepared in terms of basic amenities and essential infrastructure such as health, schooling, and credit (UKEssays.com: 2018). Scholars, Policy Makers, NGOs, and activists have argued that the relocation and rehabilitation should aim to improve the quality of life of the people and their living standards beyond their pre-project levels. Mere physical relocation or reproduction of their pre living conditions is not enough. Development therefore should mean the overall development of the displaced community also which takes into account economic, social and cultural factors. Thus, the aim of such relocation and rehabilitation policy should be on the sustainable development of the displaced communities which is better than their previous state which however has been a distant dream in the nation for many (Chavan: n.d.).

17.6 Conclusion

Devilal Hembrom strongly asserted that displacement is like cancer. It completely twists and breaks the structure of society (Bennet & McDowell: 2012). Development should be there in society but it should not be at the cost of some people. Scholars and activists have asserted that the Resettlement plans should ensure access to basic amenities and other sustainable services which enhances the quality of life of the displaced people and not deteriorate it. Many have stated that the rehabilitation and resettlement policies should take into account multidimensional factors to properly and humanly rehabilitate people. There should be proper healthcare facilities, job opportunities, compensation, land based opportunities, educational institutional facilities.

M. Cernea (2000) was of the view that what is important is a shift in the paradigm of resettlement and rehabilitation which should focus on the reconstruction of the livelihood of the displaced people, and highlighted 8 reversal components to eradicate the risk of impoverishment caused due to displacement (Chikkala& Kumar: 2021: 31):

- From landlessness to land-based resettlement.
- From joblessness to reemployment.
- From homelessness to house reconstruction.
- From marginalization to social inclusion.
- From increased morbidity to improved health care.
- From food insecurity to adequate nutrition.
- From the loss of access to the restoration of community assets and services.
- From social disarticulation to rebuilding of networks and communities.

In the dreams of national progress, it has been seen through this unit that the vulnerable sections of the society have to suffer dehumanizing and heart wrenching conditions due to development projects and displacement. We as social science students and scholars should continually question the fast paced uneven forms of development which have dire consequences for the vulnerable sections of our society. We need to debate, raise our voices, and participate in the planning process directly/through volunteering to create a society which does not thrive at the cost of other people's lives but leads to sustainable development.

17.7 Summary

In this unit, we tried to understand the issues caused due to uneven forms of development by focussing on how development projects lead to displacement. After defining and understanding displacement, and development induced displacement, we examined the major sources and the impact of development induced displacement. We then explored development induced displacement, and relocation and rehabilitation in the context of India.

17.8 Questions

Answer Briefly :

1. What do you understand by development?
2. What do you understand by displacement?
3. What is Development Induced displacement?
4. What are the major impacts of development induced displacement?

5. What is the impact of displacement on women?

Answer in Detail :

6. What are the major sources of development induced displacement?
7. Briefly examine the impact of displacement caused by development projects in India.
8. Elucidate and examine the history of development induced displacement in India.
9. What do you understand by Relocation and Rehabilitation?
10. What are the issues and challenges in the policy framework for resettlement and rehabilitation in India?

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17.11 Glossary

- **Displacement** : Ray posits that displacement is a multifaceted phenomenon in which physical relocation is only one of the most significant outcomes. The relocation can be either internal or international (Ray: 2000). Arun Singh defines it as the physical eviction of people from a dwelling and the expropriation of productive land and other assets to make possible alternative use (Singh: 2020).
- **Development** : According to Yogendra Singh, 'development refers to the strategy of planned social change which is considered desirable by the members of the society' (Sanghwan: 2015).
- **Development Induced Displacement** : Development Induced Displacement is defined as 'the forceful eviction of individuals and communities out of their places of habitation in the context of a project posited as being in the local, regional and national interest (Sahoo&Jojo: 2020: 31).
- **Rehabilitation** : According to Fernandes (2008) Rehabilitation involves a longer process of rebuilding people's physical and economic livelihood, their assets, their cultural and social links, and psychological acceptance of the changed situation (Samling et al.,: 2015).
- **Relocation** : Relocation is the process of physical relocation of people after displacement.

Unit 18 □ Civil Society and Public Policy on Development

18.1 Learning objectives

18.2 Introduction

18.3 Who/What counts as Civil Society?

18.3.1 Rise of civil society

18.3.2 Typologies of civil society actors include

18.3.3 Global, national and local organizational bodies

18.4 Role and Functions of Civil society

18.5 Civil Society and Policy Engagement

18.5.1 Public policy cycle

18.5.2 NGO•fs/ CSO an important aspect of Civil Society

18.5.3 Wada Na Todo Abhiyan

18.6 Conclusion

18.7 Summary

18.8 Questions

18.9 References

18.10 Further Readings

18.11 Glossary

18.1 Learning objectives

This unit will aid you to critically examine:

- ❖ As what counts as civil society
- ❖ The role and function of Civil society in public policy implementation
- ❖ NGOs connection with Civil society

18.2 Introduction

The concerned unit of this module seeks to explore the varied dimensions related to civil society and public policy on development. The primary goal is to provide guidelines for a reflection on the role of civil society in policy making regarding development. We will examine questions such as what is civil society? What is its role in the functioning of society? Drawing from Chandhoke's (2007) article Civil Society "The concept of Civil Society has come to signify a set of social and political practices that sought to engage with State power" The practices as in concern with development refers to economic, social, political and cultural in nature. Admittedly, the term Civil society gained popularity in political and economic discussions in the 1980's, when it started to be identified with non-state movements that were defying authoritarian regimes, especially in central and eastern Europe and Latin America.

Civil society tends to reflect a desire to recover powers for society that were usurped by states over a period of time. According to Michael Walzer it is a place of exposed human association whose participants are free to come or depart, to engage in or stay passive according to (Walzer, 1991). So, when mobilized, civil society - sometimes called the "third sector" (after government and commerce) - has the power to influence the actions of elected policy-makers and businesses. . But the nature of civil society - what it is? and what it does? - is evolving, in response to both technological developments and more nuanced changes within societies.

18.3 Who/what counts as Civil society?

'Civilis Societas' is a Latin term translating to Civil society meaning associations or communities that work above and beyond the state. Chazan and Friedman (1993) view civil society organisations "as organisations that are independent of the state, work with it, but have no intentions of taking over." Habib (2002:147) defined civil society as "the organised expression of various interests and values operating in the triangular space between the family, state and the market." This definition strongly conceptualises civil society as an entity distinct from both the market and the state. Schmitter (as cited in Hassan 2009:68) defined civil society as a system or group of self-organised intermediate associations that;

- i. Enjoy relative independence from public authorities, private production units and enterprises.
- ii. Are capable of undertaking common actions to express and defend their interests.

- iii. Do not try to replace the state mechanisms, or accept the responsibilities of government, in general
- iv. A guide by the previously agreed rules that are civilian in nature and based on mutual respect.

Therefore, civil society in today's world is considered a crucial ally in providing social services, fighting corruption and shaping a sustainable development agenda. Noticeably in the year 2003 civil society in the words of Kofi Annan was described as 'the new superpower'. Although there are innumerable definition of civil society to be found in various literature, but for the purpose of this unit the so called civil society will be defined as 'the sphere...situated between the state and the market which can serve as a promoter of democratic values, provide models of active citizenship and temper the power of the state' (Kuchukeeva & O'Loughlin 2003, 557-58). They include church related groups, trade unions, cooperatives, service organisations, community groups and youth organisations as well as academic institutions (UNDP 1993:1). As specified by Chandhoke (2007), individuals and organisations that wished to confront unyielding and autocratic regimes with non-violent means did so in the context of civil society.

18.3.1 Rise of Civil Society

The *civilis societas* in the Aristotelian tradition is where the phrase "civil society" first appeared. It has long been one of the foundational ideas in European political and social thought. Although their meanings have changed over time, they have almost always involved social and political issues that extended beyond the confines of the home and family. Additionally, it made reference to social and political matters that were frequently normative and forceful in tone, as well as community issues that went beyond the strictly individual. Modern man can legitimately satisfy his self-interest and develop his individuality in the context of civil society, where he also learns the value of collective action and social solidarity, preparing him for citizenship and enabling him to take part in state politics (Kocka, 2017). Furthermore, Chandhoke (19) provides us with three possible scenarios for the rise of Civil society in recent times. Firstly, civil society had waged successful struggles against authoritarian state power in Central and Eastern Europe, as well as in Brazil. Secondly, profound disenchantment with the developmental state, the welfare state, and the socialist state, motivated activists and scholars to look elsewhere for a resolution to their political predicaments. This 'elsewhere', they found in associational life and social movements in civil society. Lastly, across the world the English speaking public was

introduced to two significant works Antonio Gramsci's *Selections from the Prison Notebooks*, and Jurgen Habermas's *The Structural Transformation of the Public Sphere* (translated into English in 1971 and 1989 respectively), both of which fore-grounded the concept of civil society/public sphere. Finally, developments in the socialist world sharply illustrated the problems that class projects and revolutionary transformations brought in their wake. The lesson was well learnt. The future belonged to loose coalitions of issue and identity based movements, campaigns, and civic associations, to projects that sought to monitor the state rather than take it over, and to self limiting political agendas. This realisation signified the arrival of civil society (Chandhoke, 2007)

18.3.2. Typologies of civil society actors include (WEF, 2013, p. 7; AfDB, 2012, p. 10):

- NGOs, CSOs and non-profit organisations that have an organised structure or activity, and are typically registered entities and groups
- Online groups and activities including social media communities that can be "organised" but do not necessarily have physical, legal or financial structures
- Social movements of collective action and/or identity, which can be online or physical Religious leaders, faith communities, and faith-based organisations
- Labour unions and labour organisations representing workers
- Social entrepreneurs employing innovative and/or market-oriented approaches for social and environmental outcomes
- Grassroots associations and activities at local level
- Cooperatives owned and democratically controlled by their members
- Youth clubs Independent radio, television, print and electronic media
- Neighbourhood or community-based coalitions. Academic and research institutions Organisations of indigenous peoples

In order to Civil society occupies an important position in the development dialogue as it provides opportunities to bring communities together for collection action, mobilising society to 'articulate demands and voice concerns at local, national, regional and international levels (AfDB, 2012: 10). Organizations from the civil society do not just work in these mentioned fields; they also actively deliver services like healthcare and education.

18.3.3 Global, national and local organizational bodies

So far, we've talked about civil society's history and various typologies related to it. We shall now talk about civil societies presently that function at various levels. Civil society includes a range of actors operating over different levels, for example, Oxfam is an International NGO (INGO), operating around the world on a number of issues, INGOs have become increasingly active in political processes and global governance, including transnational policy-making, from agenda-setting through to implementation, evaluation and monitoring (Kreienkamp, 2017: 1).

For example, organised civil society groups and more loosely networked civil society groups are engaged in the official consultation processes of the G20 and the United Nations, as well as monitoring the implementation of the SDGs through the Together 2030 Civil Society Alliance 15 (WEF, 2013: 7). Some civil society leaders feel that the power and influence of organised groups has emerged at the expense of becoming more 'establishment-orientated', which is a departure from civil society's political roots in numerous parts of the world (WEF, 2013: 7). The concept of a transnational civic space or global civil society refers to the space within which individuals mobilise across borders on issues of global public interest (Kreienkamp, 2017:1). Research suggests that transnational civil society activism has implications for both national and international policy-making (Kreienkamp, 2017:1). For example, where states are inaccessible to the demands of domestic actors, CSOs can make strategic use of transnational coalitions and intergovernmental organisations to build pressure from 'above' in addition to pressure from 'below' (Kreienkamp, 2017: 1).

18.4 Role and Functions of Civil society

According to Taylor (2006), the functions of a civil society in facilitating civic engagement and the participation is dependent on three aspects: , firstly he contends that civil society should teach citizens 'norms and values' synonymous with democracy secondly that 'autonomous voluntary associations' should act as a counterweight to the state and thereby hold it to account; and lastly, that 'autonomous voluntary associations' should be capable of working on a partnership arrangement, serving not only as a 'watchdog to the state, but also as a resource' in developing democracy (Taylor 2006:196).

When it comes to development the main functions that a CSO can carry out are:

- **Representation** : organisations that work towards promoting citizen voice.

- **Advocacy** : organisations that dedicate themselves to voice out for particular issues.
- **Technical inputs** : organisations that provide services regarding information and advice.
- **Capacity building** : organisations that provide support to other CSOs, including funding.
- **Service delivery** : organisations that are focussed on implementing development projects or providing services.
- **Social functions** : organisations that foster collective recreational activities

Civil society roles include:

- They play the role of 'watchdog' holding governments and institutions to account (for example, some CSOs monitor human rights abuses and provide information to both domestic constituencies and international organisations/ other states (Kreienkamp, 2017:6)
- Advocate/representative raising awareness of issues, giving a voice to the marginalised and advocating for change (for example, Civic Council of Popular and Indigenous Organisations of Honduras campaigns on issues such as logging and dams which will affect indigenous people).
- Service provider (for example, Village Water Zambia provide water and sanitation in rural areas). As mentioned above, civil society is also a recognised partner in the development process and contributes to global governance processes.

The Asian Development Bank outline five roles for civil society in advancing the sustainable development goals (SDGs):

- Complement government poverty alleviation programmes with community-based tailored assistance using evidence-based, innovative and sustained solutions;
- Localising the SDGs and monitoring progress;
- Promote citizen-centric, collaborative governance (as many CSOs in Asia's developing countries operate at grassroots level, so have active engagement with local actors and citizens) and co-production (whereby citizens produce or improve existing services without relying too much on public agencies);
- Advocating for the poor, including lobbying government;

- Empowering women for climate action (Nazal, 2018).

18.5 Civil society and policy engagement

The following discussion will help you to understand the civil society's engagement with policy formulation. Policy refers to a broad statement that reflects future goals and aspirations and provides guidelines for carrying out those goals. Public Policy is defined in many ways, but relatively it can be characterized as a dynamic, complex and interactive system through which public problems are identified and resolved by creating new public policy or by reforming existing public policy (J. Peter, 1998). In the words of Anderson (1975), when a government takes a decision or chooses a course of action in order to solve a social problem and adopts a specific strategy for its planning and implementation, it is known as public policy.

18.5.1 Public Policy Cycle:

There are roughly five levels of public policy cycle :

- The first stage starts with an agenda setting where mostly the existing problems are defined and issues concerning the various problems are raised. The process concerns recognition and identification of the problems of the public and can be political, economic, cultural or social in nature. The selection committee takes the responsibility to filter out those issues which will be given attention by either the executive or the legislative branches.
- The second stage, is of formulation where analysis takes place to how the item selected is translated into an authoritative decision
- The third stage is about Implementation where the authorized policy must be administered and enforced by an agency of the government. The agency must take instructions as stated in the policy, but will probably be called upon to provide missing pieces and to make judgements as to intent, goals, timetables.
- The fourth stage involves Budgeting: Financial resources must be brought to bear within an ongoing annual stream of budget cycles.
- The final stage concerns itself with Evaluation: the impact of the policy may be assessed. If goals exist, the effectiveness of the policy and its components can be determined. The feedback provided by evaluation is injected back to the agenda setting and frame new policies.

Policymaking is not a single and static process but deeply involves active participation

by many groups with varied interests, through whom policies and their agendas get shaped, various programmes are formulated, implemented and evaluated. Evidently, formulation of Public Policy is not just the accountability of government, public bodies but also encompasses bodies outside governmental ties to play an active role. Thus, to develop a fruitful and comprehensive policy it needs to undertake various levels of contestation, negotiations, bargaining and accommodation of diverse interests and actors. There are two key concepts to be taken into consideration, - 'policy process' and 'Policy influence in the formulation of an effective public policy.

The policymaking process in India, from the post-Independence period until late 80's has centered around the state as the 'maker' of policy, with limited participation from non governmental bodies and actors. The State taking up on the responsibility to resolve societal issues led to setting up of Planning Commission for formulation of policies which in process exhibited a top down approach where policymaking decisions mainly rests upon experts, mostly economists "and the focus remained more on policy implementation and public administration, and less on policy scrutiny." (Singh, 2014). Certain changes were to be noted in the top down approach model when India opened up to globalization and liberalization as the role of the State began to get more complex, and there began far greater scrutiny of public policy from the ground. Attention shifted to questions of appropriate policies and structures, processes for policy formulation, improving competence of policymakers and evaluating policy outcomes.

This directly impacted 'opening up' policymaking to non-state actors, for it entailed re-conceptualisation of governance-from a centralised, hierarchical and top-down traditional model of 'government', to a more collaborative, horizontal structure, and a non-hierarchical setting, that had to be now based on networking, negotiation and lobbying.

18.5.2. NGO's/ CSO an important aspect of Civil Society

*An important aspect regarding the rise of civil society in the nation is through voluntary or NGO's..The involvement of NGOs in the public policy process not only produces direct positive results on citizens, but will also impact positively on the system of governance. It can make government officials better-informed about the potential benefits and costs for various stakeholders of policy decisions (Oshewolo 2011:147)

If CSOs are to bring about pro-poor policy they need to:

- Identify the political constraints and opportunities and develop a political strategy for engagement.
- Inspire support for an issue or action; raise new ideas or question old ones; create new ways of framing an issue or 'policy narratives'.
- Inform the views of others; share expertise and experience; put forward new approaches.
- Improve add, correct or change policy issues; hold policy makers accountable; evaluate and improve own activities, particularly regarding service provision.

At the agenda setting stage, CSOs can help put issues on the agenda and ensure they are recognised as significant problems which require a policymaker response. CSO inputs can be even more influential if they also provide options and realistic solutions. Better use of evidence can influence public opinion, cultural norms and political contestation and indirectly affect policy processes.

At the policy formulation stage, documented evidence can be an important way to establish the credibility of CSOs. Here, evidence can be used to enhance or establish a positive reputation. CSOs can adapt the way they use evidence to maintain credibility with local communities and with policymakers, combining their tacit and explicit knowledge of a policy issue. A key issue is to outline the theory of change - how the proposed policy measure will result in pro-poor impact. CSOs may also present evidence of their political position, as much as their competence, in order to be included within formulation discussion.

At the implementation stage, documented evidence helps CSOs translate technical skills, expert knowledge and practical experiences, so as to inform others better. CSOs have often been successful innovators in service delivery that informs broader government implementation. The key to influencing implementation of policy is often to have solutions that are realistic and generalisable across different contexts.

Finally, documented evidence can be further used to influence the monitoring and evaluation of policy. It helps to identify whether policies are actually improving the lives of their intended beneficiaries. For example, many CSOs have pioneered participatory processes that transform the views of ordinary people into indicators and measures, garnering the interest of the media or other external groups. This can help improve policy positions and make policy processes more accountable.

18.5.3. Case Study (Wada Na Todo Abhiyan: promoting governance accountability to end poverty and social exclusion)

Post independence up until late 80's a highly centralised model of policy planning continues to set the developmental vision in India. But in 90's the process of planning did open up for some participation for non-governmental actors, but it was mostly restricted to matters regarding trade, commerce and global influences. Their role was limited to giving inputs often on already set plans, or as to just be representative bodies. Organised involvement of civil society and citizens as an institutionalised process in planning remained marginal.

It was during the making of the 12th Plan process that the Planning Commission body considered the recommendations put out by the civil society groups and people involved, as they must participate in the process as empowered stakeholders in the making of the 12th Plan, as opposed to just being implementing agencies of the state policies. People's review thereby became a significant step, providing feedback on policy failures, along with a forward-looking strategy.

This marked the beginning of a process of building a loose civil society platform demanding . inclusion of social issues in planning, and inclusion of civil society in planning in a real sense; of moving from a 'claimed' space to an 'invited' space, and of an outsider/insider engagement with the Planning Commission in the making of the approach paper for the 12th FYP- the policy blueprint from which the plan flows.(Singh, 2014)

Wada Na Todo Abhiyan was one of the championing campaigns to vocalise the involvement of civil society in the policy making process. Wada Na Todo Abhiyan (WNTA) is a campaign formed by civil society organizations(CSO's) of over 3000 organisations across different states; Centre for Budgeting and Accountability (CBGA) a think tank working towards bringing people-centred perspective on policies and government budgets; and National Social Watch(NSW), a network of civil society organisations, communities and citizens working on monitoring governance-to 'claim' space in the planning process.(Singh, 2014). The stance of the campaign were seen at two levels: one, spreading out to different regions, different constituencies and thematic issues, and to varied civil society organisations, networks and anchors; and two, consolidation and engagement with the Planning Commission in Delhi WNTA taking up the role of facilitating a civil society platform, the space shifted to diverse locations and regions; and to thematic groups, anchors and CBOs.

WNTA's engagement with the Planning Commission was based on advocacy. The methods involved one, to claim a space as 'outsiders', asking for accountability from the government towards the performance of the 11th Five Year Plan; grounding itself for legitimacy at grassroots, documenting evidence through extensive public meetings, grassroots consultations in different regions; regional consultations and national consultation. Two, of engaging as an outsider with the Planning Commission to push for a formal space for civil society and social issues in the making of the 12th Five Year Plan. Three, of an insider/outsider strategy of engagement with the Planning Commission, of stepping into the planning process, but being careful in defining itself as a civil society with a watchdog role, and thereby also stepping out to critique the Planning Commission, and the Plan.

Within civil society, the methods of working were based in decentralising, and working as a plural coalition. The case of WNTA's engagement with the Planning Commission represents an attempt of civil society to institutionalise its participation in a policymaking body. Given the technocratic, top-down model of plan making in India, the attempt carries the potential for paving the way for decentralised people's planning, and opening up plan making to citizens and CSOs. At the level of policy and government, the initiative has been a significant step forward in institutionalizing civil society's participation in the policy network of the Planning Commission.

18.6 Conclusion

Civil society is playing an increasingly important role in governance and development around the world. In this unit we discussed various facets of civil society, the key roles it enacts in pushing for new sustainable laws, programmes, policies on various issues. How they are important sources of information for both citizens and the government. Their involvement in monitoring government policies and actions to hold the government accountable by ensuring that national policy making does not forget the poor and marginalised.

18.7 Summary

We elaborated the point through the case study of Wada Na Todo Abhiyan campaign which promoted involvement of civil society in policy making beyond advocacy to keep majoritarian tendencies in check and to avoid the dangers of “Technocratic vision of economic development” (Singh, 2014). Civil society also advocates to decentralise the power of policy making and promotes the formulation

of policies based on the ground realities. The unit basically tries to explain highly why a vibrant civil society can play an effective role in defending citizen rights and work to change and uphold social norms and behavior.

18.8 Questions

Briefly answer the following questions:-

1. What comprises civil society?
2. Write a note on the public policy cycle.
3. What are the functions of a civil society?

Answer the following questions

1. What has been the role of civil society in promoting people-centred development?
2. Are there spaces available to civil society and citizens to participate in the process of policymaking?
3. How can CSOs bring about pro poor policies?

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18.10 Further Readings

Can Civil Society reorder Priorities in India?—Neera Chandhoke

The Changing dimensions of Civil Society in the Twenty First Century: Theory versus Reality. - M.J. Vinod
Civil Society and Policymaking in India: In search of Democratic Spaces - Richa Singh

18.11 Glossary

CBGA: Center for Budgeting and Governance Accountability is an independent non-profit organization enhancing transparency and accountability in governance through rigorous analysis of policies and budgets, and fostering people's participation in public policy processes by demystifying them. Envisioned by a group of civil society leaders and academicians, CBGA was started in 2002 as a programme of National Centre for Advocacy Studies (NCAS).

NSW: National Social Watch is an international network informed by national citizens' groups aiming at following up the fulfillment of internationally agreed commitments on poverty eradication and equality. These national groups report, through the national Social Watch report, on the progress - or regression - towards these commitments and goals.

Technocratic: relating to or involving experts in science or technology who have

a lot of power in government or business to exercise power over decisions making without taking into account the problems which affect normal people.

Third Sector: The 'third sector' is an umbrella term that covers a range of different organisations with different structures and purposes, belonging neither to the public sector (i.e., the state) nor to the private sector (profit-making private enterprise). Third sector organisations include: Charities, voluntary and community organisations, social enterprises and cooperatives and others.

Watchdog: An individual or group that monitors the activities of another entity on behalf of the public to ensure that entity does not behave illegally or unethically.

Unit 19 □ Decentralization of Development: Panchayat & Municipality

19.1 Learning Objectives

19.2 Introduction

19.3 Concept of Decentralisation

19.3.1 Forms of Decentralisation

19.3.2 Decentralisation and Local Governance

19.4 Indian experience of Decentralisation

19.4.1 Decentralised rural governance: Panchayat

19.4.2 Decentralised urban governance: Municipality

19.5 Kudumbashree: Kerala's own People's Plan Movement.

19.6 Decentralisation and its challenges

19.7 Conclusion

19.8 Summary

19.9 Questions

19.10 References

19.1 Learning Objectives

This unit is designed to help you critically examine

- ❖ The debate about decentralisation's role in development
- ❖ The impact of decentralisation on the role of the State government
- ❖ Relevance of the decentralisation in the Indian context
- ❖ Decentralisation in the urban and rural settings and the challenges.

19.2 Introduction

Development is a social process which ensures comprehensive and consistent improvement in the lifestyle of the people and the objective of decentralised governance

in theory is to promote development which ensures equitable distribution of benefits and growth to all sections of society. Decentralisation as a concept in contemporary times has significantly become more popular and widely discussed in relation to the idea of development. Decentralisation in simple words means dispersion of power and authority of decision making to lower level management. According to Fayol "Everything that goes to increase the participation and importance of the subordinate's role is called decentralisation." The very concept of decentralisation in present times is heavily linked to development and democracy as many academicians and members of civil society consider decentralization as the most significant concept in tackling developmental side effects. People's participation, accountability and transparency as well as social capital become critical factors in effective, equitable and sustainable development. It is through the process of decentralisation that the masses will effectively realize the extent of activities that are being conducted by the local bodies through local governance and institutions.

19.3 Concept of Decentralisation

The term decentralization more broadly defines a process by which a greater degree of autonomy or independence from central government is achieved - to shift or achieve some balance of authority or power between the central and local levels. Similarly, along the lines of UNDP, MDGD (1997) "Decentralisation is considered as part of the overall governance system of any society. It is the process by which authority, responsibility, power, resources and accountability are transferred from the central levels of government to sub-national levels ... Conceptually, decentralisation relates to the role of, and the relationship between, central and sub-national institutions, whether they are public, private or civic. Improved governance will require not only strengthened central and local governments but also the involvement of other actors from civil society organisations and the private sector in partnerships with government at all levels."

The World Bank Thematic paper argues that decentralization is a multifaceted concept which transfers the authority from central government to sub-ordinate or quasi-independent government Organization. Consequently decentralization can also help to cut complex bureaucratic procedures and it can increase government officials sensitivity to local conditions and needs. Take an example of USAID (2002), a sponsored programme in Nigeria which largely aimed at promoting greater participation of the people in democratic process and provided consciousness of their rights,

decision making etc.

According to Prasad (1971), "Decentralisation claims to solve the problems faced particularly in developing and under developing nations." In his work *Decentralization in India and Yugoslavia* he opines that the motives of decentralization lie in its ability to enable people to have a feel for power, that is, the sharing of power in matters relating to the multi-faceted development of their own area.

The UNDP report states that, "Decentralization aims to bring the government closer to the people. Decisions made on the local level will be more sensitive to local conditions, more responsive to local needs and will allow for higher accountability and transparency; thus raising the level of good governance and further improving human development. Decentralization also provides an opportunity for broader participation and representation of all ethnic groups in the political decision-making process at the local level." This shows the shifting paradigms too shift from the "top down" to the "bottom up" approach in development as well as participation, ensuring the participation of a larger number of marginalized social categories: shift from development without participation to development with participation."

Drawing some understanding from these definitions certain facts and ideas regarding decentralisation can be confirmed. These are identified as follows:

- Decentralization can succeed through participation of civilized community,
- The concept of decentralization involves distribution of authority,,
- Power is central to control and authority so, decentralization means sharing of that power
- Political,administrative,developmental and accountability mechanisms can be achieved through decentralization.
- Decentralization can be a success only when there exists adequate governing structure, equity sharing etc.
- Decentralization is a powerful instrument for reducing obstacles in the path of developmental administration.

19.3.1 Forms of decentralisation

In terms of defining the concept of decentralisation, the available literature distinguishes between three major forms:

Political Decentralization: This normally refers to constitutional reforms, strengthening of legislatures or situations where political power and authority have been decentralized to sub-national levels. Under political decentralization people are collectively drawn to decision making through empowerment. The most obvious manifestations of this type of decentralization are elected and empowered sub-national forms of government ranging from village councils to state level bodies. Devolution as an identificational concept is considered a form of political decentralization.

Devolution: Devolution refers to a full transfer of responsibility, decision making, resources and revenue generation to a local level of public authority that is autonomous and fully independent from the devolving authority. Devolution occurs when the central government transfers authority for decision making, financial allocations, and management to quasi-autonomous units of local government. Units that are devolved are usually recognized as independent legal entities (such as municipal corporations) and are ideally elected (although not necessarily). Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions (Litvack et al. 1998:5-6).

Administrative Decentralization: It refers to planning, placing and policy implementation responsibilities with local units. It majorly aims to transfer decision making authority, resources and responsibilities for the delivery of a select number of public services from the central government to other lower levels of government, agencies, field offices of central government line agencies. It is the accountability factor that differentiates the major types of administrative decentralization.

Deconcentration: Is the process by which dispersal of authority and responsibility for certain services from one level of the central government to another occurs while maintaining the same hierarchical level of accountability from the local units to the central government ministry or agency which has been decentralised. Deconcentration can be seen as a first step in new decentralising governments to improve service delivery.

Delegation: It refers to the situation in which the Central government redistributes authority and responsibility for decision making and administration of public functions to local units of government or agencies that are not always necessarily branches or local offices of the delegating authority. While some transfer of accountability to the sub-national units to which power is being delegated takes place, the bulk

of accountability is still vertical and to the delegating central unit.

Fiscal Decentralization: Traversing all forms of decentralization, some level of resource reallocation is made to allow local governments to function properly. It includes intergovernmental transfers, expansion of local revenue through property or sale tax, indirect tax, co production or co financing arrangements through users. Arrangements for resource allocation are usually negotiated between local and central authorities and they are dependent on several factors including concerns for interregional equity, availability of central and local resources and local fiscal management capacity.

With the shifting emphasis in development strategies toward promoting more socially equitable economic growth and meeting the basic needs of the poorest groups in developing societies, widespread participation in decision making considered essential to the development process of decentralization has been advocated as a way of eliciting that participation.

19.3.2 Decentralisation and Local Governance

UNDP (1990) has defined Governance as "the exercise of political, economic and administrative authority in the management of a country's affairs" It is a process through which societies or organizations make their important decisions, determine whom they wish to involve in the process and how they render an account (Graham et.al 2003). In contemporary times the term good governance has become part and parcel of the development arena of every country. Good governance implies that decisions are taken and implemented in a manner which is free of abuse and corruption, and with regard for the rule of law, it is participatory, transparent, responsive, consensus-oriented, equitable and inclusive, effective and efficient, and accountable. UNDP in 1997 enunciated five principles for good governance (UNDP, 1997), ie, Legitimacy and Voice, Direction, Performance, Accountability and Fairness. These principles are regarded as imperative factors for successful governance.

Moving further Governance is prominently classified as Centralised and Decentralised Governance. Centralised governance is a top-down approach under which decisions are taken by central authority by giving emphasis on national priorities, whereas decentralized governance is a bottom- up approach where decisions are based on the priority made by the people at grass root level. "Decentralizing government... enables people to participate more directly in governance processes and can help empower people previously excluded from decision-making. In this

way a country can create and sustain equitable opportunities for all its people. Closer contact between government officials and local communities and organizations also encourages the exchange of information that can be used to formulate development programmes that are tailored to local needs and priorities, and thus are more effective and sustainable." (UNDP, 2014). In decentralised governance there is a restructuring of authority, setting up of government institutions at local levels known as Local Self Governments (LSGs) and disperses decision making authority.

As a matter of fact, "Local governance comprises a set of institutions, mechanisms and processes through which citizens and their groups can articulate their interests and needs, mediate their differences, and exercise their rights and obligations at the local level. The building blocks of good local governance are many: citizen participation, partnerships among key actors at the local

level, capacity of local actors across all sectors, multiple flows of information, institutions of accountability, and a pro-poor orientation."(UNDP 2004).

For this purpose local governance emphasises the need to look beyond the narrow perspective of legal frameworks and local government entities. Making a shift from the narrow idea of government to governance seeks to include the multiplicity of formal and informal relationships between different actors in development (e.g. local government, the private sector, associations, de-concentrated agencies, CSOs) that shape and influence the output and effectiveness of political and administrative systems at a sub-national level.

Did you know? SOMALIA: Decentralization and Local Governance in a Failed State One would assume that a process of decentralization and strengthening of local governance would require the support of national policy and the Government. Somalia provides an interesting example of community initiatives in the absence of a national authority and disintegrated public institutions. While the people of Somalia have experienced civil war, strife and suffering during the last decade, they have also been able to create new communities, establish administrative structures and organize basic services. Apart from scars and destruction, we can now observe elements of hope that are mainly based on such initiatives. In this endeavour, UNDP has offered support, e.g., through civic education and war-torn societies projects. Ali S. Hassan, Senior Programme Officer of the UNDP country office in Somalia, observed the following positive attributes of development:

- "Weakened authority of faction and political leaders ...

- End to civil war drama created by the factions and the existence of relative peace now in Somalia.
- Strong support by the Somalis for a decentralized system of any future government in Somalia.
- Establishment of a well-developed private sector, civil society and community based organizations ...
- Privatizing by virtue of government absence in the telecommunication, banking, airline ... sectors.
- Recognition by ... Somalis of the need for an inclusive, democratic and transparent government.
- Increased levels of remittances by the Somali Diaspora and immigrants to their families and relatives in Somalia during these difficult times.
- The immigration exposure of Somalis throughout the world and the knowledge and experience gained.
- The reduction of levels of hostility among Somalis and ... they can live peacefully together. - The disappearance of illusions of faction leaders to rule the country by force.
- The likelihood that Somalia will never have another civil war for centuries to come.
- Feeling a sense of nationhood and nationalism. - Rebuilding regions and districts neglected since independence in 1960.
- New opportunities for women as they became the heads of their families and the main bread-winners ..."

Source: Good Governance in the Somalia Context; Supporting Local Governance Where There is No Government: UNDP's Experience, UNDP, MDGD, September 1998.

19.4 India's experience of decentralisation

As seen with many other Democracies, Decentralization in India has been a process of advances and retreats, and struggle between advocates of conflicting perspectives on governance and development strategy (World Bank, 2000). All states in India introduced decentralization with varying degree of financial and political power with the aim of equitable distribution of services, more fruitful

allocation and mobilisation of resources, enhancing accountability, accessibility, availability, efficiency and transparency of services through the participation of local people in decision making process. The entire process would be for locating people at the centre of power so that they become the basic engine of the development process and not, as hitherto, merely its beneficiaries.

The concept of decentralisation is not new to the Indian shores, it has a recorded history in the form of Panchayats as a traditional institution at the local level. Mahatma Gandhi's dream of Gram Swaraj (a five tier Government system at village, taluk, district, state and central level) has been the most enduring image of decentralisation in India in which universal education, economic self-sufficiency and village democracy would take the place of caste, untouchability and other forms of rural exploitation. Other than Mahatma Gandhi's Gram Swaraj various commissions and committees have significantly inspired contemporary thoughts about Panchayati Raj in India. In the year 1957 with the setup of the Belwant Rai Mehta committee the Panchayati Raj movement in India was placed in the national agenda with the three tier structure of Panchayati Raj Institutions (PRIs) for effective decentralisation and to recommend measures for Community Development and National Extension Service Programme. Since then Ashok

Mehta Commission of 1978, and the G.V.K. Rao Committee of 1985 has further reviewed the system. Subsequently the 64th Amendment Bill (1989) in the parliament suggested setting up of three tier panchayats system at village, intermediate and district levels; also in the year 1992 the Narasimha Rao Government passed the bill by the Lok Sabha on 22nd December and Rajya Sabha on 23rd December 1992, known as 73rd and 74th Amendment of the Constitution., a landmark in Indian history, conferred Constitutional status on the Panchayat Raj Institutions (PRIs). It envisages the establishment of a democratic decentralized development process through people's participation in decision-making, implementation and delivery of services. According to S.N.Jha (1999); The 73rd and 74th amendments are designed to promote self-governance through statutory recognition of local bodies. The latter are expected to move away from their traditional role of simply executing the programs handed down to them by the higher levels of government.

The World Bank has realized that India is the only country where democratic decentralization at grassroots level is going on in the true sense in the light of 73rd and 74th Constitutional Amendment Acts (World Bank, 2000).

Did You Know? Milestones in Indian decentralisation

1882 The Resolution on Local Self-Government.

1907 The Royal Commission on Decentralisation.

1948 Constitutional debates between Gandhi and Ambedkar on Gram Swaraj, 'self-rule'.

1957 Balwantrai Mehta Commission - an early attempt to implement the Panchayat structure at district and block (Samithi) levels.

1963 K. Santhanam Committee - recommended limited revenue raising powers for Panchayats and the establishment of State Panchayati Raj Finance Corporations.

1978 Ashok Mehta Committee - appointed to address the weaknesses of PRIs, concluded that a resistant bureaucracy, lack of political will, ambiguity about the role of PRIs, and elite capture had undermined previous attempts at decentralisation, recommending that the District serve as the administrative unit in the PRI structure. Based on these recommendations, Karnataka, Andhra Pradesh and West Bengal passed new legislation to strengthen PRIs.

1985 G.V.K. Rao Committee - appointed to address weaknesses of PRIs, recommended that the block development office (BDO) should assume broad powers for planning, implementing and monitoring rural development programmes.

1986 L.M. Singhvi Committee - recommended that local self-government should be constitutionally enshrined, and that the Gram Sabha (the village assembly) should be the base of decentralised democracy in India.

1993 The 73rd Amendment to the Indian Constitution - PRIs at district, block and village levels are granted Constitutional status. The Gram Sabha is recognised as a formal democratic body at the village level. The 74th Amendment, granting Constitutional status to municipal bodies, was passed soon after.

1996 The Adivasi Act - Powers of self-government are extended to tribal communities living in 'Fifth Schedule' areas.

The 73rd and 74th Constitutional Amendments laid a broad framework for the setting up of Panchayats and Municipalities by the states. It embodies rural and urban local bodies to perform social and economic functions such as, agriculture, sanitation, housing, health etc. The 73rd Constitution Amendment Act provided directions for the creation of Panchayats in the rural areas and the 74th Constitution Amendment Act provided for the creation of Municipalities in urban areas.

19.4.1 Decentralised rural governance: Panchayats

Under the Indian law the 73rd Amendment endows villages and district level bodies with a constitutional status for the establishment of three tier Panchayati Raj Institutional (PRIs) structure with elected bodies. The 73rd Amendment covers an extensive portion that would enable the Panchayats to improve the lives and wellbeing of poor and vulnerable groups. Additionally the act also comes with specific provisions that guarantee the participation of traditionally excluded/marginalised groups, such as women, SCs and STs, and transparency for local institutions such as the Gram Panchayats and the Gram Sabha. The Gram Sabha, which constitutes all eligible voters within a Gram Panchayat area, is meant to serve as a principal mechanism for transparency and accountability and is concerned with functions related to reviewing the annual statement of accounts; reports of the preceding financial year and submitting views on programmes related to development for the following year and also taking part in the identification of beneficiaries for certain governmental schemes.

The 'Eleventh Schedule' of the 73rd Amendment identifies 29 areas over which Panchayats can legitimately have jurisdiction. Many of these - such as agriculture, minor irrigation, animal husbandry, fisheries, social forestry, small-scale industries, and implementation of land reforms - focus on particular sectors within the rural economy. Others - such as rural housing, rural electrification, transportation and communication linkages - are primarily concerned with the provision and maintenance of rural infrastructure. Some cover the provision of key rural services, such as health, sanitation and primary, secondary and vocational education. Others still govern the provision of targeted welfare benefits - such as the PDS, and benefits for scheduled castes and tribes, women and children and the handicapped (Johnson,2003).

19.4.2 Decentralised Urban Governance: Municipal bodies

Urban decentralisation comes into practice through devolving powers and responsibilities to municipal bodies (city governments). Decentralised urban governance was a result of the increasing pace of urbanisation, particularly in larger cities. The decentralisation initiative devolving powers, functional responsibilities and authorities to urban local bodies in India virtually started with the 74th Constitution Amendment Act (CAA) 1992. Article 243Q of the Constitution states that a Municipal Corporation shall be constituted for a larger urban area, a Municipal Council for a smaller urban

and a Nagar Panchayat for an area, which is in the process of transition from rural to urban.

The mode of election of Mayors/Chairpersons was left to the discretion of the State Governments by the Constitution. Mayors in the case of Municipal Corporations and Chairpersons or Presidents in the case of Municipal Council or Nagar Panchayat. Article 243W of the Constitution provides for the State laws to endow Municipalities "with such powers and authority as may be necessary to enable them to function as Institutions of self-government."

The initiative by the Eleventh Finance Commission (EFC) was the first step towards measuring decentralisation in the Indian context. Decentralisation, as envisioned in the 74th CAA, was taken as an important criterion that commanded a 20 per cent weight in estimating the amount of

EFC grants to states for municipal bodies. The EFC measured decentralisation on the basis of the following criteria:

1. Enactment of state municipal legislation in conformity with the 74th CAA, 1992.
2. Intervention/restriction in the functioning of municipalities.
3. De jure assignment of functions to municipalities vis-a-vis the 12th schedule of the Constitution of India.
4. De facto assignment of functions to municipalities by way of rules, notifications and orders of state government
5. De jure assignment of taxation powers to municipalities.
6. Exercise of taxation powers by municipalities.
7. Constitution of the finance commission of states and sub- mission of action taken reports.
8. Action taken on the major recommendations of the finance commission of states.
9. Election to the municipalities.
10. Constitution of district planning committees.

To brighten the prospects of the PRIs and municipal bodies in India, some suggestions made are as follows :

1. The elected representatives of the panchayats and municipalities should exercise superintendence and control over government officials, i.e., serving

the panchayats instead of playing a subordinate role.

2. An inter-zilla panchayat parishad should be constituted in every state with the Chief Minister as its chairman to thrash out legislative, financial and administrative matters of the panchayats. The planning set-up at the zilla-level should be headed by the chairman of the zilla-panchayat.
3. A constitutional amendment for ensuring elections to cooperatives is a must because a vibrant cooperative system is important for successful Panchayati Raj.

19.5 Kudumbashree: Kerala's own People's Plan Movement.

Following the words of EMS Namboodiripad, one of the pioneers behind the idea of decentralisation, the People's Planning Campaign (PPC) is the "most radical development that has taken place in Kerala since the attainment of Independence, formation of the state of Kerala and the land reforms." The PPC initiated by the Government of Kerala in 1996 was commenced by the Left Democratic Front from the proposal made by the State Planning Board to earmark a budgetary provision for planning and developmental activities at the three tier panchayat as well as the two tier Nagarpalika system. The government of Kerala accepted the proposal and implemented it in the 1997 budget. As part of the PPC a budgetary provision was made in the favour of Local Self Governments (NSGs) which involved devolving 35 to 40 per cent of the plan funds of the State.

The democratic decentralisation that happened in Kerala in the 1996-97 strongly focused on people's participation in day to day governance and developmental planning. The plan envisioned to achieve the goal by distributing administrative power of decision making to both rural and urban governments at local level. The officials of several line departments were brought under the authority of local governments. Elected members of the local bodies were given the autonomy to design, fund and implement a full range of development policies and projects keeping in mind the local needs of the place and people. The government also directed nearly 40% of the State's annual plan budget to the local government institutions.

One of the outstanding features of Kerala's decentralisation and the People's Planning Campaign was the introduction of a Women Component Plan (WCP) as an integral part of local government level development plan in both urban and rural areas. In the development reports prepared by the local government institutions

through the five-stage people's planning process, a separate chapter on women's issues was made mandatory. This made local governments across the state think and explore the state of women and ways of improving their state. Gender as a theme assumed a particular significance in the context of reserving one-third of the seats and offices in local self-government institutions for women.

Subsequently, the Kudumbashree model came into existence in 1998, with women at the center of it. Kudumbashree comprises three tier structures similar to Panchayati Raj Institutions. The first consists of the basic unit which is the neighbourhood groups (NGs). Followed by Area Development Societies (ADS) and Community Development Societies (CDS). Every three years a direct election is held in the state to elect the coordinators for all three tier making sure that the majority of the elected members belong to below poverty line for visible representation of the invisible communities and seats are also reserved for marginalised communities. The women NGs in Kerala have also started with micro enterprises like organic vegetable growing, poultry and dairy, catering and tailoring. It has definitely strengthened their community bonds.

Today the community farms run by Kudumbashree groups are acknowledged as a critical avenue for the rejuvenation of agricultural production in Kerala. Kudumbashree also offers training courses that are definitely comprehensive and includes women's rights, knowledge of constitutional and legal provisions, training in banking practices and training in skills to set up micro-enterprises.

Things to note.

Some Key Success Factors for Decentralization

- 1) Decentralization is long term and high risk, demanding strategic management.
- 2) Understand the problem before designing and implementing solutions.
- 3) Decentralization requires top executive commitment and coordination.
- 4) Expectations must be carefully managed.
- 5) Participation requires flexible approaches adapted to the local situation.
- 6) Decentralization is a learning process; it requires risk-taking and innovation.
- 7) Decentralization is cross-sectoral and requires substantial multidimensional capacities.

- 8) Decentralization depends on an enabling environment.
- 9) Decentralization implementation should be paced and linked to other reforms.
- 10) Sustainable decentralized governance depends on local fiscal capacity

Source: UNDP

19.6 Decentralisation and its challenges

We have already discussed the merits of decentralisation in ideal conditions but there are several disadvantages that accompany the idea of decentralisation when it comes to implementation . some of them are discussed below:

1. For a decentralised governance there needs to be proximity between the elected representative and local people which is provided in the 73rd Constitution Amendment Act relating to the Panchayats, Article 243C emphasizes the need for parity amongst Panchayats within a state but a similar clause is not available in respect to Municipalities. For example, the average population per ward is 45000 in Mumbai and 31000 in Kolkata.
2. Decentralisation has been critiqued for not being all that fair by many and that the ultimate distribution of power and resources in rural areas is still dependent on the still existing pattern of social inequalities created by caste, religion, class, gender and other forms of rural domination.
3. One of the major challenges of decentralisation is the risk of increasing inequality through fiscal decentralisation that is not balanced throughout the country. Certain already endowed districts, regions or localities might be better off than poorer districts and regions, and therefore potentially stand to benefit even further from an unbalanced fiscal decentralisation process.

19.7 Conclusion

In this unit we have discussed the concept of decentralisation and its connection to development. To attain better understanding of the concept we delved into various forms of decentralisation and their structure and role to support decentralisation.

19.8 Summary

We have come to understand that Decentralisation is a well-known and widely

applied concept in the present day world, and the popularity of decentralization as a policy to promote development is increasing. Decentralization and development goes hand-in-hand. Because through developmental activities, local accountability, transparency, good governance and citizen participation can be promoted. The objectives of development is to establish a balanced and welfare oriented, equity sharing, economic prosperity, attitudinal changes society. Additionally decentralization and development are equally vital in urban areas as in rural areas because they provide citizens to lead social, economic and civic life in a better manner.

19.9 Questions

Briefly answer the following questions

1. In short explain the concept of decentralisation.
2. What do you understand by administrative decentralisation?
3. What does the 73rd and the 74th Amendment Acts in the Indian Constitution imply?

Answer the following questions

1. Explain the various forms of decentralisation.
2. Distinguish between rural and urban decentralised governance.
3. What can be the possible challenges to decentralisation?

19.10 References

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19.10 Glossary

CSO : Can be understood as a collective body comprising actors outside of governmental organizations and institutions. They are formed by people in the social sphere and are referred to as the “third sector” of society along with government and business.

Gram Swaraj : Gram Swaraj, a special term coined by Mahatma Gandhi and later developed by Vinoba which promotes conversion of every village into a self-efficient autonomous entity where all the systems and facilities for a dignified living are available.

LSG : Is a form of administration that looks after governance and management of local affairs and with decentralisation of power it in the formulation of policy and implementation of developmental works at the grassroots level.

UNDP : The United Nations Development Programme (UNDP) is the United Nations’ global development network. It advocates for change and connects countries to knowledge, experience and resources to help people build a better life for themselves.

WCP : The Government of Kerala during the 9th Five Year Plan, introduced Women Component Plan (WCP), as a part of Gender Budgeting, it was instructed that allocation of 10 percent of Plan outlays for all departments should be mandatorily reserved for women-specific projects. To make sure that the basic needs of women were acknowledged, the focus was on increasing the activities that improved the income of women and also on activities that will ensure improvement in status of women.

19.11 Further Readings and References

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Unit 20 □ Corporate Social Responsibility

20.1 Learning Objectives

20.2 Introduction

20.3 Examining the Concept of Corporate Social Responsibility

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20.1 Learning Objectives

This unit is designed to help you critically examine

- The core concept of Corporate Social Responsibility
- How through CSR corporate aims to integrate social and environmental concerns in their business operations?
- The workings of CSR under Indian law.
- The implications of CSR in contemporary times.

20.2 Introduction

Corporate Social Responsibility as a concept came into birth in the 1950's in the USA but it was only in the early 1970's that the concept of Corporate Social

Responsibility became more prevalent. Around that time the USA was grappling with definite social problems like poverty, unemployment and pollution. Consequently a huge fall in the prices of Dollar was witnessed. Corporate Social Responsibility became a matter of utmost importance for diverse groups demanding change in the business pattern. During the 1980's to 2000, corporations recognized and started accepting a responsibility towards society. The term "Corporate Social Responsibility (CSR)" can be referred to as a corporate initiative to assess and take responsibility for the company's effects on the environment and impact on societal welfare. The term generally applies to companies' efforts that go beyond what may be required by regulators or environmental protection groups.

20.3 Examining the concept of Corporate Social Responsibility (CSR)

It is of an utmost requirement to build an understanding of the term Corporate Social Responsibility before commencing any discussions around it. The globalized world of ours ensures that companies, business, environment and societies are more interactively connected than ever before and through CSR they are expected to be responsible bodies with a sense of duty towards common resources and the environment and there is a growing realisation that they, as an integral part of this society themselves, can contribute to its development. Consumers' and citizens' (Joseph, 2009). In the same way the United Nations Industrial Development Organization (UNIDO) defines that "Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economy, environmental and social imperatives ("Triple- Bottom-Line-Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

The term stakeholder, means all those on whom an organization's performance and activities have some impact either directly or indirectly. This term has been used to describe corporate owners beyond shareholders, they are people who are affected or influenced internally or externally by the organisation and their activities. Corporate social responsibility (CSR) focuses on the wealth creation for the optimal benefit of all stakeholders - including shareholders, employees, customers, environment and society. According to Bowen (as cited in Srivastava et al, 2012) , CSR refers to the obligations of businessmen to pursue those policies to make those decisions

or to follow those lines of relations which are desirable in terms of the objectives and values of our society. CSR is a process of managing the cost and benefits of business activity to both internal (workers, shareholders, investors) and external (institutions of public governance, community members, civil society groups, other enterprises" - World Bank 2002. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001). Goyder(2003) argues: -Industry in the 20th century can no longer be regarded as a private arrangement for enriching shareholders. It has become a joint enterprise in which workers, management, consumers, the locality, govt, and trade union officials all play a part. If the system which we know by the name private enterprise is to continue, some way must be found to embrace many interests whom we go to make up industry in a common purpose. CSR implies some sort of commitment, through corporate policies and action. This operational view of CSR is reflected in a firm's social performance, which can be assessed by how a firm manages its societal relationships, its social impact and the outcomes of its CSR policies and actions (Wood, 1991).

DID YOU KNOW?

Triple Bottom line Approach is used as a framework for measuring and reporting corporate performance against economic, social and environmental performance. It is an attempt to align private enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives that just profit alone. The perspective taken is that for an organization to be sustainable, it must be financially secure, minimize its negative environmental impacts and act in conformity with societal expectations.

The term "Corporate Social Responsibility (CSR)" can be referred to as a corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies' efforts that go beyond what may be required by regulators or environmental protection groups.

20.3.1 Major group of Theories of CSR

Instrumental theories: In the first group come theories which believe that Corporation is an instrument for wealth creation and that this is its sole social responsibility. This group of theories, they call instrumental theories.

Political Theories: The second set of theories are called political theories as they emphasize on the social power of the corporation specifically in its relationship with society and its responsibility in the political arena associated with this power. This leads the corporations to accept social duties and rights or participate in certain social cooperation.

Integrative theories: The third group includes theories which consider that the business ought to integrate social demands. These theories usually argue that business depends on society for its continuity and growth and even for the existence of business itself. These terms are group integrative theories.

Ethical Theories: The fourth group of theories contends that the relationship between business and society is cemented with ethical values. This leads to a vision of CSR from an ethical perspective i.e. as an ethical obligation. These are termed as group ethical theories.

20.3.2 Social Responsibility Models

There are some models which describe the evolution and scope of social orientation of companies. Notable ones include Carroll's model, Hala's model and Ackerman's model, (a) Carroll's Model Archie B. Carroll has defined CSR as the complete range of duties business has towards society. He has proposed a 3-d conceptual model of corporate performance.

According to Carroll, a firm has the following four categories of obligations of corporate performance

Economic : The firm being an economic entity, its primary responsibility is to satisfy economic needs of the society and generation of surplus for rewarding the investors and further expansion and diversification.

Legal : The laws of the land and international laws of trade and commerce has to be followed and complied with.

Ethical : Ethical responsibilities are norms which the society expects the business to observe like not resorting to hoarding and other malpractices.

Discretionary : Discretionary responsibilities refer to the voluntary contribution of the business to the social cause like involvement in community development or other social projects pertaining to health and awareness of the masses.

Ackerman's model This model defines CSR in three different phases :

First phase : Top management recognizes social problem

Second phase : The company appoints staff specialists to look into the issue and find measures to tackle it

Third phase : Implementation of the strategy derived by the specialists

20.4 Strategic implementation of Corporate Social Responsibility

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society. A well thought practice of CSR concept can bring along a wide range of competitive advantages. Corporate Social Responsibility needs a proper and step by step implementation. Andrew (1980), has developed an approach to the question of strategic choice. His four key questions suggest the approach that companies may follow in determining their level of CSR activity. Those four questions are following :

- Determining Organizational Competencies: what can we do?
- Looking at Industry threats and opportunities: what might we do?
- Examining the values of key implementers: what do we want to do?
- Determining the social responsibility: what ought we to be doing?

By finding out answers to these questions managerial decisions can be molded towards serving a strategic need. This means CSR in practical terms is an ongoing process, constantly monitoring the environment and inter and intra firm relationships. Lee and Logsdon (1996) suggests that there are five dimensions of corporate strategy that are critical to the success of the CSR process in terms of value creation by the firm. They are :

1. Centrality - CSR initiative activities should be close to the firm's mission and objectives.
2. Specificity- Strategic CSR initiatives should specifically benefit the firm. The firm should be able to capture the benefits of CSR initiatives.
3. Proactivity- CSR initiatives should focus on the dynamics of stakeholder expectations i.e. to capture the changes in socio-environmental, political and technological factors.

4. Voluntarism- CSR decisions should be discretionary and thus they should be taken up by the firm voluntarily.
5. Visibility- Strategic CSR initiative should build a firm's image and add up to the goodwill by creating positive media attention. It can also mitigate negative image of the firm

20.5 CSR in the context of India

The Ministry of Corporate Affairs, Government of India has recently notified the Section 135 of the Companies Act, 2013 along the Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility.

20.5.1 CSR as per Companies Act, 2013

While proposing the Corporate Social Responsibility Rules under Section 135 of the Companies Act, 2013, the Chairman of the CSR Committee mentioned the Guiding Principle as follows: "CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth."

The Objectives of the Policy

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.

- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- Creating opportunities for employees to participate in socially responsible initiatives.

DID YOU KNOW?

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocational skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii. Employment enhancing vocational skills
- viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix. Measures for the benefit of armed forces veterans, war widows & their dependents;

- x. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- xi. Contribution to the Prime Ministers National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc
- xiv. Slum area development.

In the case of India as well, the growing debate on CSR and its adoption by a large number of corporate post-liberalisation can be seen in the context of the larger role being played by the private sector in the economy. With the increasingly receding role of the state in the country's economy and social spheres, the corporate world, keen to exploit the available opportunities and encash upon the liberal government outlook, has gone all out to expand its economic frontiers by acquiring land and setting up new ventures. CSR is many a time, thus, is used as one of the instruments to win over the communities. At the same time becoming a global player implies that these companies have to comply with international standards in reporting their socially responsible behaviour. Global compact and Global Reporting Initiatives help these companies to project themselves as responsible corporations which do ethical business.

Complementariness between Organisations Strength and CSR Initiatives:

Name of the organisation

Main product/ service/Core competency strength

CSR Initiatives that are complemented by organisation's

Infosys Technologies Limited

NTPC Limited

TATA Indicom

Maruti Suzuki Industries Limited

TATA Consultancy Services

Dabur India Limited

KRIBHCO

Software Development

Generating and operating power generation plants and power consulting.

Tele services

Car manufacturing

Software Consultancy

Medicines using local herbs and honey making

Manufacture of Urea, Ammonia and bio-fertilisers of farmers

Fortis Healthcare Limited Health care

North Delhi Power Limited Electricity distribution

Computer literacy

Decentralised Distributed Generation and Supply

Helpline for parents and teachers, Interactive voice response system for the blind

Road safety, safe driving and training for becoming drivers

Computer donations, computer based literacy and e -waste disposal

Health check ups, Self Help Groups - bee keeping, mushroom cultivation, food preservation.

Development of farm technology, capacity building for agriculture

Revival and upgradation of hospitals, Dialysis support initiative, heart line.
Energy club for energy conservation and Electrician training.

20.5.2 Taking the case of Tata Steel and CSR

Corporate Social Responsibility has always been at the core and taken care of by the Tata group. During the foundational years of Tata group Mr. Jamshedji Tata as the founding father used to grant scholarships for further studies abroad in 1892 . He was also a supporter of Gandhi's campaign for racial equality in South Africa . Tata group has given the country its first science center and atomic research center - 'Tata Institute of Fundamental Research' (TIFR). "The wealth gathered by

Jamsedji Tata and his sons in half a century of industrial pioneering formed but a minute fraction of the amount by which they enriched the nation. Jamshed Irani, Director, Tata Sons Ltd, says, "The Tata credo is that 'give back to the people what you have earned from them'. So from the very inception, Jamshedji Tata and his family have been following this principle." (a statement on the Tata group's website www.tata.com). In July 2004, B. Muthuraman, Managing Director, Tata Steel Limited (TISCO) announced that in future TISCO would not deal with companies, which do not conform to the company's Corporate Social Responsibility (CSR) standards. Speaking at the annual general meeting of the Madras Chamber of Commerce and Industry, He stated, "We will not either buy from or sell to companies that do not measure up to Tata Steel's social responsibility standards."

Tata Steel has adopted the Corporate Citizenship Index, Tata Business Excellence Model and the Tata Index for Sustainable Development. Tata Steel spends 5-7 per cent of its profit after tax on several CSR initiatives.

1. Self-Help Groups (SHG's)

Over 500 self-help groups are currently operating under various poverty alleviation programs; out of which over 200 are engaged in activities of income generation through micro enterprises. Women empowerment programs through Self-Help Groups have been extended to 700 villages. From the year 2003 to 2006, the maternal and infant survival project had a coverage area of 42 villages in Gamharia block in Seraikela Kharsawa and a replication project was taken up in Rajnagar block. For providing potable water to rural communities 2,600 tube wells have been installed for the benefit of over four Lakh people.

2. Supports Social Welfare Organizations

Tata Steel supports various social welfare organizations. They include;

Tata Steel Rural Development Society

Tribal Cultural Society

Tata Steel Foundation for Family Initiatives

National Association for the Blind

Shishu Niketan School of Hope

Centre for Hearing Impaired Children

Indian Red Cross Society, East Singhbhum

3. Healthcare Projects

In its 100th year, the Tata Steel Centenary Project has just been announced. The healthcare projects of Tata Steel include facilitation of child education, immunization and childcare, plantation activities, creation of awareness of AIDS and other healthcare projects.

4. Economic Empowerment

A program aiming at economic empowerment through improvised agriculture has been taken up in three backward tribal blocks in Jharkhand, Orissa and Chhattisgarh. An expenditure of Rs 100 crore has been estimated for the purpose and this program is expected to benefit 40,000 tribal living in over 400 villages in these three States.

5. Assistance to government

Tata Steel has hosted 12 Lifeline Expresses in association with the Ministry of Railways, Impact India Foundation and the Government of Jharkhand. It has served over 50,000 people. Five thousand people have got surgical facilities and over 1,000 people received aids and appliances. Over seven lac rural and another seven Lac urban population have been benefited by the CSR activities of Tata Steel. The National Horticulture Mission program that has been taken up in collaboration with the Government of Jharkhand has benefited more than a thousand households. In collaboration with the Ministry of Non Conventional Energy and the Confederation of Indian Industry, focus is laid on renewable energy aiming at enhancing rural livelihood.

20.6 Beneficial outcomes in adopting CSR

1. **The shrinking role of government :** In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.
2. **Demands for greater disclosure :** There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.
3. **Increased customer interest :** There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one

in five consumers reported having either rewarded or punished companies based on their perceived social performance.

4. **Growing investor pressure :** Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks. (More on socially responsible investment can be found in the 'Banking and investment' section of the site.)
5. **Competitive labour markets :** Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.
6. **Supplier relations :** As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include:

1. Company benefits:	2. Benefits to the community and the general public:	3. Environmental benefits:
<ul style="list-style-type: none"> • Improved financial performance; • Lower operating costs; • Enhanced brand image and reputation; 	<ul style="list-style-type: none"> • Charitable contributions; • Employee volunteer programmes; • Corporate involvement in community education, employ- 	<ul style="list-style-type: none"> • Greater material recyclability; • Better product durability and functionality; • Greater use of renewable resources; • Integration of

<ul style="list-style-type: none"> • Increased sales and customer loyalty; • Greater productivity and quality; • More ability to attract and retain employees; • Reduced regulatory oversight; • Access to capital; • Workforce diversity; • Product safety and decreased liability. 	<ul style="list-style-type: none"> • Product safety and quality. 	<p>environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling.</p>
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Did you know?

The Global Reporting Initiative is an international, multi-stakeholder effort to create a common framework for voluntary reporting of the economic, environmental, and social impact of organization-level activity. Its mission is to improve the comparability and credibility of sustainability reporting worldwide.

There is increasing recognition of the importance of public-private partnerships in CSR.

Private enterprise is beginning to reach out to other members of civil society such as non-governmental organizations, the United Nations, and national and regional governments.

An example of such a partnership is the 'Global Compact'. Launched in 1999 by the United Nations, the Global Compact is a coalition of large businesses, trade unions and environmental and human rights groups, brought together to share a dialogue on corporate social responsibility.

The 'Working with NGOs' section offers some insights into the way businesses and lobby groups are working together to mutual benefit.

Source International Institute for Sustainable Development <https://www.iisd.org/business/issues/sr.aspx>

20.7 Conclusion

The unit on Corporate Social Responsibility largely discussed the conceptual understanding of the term that has come into operation since the early 1970's majorly in the West and then progressively was to be adopted by the other business corporations around the globe.

20.8 Summary

The adoption of CSR in the business sector has brought about many integrated connections between the economic financial world and the social world encompassing social and environmental wellbeing. It simply stresses on doing business responsibly and implementing the ideals of sustainable development. The CSR in context of India highlighting through a case study on Tata Steel.

20.9 Questions

Briefly answer the following questions

1. Define the concept of Corporate Social Responsibility.
2. Explain Triple Bottom Line Approach
3. Write down some of the positive outcomes that can arise when businesses adopt a policy of social responsibility?

Answer the following question

1. Critically examine and write a note on CSR as per Companies Act, 2013?
2. Write down the proper steps required for implementation of CSR.
3. Compare and analyse Carroll's model and Ackerman's model of social responsibility.
4. What are the advantages of adopting CSR?

20.10 References

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20.11 Glossary

Corporate Citizenship: Is used to describe the contribution and responsibilities a business or organization makes to the local community or society as a whole. The "corporate citizen" concept refers to a type of company that intends to put the interest of society as its goal is to produce higher standards of living and quality of life for the communities that surround them.

Global Compact: Is an international declaration of the intention to obtain consensus and support for certain fundamental principles and relating to standards applying to work, human rights and environmental safeguards.

Global Reporting Initiative: The G3 Reporting Guidelines standard were drawn up in 2006 by the Global Reporting Initiative to evaluate the economic, environmental and social performance of companies; the Electric Utility supplement

was created in 2009 by the Global Reporting Initiative and contains specific indicators for the electric utility sector

20.12 References and Further Readings

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