Indira Gandhi National Open University
School of Extension and Development Studies

MEDSE-046

Development: Issues and Perspectives

Block

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MEDSE-046 DEVELOPMENT: ISSUES AND PERSPECTIVES

Dear Learner,

Welcome to the Course MEDSE-046 on "Development: Issues and Perspectives". As you are aware that despite the sincere endeavors, the goal of achieving development is still a distant reality for many nations particularly the developing nations in the world. The World Development Indicators published by the UNDP provides data and information on the achievements of nations on various areas of development. The developing nations are facing many daunting problems and they are confronting many issues with regard to development, such as education, health, per capita income, gender issues and empowerment. Therefore it is pertinent to study about these problems and issues to know more about the factors behind all those problems and issues. It will also enable you to share your perspectives on development in various forums. The main aim of this course is to import knowledge regarding various problems and issues in development. This course has following five blocks.

The Block 1 gives an overview of various categories of development relevant to Urban Planning and Development.

The Block 2 deals with basic issues in development. The basic issues discussed in this block are population, poverty, inequality and unemployment.

The Block 3 gives an account of the key, social and cultural issues in development, development and disparities, inclusive development and marginalization.

The Block 4 is on sectoral issues in development. This block illustrates in detail the three key sectoral issues in development such as agriculture, industry and infrastructure.

The Block 5 discusses the core issues in development, which includes education, health and gender issues.

BLOCK 1 DEVELOPMENT – AN OVERVIEW

Block 3 on 'Development – An Overview' with four units gives an overview of various categories of development.

Unit 1 on **'Development - Introduction and Paradigm'** discusses the meaning of development. The unit also gives a detailed account of various paradigms of development.

Unit 2 on **'Economic Development'** discusses the definition of economic development and how it is different from economic growth. This unit also discusses some of the common measures used in the measurement of economic development. It also gives an account of the obstacles to economic development and features of underdeveloped countries.

Unit 3 on **'Human Development'**, this unit provides a general introduction to the human development. It also discusses the human development measurement and indices and the various dimensions of human development.

Unit 4 on **'Political Development'** gives an account development of political system. It discusses the various attributes and contributions of political development. The unit also gives a brief history of political development at international level.

UNIT 1 DEVELOPMENT – INTRODUCTION AND PARADIGMS

Structure

1.1 Introduction

1.2 Development: Its Meaning and Variants

1.3 Development Paradigms

1.4 Let Us Sum Up

1.5 References and Selected Readings

1.6 Check Your Progress - Possible Answer

1.1 INTRODUCTION

Development is an easy word to say, but a difficult and complicated one to define. Although, the term is used abundantly in common parlance, as well as in academic discourse, yet, its definition has always remained as a debated issue amongst social scientists. However, development, and its related terms, remain fundamental to contemporary thinking.

After going through this unit you should be able to

- define development and paradigm of development
- discuss various development paradigms

1.2 DEVELOPMENT: ITS MEANING AND VARIANTS

After the Second World War, and, with the independence of the Asian and African countries from the colonial rule, the developmental priorities of these nations become subjects of study of the USA and other western countries. Since the per capita real income in all these countries was conspicuously low, high priority was given to developmental programmes which could help Asian and African countries realize the maximum possible growth rate. In this process, several factors cropped up, such as education, health, sanitation, poverty eradication, and malnutrition. It was in this connection that the importance of development was realized. Development is no longer considered to be the same as growth, as it was earlier perceived by developed world. Development economists are no longer impressed by the growth performance of the economy reflected in terms of rise in GNP; rather, they concentrate more directly on development processes. The differences between the terms, growth, and development, urged social scientists to begin to define the term, development.

Development and its related terms remain fundamental to contemporary thinking. There is no agreement among developmental thinkers regarding a common definition of development. Some say it is an increase in income and productivity while others lay emphasis on the quality of life, provision of basic needs, happiness, and wellbeing. Some of the definitions of development, given by a few developmental economists are discussed below.

Gunar Myrdal (1960), treats development as an upward movement of the whole social system by providing better living condition, *viz*. adequate food, better housing, improved facilities for health, education and training, and the general improvement of cultural facilities, which are all desirable.

According to Bernstein (1973), "development embodies a value judgment, as it encompasses the desirability for overcoming malnutrition, poverty, and diseases which are the most immediate and widespread aspects of human suffering. In positive terms, it advocates a commitment to development that transcends the limiting term of economic growth to embrace such features as social justice, equality of opportunity, full employment, equitable distribution of income, and basic political freedom."

The International Labour Organization (ILO, 1976) insists on incorporating the basic needs strategy in the development plans for developing countries. First, a plan should include the minimum requirements of a family for private consumption: adequate food, shelter, and clothing, and the necessary household equipment and furniture. Second, it would include essential services provided by, and for, the community, such as safe drinking water, sanitation, public transport, and health and education facilities.

According to Seers (1979), the three additional requirements for the use of the term development are a decrease in poverty and malnutrition, a decline in inequality, and improvement in the employment situation.

According to Meir (1995), development means growth plus change; there are essential quality dimensions in the development process that extend beyond the growth or expansion of an economy through a simple widening process.

According to Amartya Sen (1999), a country can grow rapidly but still do badly in terms of literacy, health and life expectancy. Sen interprets development as a process that expands what he terms, the entitlements and capabilities, of the people. He opined that instead of concentrating on national product or aggregate income, development economists should concentrate on the entitlements of people and the capabilities these entitlements generate.

According to Cypher and Dietz (2009), development incorporates the diverse and broad aspirations of, what might be called, the 'good life', in all its economic, social, and political dimensions. They were of the view that development is about realizing very fundamental human values, and finding the means to extend the fruits of these values to the greatest majority of the world's population.

According to Tadaro, "development is both a physical reality and a state of mind in which society has, through some combination of social, economic, and institutional processes, secured the means for obtaining a better life." In order to achieve development, all society must have at least the following three objectives

1) to increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health, and protection to all members of society.

2) to raise levels of living, higher incomes, provide more jobs, better education, and more attention to cultural and humanistic values. These all are required not only to enhance material wellbeing but to generate greater individual and national self-esteem

3) to expand the range of economic and social choice to individuals and nations by freeing them from servitude and dependence, not only in relation to other people, nation, and states, but to the forces of ignorance and human misery.

Adiseshiah termed development, 'growth with social justice'. Adiseshiah, in the 1960s, extended the Horrod Domar Model by including various other dimensions of development. The model as written by him is

Y1 = f (L1, K1, T1, R1, S1)

Y1 = The total output during a period of time T

L1 = Labour

K1 = Capital

T1 = Technical knowledge

R1 = Natural resources

S1 = All social, educational, cultural and political factors

According to Adiseshiah (1990), development is the removal of poverty, unemployment, inequality, illiteracy, and ill health, and, is one of ensuring participation in government.

The Millennium Development Goals declared by the United Nations General Assembly on September 8, 2000 delineate the paradigm of development for the nation state. Those are

Group-1 : Eradication of extreme poverty and hunger

Group-2 : Achieve universal primary education

Group-3 : Promote gender equity and empower women

Group-4 : Reduce child mortality

Group-5 : Improve maternal health

Group-6 : Combat HIV/ AIDS, malaria and other diseases

Group-7 : Ensure environmental sustainability

Group-8 : Develop a global partnership for development

Thus, from this review, it is clearly observed that development is not merely raising economic growth, but that it goes much beyond it, and economic growth is one of the components.

Some of the important components of development could be

- increase in income and productivity
- increase in social welfare through the provision of better healthcare and education
- increased access to basic needs, i.e., food, clothing, and shelter
- enhanced choices and opportunities
- increase in income and employment opportunities
- reduction of disparities

- Enhance quality of life of the people by way of increased and improved social services
- reduction of poverty, malnutrition, and diseases
- increased access to potable drinking water and sanitation
- provision of infrastructure facilities for better living conditions such as road, electricity, and information gadgets.

After reading this section, you will have gained an idea about the term, development. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Development is a multi-dimensional concept — illustrate.

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2) Discuss various components of development.

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1.3 DEVELOPMENT PARADIGMS

Thomas Kuhn in his book, **The Structure of Scientific Revolutions,** tried to popularize the term, paradigm. According to Kuhn, a paradigm is a "universally recognized scientific achievements that, for a time, provide model problems and solutions to a community of practitioners". Kuhn used the term, paradigm, due to the tremendous shift in the scientific worldview, from the mechanistic approach of Newton to the realistic one of Einstein. Hussain (2003) has remarked that a paradigm, according to Kuhn, is a framework of thought within which questions are posed, and, answers, pursued. In other words, a development paradigm is a way of perceiving development in terms of its manifestations, process, and causes through a certain prism. According to Sato and Smith, ODII (1993), a paradigm shift in development, to be minimally consistent with Kuhn's concept, would need to meet three conditions: (i) it must provide a metatheory, that is, one that serves to explain many other theories; (ii) it must be accepted by a community of practitioners; and (iii) it must have a body of successful practice, 'exemplars',

that are held up as 'paradigms' in practice. To them and according to the metatheory, development should be people-centred; democratically organized; responsive to the whole environment, not only the ecological and the economic, but also the political, social and cultural and balanced, for example between centre and periphery, between public and private, between the roles of men and women. The Johannesburg Growth and Development Strategy outline, Development Paradigm as an in-principle argument for how to conceptualize and overcome the development challenges confronting nations. Some of the principles which they included are sustainable and inclusive development, basic needs, a focus on people and not on place, and decentralized development strategies. The ODII (Organizing for Development, an International Institute) report, while defining the term, development paradigm, has mentioned that "development must be human-centered, coming from within, rather than imposed from the outside. In addition, the center of effort in development needs to shift from resource-based strategies to interactive or participative strategies."

V.R. Panchamukhi, in his article, 'New Paradigms of Development' has the following observations about development

i) development can no longer be identified as a process of shifting surplus labour from agriculture to the industrial sectors

ii) growth is no longer the guarantor for trickle down effects

iii) market as an instrument for ensuring optimum allocation of resources has been discredited

iv) concepts such as take off, big push, great support, backward and forward linkages, have also lost their essence.

Therefore, he said that simplistic paradigms of the development economics are no longer valid. The existence of large pockets of poverty, despite a long period of planned development, widening gaps between the haves and have-nots, neglect of the inadequacies of the social aspects of development, such as education, health, and other basic needs, have cast doubts on the utility of received paradigms of development. Development, in the sense customarily perceived as growth and increase in income, no longer persists.

Some of the facets of the development paradigm are

- development not only means the increase of GNP, but includes aspects such as social, human, cultural, and political dimensions
- the focus has shifted from the one sector model to dual sector models, for example, rural-urban; agriculture and industry linkages, etc.
- the shift from a centralized to a decentralized model, for faster development.
- inclusive development, where every individual participates in development processes, and exclusion is minimal.
- linkages of the national economy with the international economies, and the role of FDI in development of the developing economy.
- development with a humane face removing poverty, hunger, and human misery from society.

Different paradigms of development are as follows

i) Less Consumerism and More Welfare Paradigm

At the outset, the modern philosophy of development intends to enhance the human wellbeing. In other words, it wants to move from consumerism towards welfare and from the concentration of wealth towards the deconcentration of wealth. Consumerism is guided by selfish motives leading to malpractice and distortions of the market. The use of terms such as, creative capitalism, or, benevolent capitalism, are steps towards moving away from the consumerism of an elite group, voluntary or forced, either of which would be suitable strategies for better distribution of the benefits of growth. The existing development paradigm has made man largely into an economic species by making him more and more materialistic, individualistic, and self-created. Mahatma Gandhi once said that "complete non-possession is an abstraction. It can never be fully realized. There is a distinction between possession and possessiveness. The evil lies not in possession as such, but in possessiveness …..it is this (possessiveness) which is the root cause of conflict." Consumerism, in general, and imitative consumerism, in particular, has brought about distortions in the pattern of development. In the new paradigm of development, economic growth, consisting of the accumulation of wealth and gross national product, would not be considered as sole objectives of development.

ii) The Human Development Paradigm

Human beings are the key factors of the development. The concept human capital came into the development arena in the 1960s. It emphasized the quality of human capital, their skills and education, for the generation of wealth, and for the accumulation of capital. Education is regarded as a means of differentiation of labour skills through making use of one's mental and physical talents, or, by developing new ones, which enable one person to differentiate his labour from that of others (Adiseshiah, 1990). Thus, education is the seed as well as the flower of development. The income and wealth of a person would be better enhanced, not by the accumulation of wealth, but by the accumulation of knowledge. Developed countries like the US, Japan, and South Korea have grasped the importance of human capital, better than developing countries. The per capita expenditure on education, and the expenditure on education as a percentage of GDP are much higher in developed countries compared to that of developing countries. Harbinson (1973) says: "human resources constitute the ultimate basis for the wealth of nations. Capital and resources are passive factors of production. Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development. The human resource development is one of the pivotal aspects of development, which promote economic, social and all other development". Human capital plays a significant role in simulating growth and a central, if not a dominant one, in meeting basic human needs. It is the quality of the human beings that counts. It is man who builds up the wealth and fabric of a nation.

The UNDP launched its first Human Development Report in 1990 and constructed a composite index called the Human Development Index (HDI).

The three important components of HDI are: Life Expectancy- representing a long and healthy life; Literacy-educational attainment; and, Real GDP-representing a decent standard of living. UNDP (2001) has envisaged that Human Development is about much more than the rise and fall of national incomes. It is about creating an environment in which people can develop that potential, and lead productive and creative lives according to their needs and interests. It considers that the people are the real wealth of a nation. The National Human Development Report – 2001, Government of India, had a consensus and a broad-based view about human development. It viewed development in terms of three critical dimensions of wellbeing: those are related to long life - the ability to live long and healthy lives; education-ability to read, write, and acquire knowledge; and, command over resources - the ability to enjoy a decent standard of living, and have socially meaningful lives.

iii) Basic Needs Paradigm

The basic needs approach is an attempt to deal directly with poverty in the fields of food, nutrition, sanitation, health, education, and housing. The ILO (International Labour Organization) has indicated two crucial elements in the Basic Needs Approach: (i) first, they include certain minimum requirements of a family for private consumption, i.e., adequate food, shelter, and clothing, as well as certain household equipment and furniture; and (ii) second, they include essential services provided by, and, for the community at large, such as safe drinking water, sanitation, public transport, health, education and cultural facilities. Todaro (1977) mentioned that development in all societies must have at least the following three objectives: (i) to increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health, and protection; (ii) to raise the level of living including, in addition to higher incomes, the provision of more jobs, better education and greater attention to cultural and humanistic values, all of which will serve not only to enhance material well being but also to generate greater individual and national self esteem; and (iii) to expand the range of economic and social choices available to individuals and nations by freeing them from servitude and dependence, not only in relation to other people, but also to the forces of ignorance and human misery.

iv) Social Development Paradigm

Social development is not only influenced by economic development, it also influences economic development. Social indicators such as education, health, women's empowerment, and participation by the socio-economically backward people in the development process would promote faster development. Therefore, social inclusion is, today, considered as one of the important factors of growth and development. The welfare of women and children is not only the responsibility of the family but also of society and the nation. Therefore, national and international agencies have launched many programmes for the welfare of women and children. The Integrated Child Development Scheme (ICDS), launched in many developing countries with the support of UNICEF, is an example of pre-school education and health care of children, and nutritional care of children and lactating mothers is one of such examples. It is realized that human, or ,social capital seems to be more significant for development than material resources. In recent years,

social capital has become one of the important dimensions of human inputs in community development and wellbeing. Moreover, social development is influenced by the social norms, values, traditions, etc., which influence development, directly, or, indirectly. Maiti in his book **Development Ethics** gives eight components of social capital, described in Figure 1.1.

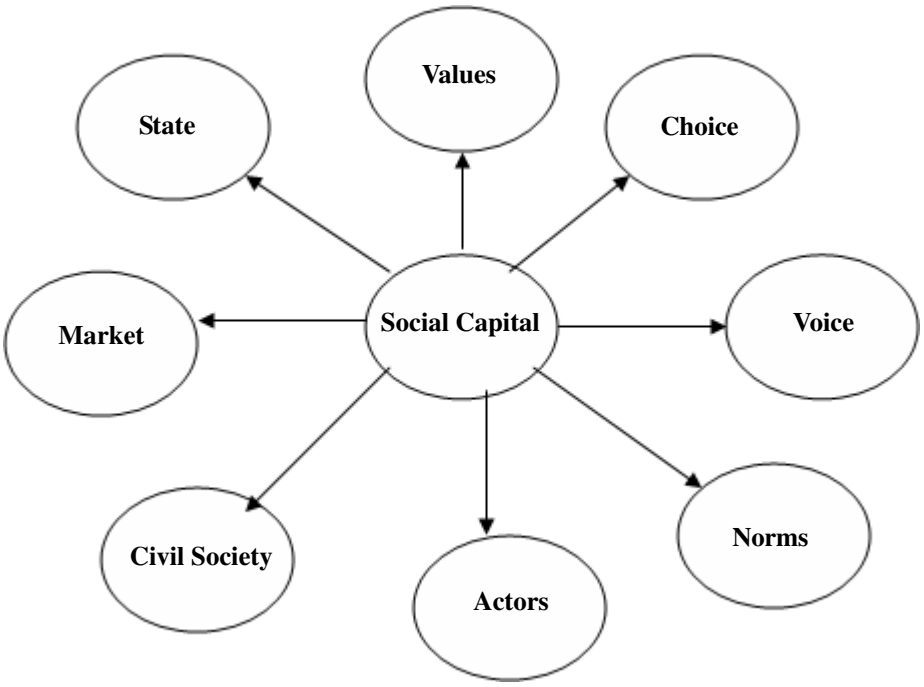

Fig.1.1: Social Capital

Source: Maiti, P(2008), *Development Ethics*, Concept publishing company, New Delhi.

All eight components of social capital play important role in the development processes. Social capital must be emphasized for the speedy socioeconomic development of a nation.

v) The Agriculture-Industry Interface Paradigm

Development requires a frequent, equity based interaction between agriculture and industry. In the dualistic growth models, the relationship between subsistence agriculture and manufacturing industry is rarely established to augment growth and development. The modern industrial sector develops by importing labour, capital and raw materials, while agriculture remains a subsistent activity. There is poor connection between agriculture and industry. Customarily, the connection between agriculture and industry is established by the use of unskilled and semi-skilled labour force from the agriculture to be used in the industrial sector. In this set up, economic growth and development are referred to as the transfer of the labour force from subsistence agriculture to the market oriented industrial sector. In other words, this implies that industry is associated with everything that is modern and growing, and agriculture is traditional and stagnant. Agriculture is largely treated as low in productivity, industry high in productivity, in other words, industry is considered to be the big brother in the process of development. As a result, in many developing countries, the contribution of the industrial sector is seen to be increasing, while the contribution of the agricultural sector to

GDP is either constant, or, slow, or even, diminishing. As industrial employment goals and per capita income expand, the urban demand for agricultural products increases. This requires a market oriented agricultural growth and historically this happens only in a few countries where agriculture faces genuine negligence. Agricultural economists cite the example of Japan from the Meiji revolution to World War I, when agriculture and industrial development went forward, concurrently.

Therefore, for balanced development, both agriculture and industry must be interdependent and help one another for their mutual promotion. One example of triangular trade-off between agriculture, industry, and the rest of the world is the Brazilian growth process, from the 1930s to the early 1960s, which is described in Figure-I. In this model, agriculture (A) sells coffee to the world (W) and buys manufacturing products from industry (I) which, in turn, requires capital good from foreign markets.

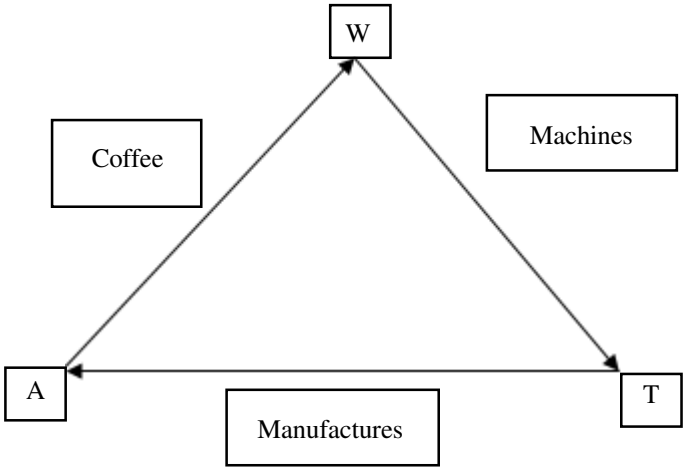

Fig. 1.2: Brazilian pattern of trade between agriculture, industry and the rest of the world

Another type of interlink between agriculture and industry is the establishment of agro-processing industries for the advancement of agriculture.

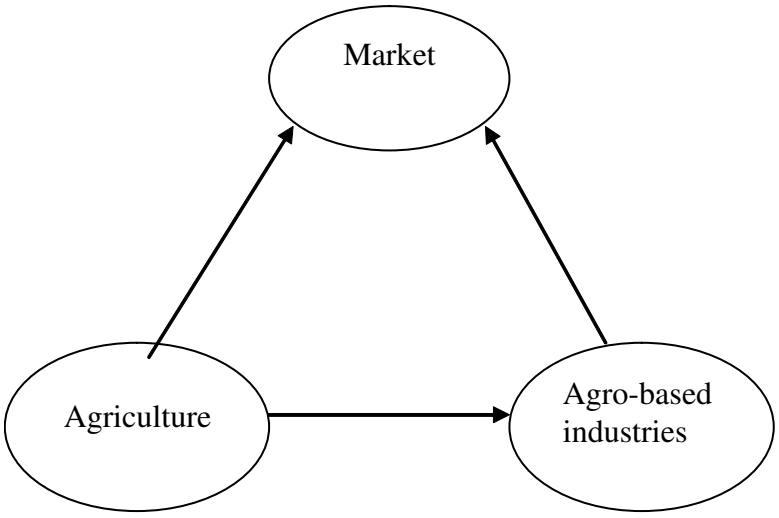

Fig.1.2: The interlinks between agriculture and industry

The effective linkage between the agriculture and industries is, today, a development agenda pursued by countries for the concurrent development

of both agriculture and industry. Unless strong linkages are established and maintained between agriculture and industry, either sector will face demand bottlenecks, thereby retarding the overall pace of growth and development. V.R. Panchamukhi (1990), in his analysis remarks that for a large number of developing countries, from 1970 to 1984, there is a significant positive relationship between the growth rate of GDP and the strength of linkages between manufacturing and agriculture (as measured by the elasticity of manufacturing GDP, with respect to agriculture GDP). Therefore, it is being increasingly realised that the strength of the agriculture-industry linkages influences the pace of development, and weak linkages between agriculture and industry would have detrimental effects on both the sectors, as well as on the economy. In the new paradigm of development, this is given serious consideration.

vi) Decentralization and Development Paradigm

Decentralization of functions, functionaries, and funds to the local self governments has proved to be an effective strategy for development in many countries. The Local Government declaration to the World Summit on Sustainable Development, held in 2002, maintains that: "We live in an increasingly interconnected, interdependent world. Local government cannot afford to be insular and inward looking.". In the Indian context, Gandhiji maintained that "Independence must begin at the bottom, and every village will be a republic of panchayats having full powers. It is, therefore essential, that every village has to be self sustained and capable of maintaining its affairs even against the whole world. It will be trained and prepared to perish in the attempts to defend itself against any onslaught". The decentralized model adopted by the Scandinavian countries in Europe, and in Kerala of India has enabled these nations and state to achieve all round development. The decentralization of economic decision making and implementation would not only reduce the cost of development, but would also ensure more equitable distribution of the fruits of development.

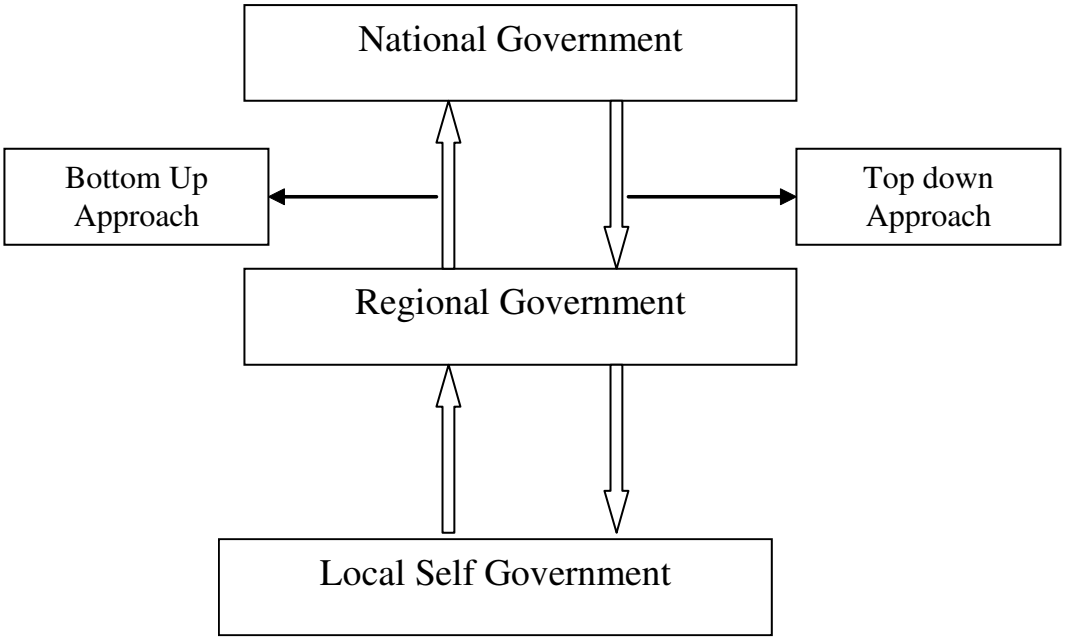

Fig. 1.3

The top-down centralized approach is more instructive and less participatory as compared to the bottom-up approach. Further, the top-down approach is too bureaucratic in nature and allows less room for peoples' participation. The bottom up approach has been found to be a more successful approach, to facilitate faster development. The paradigm of development in recent years is shifting from the highly centralized towards the decentralized system. However, the decision maker at the bottom level must be given complete freedom to exercise their power with less bureaucratic interventions.

vii) Inclusive Development Paradigm

The concept of inclusive growth and development has gained wider emphasis in many countries, particularly in developing countries, including India. The UNDP (2008) has defined inclusive growth, laying emphasis on the production and income side of GDP as :"the process and the outcome, where all group of people have participated in the organization of growth, and have benefited from it. Thus, inclusive growth represents an equation-with organization on the left hand side and benefits on the right hand side.". Inclusive growth is achieving a growth process in which people in different walks in life participate and benefit from the process of growth and development. In inclusive development, contributions made by each individual are valued. Thus, inclusive growth, by very definition, implies an equitable allocation of resources with benefits accruing to every section of the society. Inclusive development can have several dimensions.

- It is a development process in which every individual feels included.
- It includes the excluded groups such as women, disabled and other marginalized sections in the process of development. They not only receive benefits, they also contribute equally to growth and development. They are not treated as passive beneficiaries of the fruits of development, but are active participants in the development process.
- It gives equal emphasis to both rural and urban development. The urban bias is minimized and an equal emphasis is placed on the balanced development of both rural and urban sectors.
- In inclusive development, all the sectors, both formal, as well as informal, are equally empowered to contribute towards development.
- The countries experiencing exclusions in different forms, i.e., (i) regional; (ii) social exclusion within the region; and (iii) sectoral exclusion must be done away with, as this leads to inequality. This needs to be understood in the context of access to opportunities in labour markets, access to benefits from the service delivery mechanism, and, access to political process.
- The process of development creates opportunity for the poor and downtrodden to participate in the process of development.

The inclusive development believes that the economic growth achieved through social exclusion can be neither economically nor socially sustainable. Only the broadest social participation involving education, health, and habitation will enable a nation to achieve viable, sustainable, and equitable development. It can be said that the greatest challenge facing today's

government is to present a united front to address shared problems. In other words, inclusive development means development for all, and all for development.

viii) The Development with a Human Face Paradigm

A landmark development in the formulation and recognition of new human rights is the declaration of the Right to Development, adopted by the UN General Assembly on 4th December, 1986. The declaration recognized that development is a comprehensive, economic, social, cultural, and political process which aims at the constant improvement of the wellbeing of all, and of all individuals on the basis of their active, free, and meaningful participation in development, and, in the fair distribution of benefits resulting therefrom. The declaration envisages that nations have the right, and a duty to formulate appropriate national development policies that aim at constant improvement of the wellbeing of the entire population. Development with a human face means the removal of poverty, hunger, child labour, human morbidities, and preventable diseases. It further means that the rich should invest their resources for the wellbeing of the poorest of the poor, which can be called benevolent capitalism. It calls for pro-poor policies. Jawaharlal Nehru's speech which was delivered in the midnight of the day of independence was a clear message for development with a human face. Nehru said, "The service of India means the service of the millions who suffer. It means the ending of poverty, ignorance, and diseases, and inequality of opportunity. The ambition of the greatest man of our generation has been to wipe every tear from every eye. That may be beyond us, but as long as there are tears and sufferings, so long our work will not be over". Thus, the greatest challenge before the nation is to have an agenda of development with a human face, i.e., to energize the economic, social, political and administrative system which delivers with a human face, working towards the wellbeing of the downtrodden, socio-economically backwards sections, the disabled, and other excluded groups.

ix) The International *vs.* National Factors Paradigm

Today, we recognize that we live in a global economy and that no country can remain de-linked from the rest of the world. The developed countries, through different multi-lateral organizations, are investing a lot of money for the economic and social development of developing countries. The impact of FDIs on various sectors of development is visible in many developing countries. Krueger (1978), Bhagwati (1985), and Sachs and Warner (1995) stressed that countries that started exporting early, pursued sober macro-economic policies, and depreciated their exchange rates performed much better, economically, than other countries. However, many exponents believe that reforms should be owned by developing countries, rather than being imposed by an outside donor. Dogmatic imposition of free market reforms by the international institutions, especially with regard to the free movement of capital, threatens the growth prospects of developing countries. However, in spite of these debates, the relationship between aid flows and development are stronger after liberalization, privatization and globalization adopted by various countries, since the beginning of the 1990s. Globalization, the process which integrates economies across the world through global trade and investment, has become an economic reality for almost all countries.

x) The Sustainable Development Paradigm

Sustainable development emerged as an important theme of development in 1987. The Brundtland Commission on Environment and Development, in its report, "Our Common Future", called for the application of sustainability as a criterion for all development initiatives. The commission said that "in order for development to be sustainable, it must meet the needs of the present without compromising the ability of future generations to meet their own needs.". Sustainable development has two important goals: (i) Basic needs for all human beings, i.e., food, clothing, shelter, education, health, and social security, and ;(ii) it must maintain ecological balance. In order to achieve this goal all nations and their people need to join hands. Thus, sustainable development can be looked at from a variety of perspectives, such as environmental, economic, social, political, cultural, and technological. The Brundtland Report envisaged that sustainable development requires

i) a political system that secures effective citizen participation in decision making

ii) an economic system that is able to generate surpluses, and technical knowledge on self-reliant and sustained basis

iii) a social system that provides for solutions for the tensions arising from disharmonious development

iv) a production system that respects the obligations to preserve that ecological base of development

v) a technological system that can search continuously for new solutions

vi) an international system that offers sustainable pattern of trade and finance

vii) an administrative system that is flexible, and has the capacity of self-correction.

Sustainable development is a holistic approach towards development, where the sustainable development vision is shared by the sectors, nations and people. It presupposes that the actors of sustainable development are interdependent, and, not independent.

xi) Poverty Reduction Paradigm

At the Millennium Summit 2000, the international community agreed on the Millennium Development Goals - including halving the proportion of the world's population living in extreme poverty, by 2015. More than half of the population in the developing countries, (around 2.8 billion) are living on less than US $ 2 a day. How to scale up the fight against global poverty is a new development paradigm of the new millennium. Here, scaling up means formulating and implementing programmes, policies, or projects in different places over time and space to fight against poverty. Even replications of good practices are recommended.

Here are a few of examples of poverty reduction projects, or, programmes, prepared by Wolfensohn (2004).

- In northeast Brazil, a decade of piloting and expanding rural community driven programmes has benefited some 7.5 million rural poor, and resulted

in 35,000 community associations and 1500 representative municipal councils. 90 percent of the project resources directly benefit the people.

- Indonesia's Kecamatan Community Development Programme benefits about 35 million poor people, expanding from 25 villages in 1998 to 20888 villages today. The programme gives power to communities by placing funds and decision making directly in the hands of villages.

- The Yemen Social Development Fund provides clean water, education, cultural restoration, and health delivery in rugged rural communities, which decide on their own priorities, contribute a percentage of the costs, and play a key role in maintaining the services themselves.

One widely quoted example of poverty reduction in India is the National Rural Employment Guarantee Programme, a poverty reduction programme recently implemented by the Government of India, in 2002. It has provided unskilled employment to millions of disadvantaged people, particularly women, Scheduled Castes and Scheduled Tribes in rural areas. It is implemented by the *panchayati raj* Institutions. Hussein (2003), in his article on *"A New Paradigm for Overcoming Poverty"* has says that "if poverty is to be overcome, what is required is to understand the processes of poverty creation, and, to identify the points of intervention in the poverty process through which the poor can be enabled to overcome poverty on a sustainable basis."

In this section, you studied various paradigms of development. Now answer the questions in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are various paradigms of development?

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2) What is meant by inclusive development?

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1.4 LET US SUM UP

Development is an easy word to say, but a difficult and complicated one to define. Customarily, it has two dimensions: quantitative, and, qualitative. It is also called growth plus change. There are several paradigms of development such as human wellbeing, human resources development, social development, sustainable development, inclusive development, development with a human face, and the international impact on development paradigms. Thus, development is a multi-dimensional concept, where the dimensions are interdependent.

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1.6 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) Development is a multi dimensional concept - illustrate.

   Answer.Development is an easy word to say, but a difficult and complicated one to define. Development is perceived as economic, social, political, and cultural development, a process that helps to raise the quality of life of people. One development scientist define it as both a physical reality and a state of mind in which society has, through some combination of social, economic, and institutional processes, secured the means for obtaining a better life.

2) Discuss various components of development.

   Answer. Some of the important components of development are

   - increase in income and productivity
   - increase in social welfare through the provision of better health care and education
   - increased access to basic needs i.e. food, clothing and shelter
   - enhanced choices and opportunities
   - increase in income and employment opportunities
   - reduction of disparities
   - enhanced quality of life of the people by way of increased and improved social services

Check Your Progress 2

1) What are various paradigm of development?

   Answer. The various paradigms of development are social development and promotion of social capital, human development, inclusive development, sustainable development, interface between agriculture and industry for mutual benefit to both the sector, and the role of foreign capital in development. These are a few important paradigms of development.

2) What do you mean by inclusive development?

   Answer. Inclusive development is the process and the outcome where all group of people have participated in the organization of growth, and, have benefited from it. Thus, inclusive growth represents an equation, with organization on the left hand side, and, benefits on the right hand side. Inclusive development is a development process in which people from different walks of life participate, and benefit from the process of growth and development. In inclusive development, contributions made by each individual are valued.

UNIT 2 ECONOMIC DEVELOPMENT

Structure

2.1 Introduction

2.2 Economic Development: Views and Definitions

2.3 The Measurement of Economic Development

2.4 The Factors Influencing Economic Development

2.5 The Characteristics of Underdeveloped Countries

2.6 Let Us Sum Up

2.7 References and Selected Readings

2.8 Check Your Progress - Possible Answers

2.1 INTRODUCTION

A variety of types of development are discussed in this block. They are economic development, political development, and human development. In general, economic development refers to a rise in income and the productivity of a nation. However, various economists define economic development in different terms. This unit discusses definitions of economic development, and how it differs from economic growth; the measurement of economic development; the factors influencing economic development, and; the characteristics of underdeveloped countries.

After studying this unit, you should be able to

- explain various views on economic development
- define economic development
- differentiate between economic development and economic growth;
- explain the measurement of economic development
- describe various factors influencing economic development
- illustrate various features of underdeveloped countries.

2.2 ECONOMIC DEVELOPMENT: VIEWS AND DEFINITIONS

Before going into the definitions of economic development, and the difference between economic development and economic growth, let us discuss the various view points on economic development.

i) Views on Economic Development

The four main views on economic development are put forth by:

- Classical
- Neo Classical
- Structuralists
- New Development Economists

The Classical Views of Economic Development

Economic development was customarily referred to as economic growth by classical and neo classical economists. The economists of the eighteenth, nineteenth, and early twentieth century, such as Adam Smith, David Ricardo, John Stuart Mill, Karl Marx, and Alfred Marshall had a profound concern for understanding the roots of economic wealth and the reasons for poverty. Adam Smith in his ***Progressive State*** identified three major sources of growth: (i) growth in the labour force and stock of capital; (ii) improvement in the efficiency with which capital is applied to labour through greater division of labour and technological progress; and (iii) foreign trade that widens the market and reinforces the other two sources of growth. According to Adam Smith, growth can be promoted through the market institutions and through the activity of competition. The classical economists including Adam Smith relied heavily on variables, such, as capital, population, and trade, for economic development.

Neo Classical Views of Economic Development

The neo classical economists believed that growth occurs as a result of the long term effects of capital formation, labour force expansion, and technological changes. Those are assumed to take place under conditions of competitive equilibrium. According to them, the shift in demand, and movement of resources from one sector to another are not necessarily important for development, because labour and capital produce equal marginal returns in all uses. Markets, prices, and incentives are the central issues. Besides, these three aspects, the neo classical economists advocated getting all national policies right in order to achieve a high growth rate.

The Structuralist Views of Economic Development

The early developmental economists adopted a somewhat structuralist approach to development problems. They tried to identify specific rigidity, lags, shortages and surpluses, low elasticities of supply and demand, and other characteristics of the structure of developing countries that affect economic development. According to them, economic development is caused by changes in the structure of the economy, rather than movement of labour from one sector to that of the other.

New Development Economists

The new development economists considered economic development as the removal of poverty and inequality, rather than an increase in the growth rate and GNP (Gross National Product). They are of the view that growth in GNP is not a sufficient condition for the eradication of poverty. Further, there is very little possibility of the trickle down effects of income, and, therefore, both, poverty and income inequalities are high in many countries. They questioned the very meaning of economic development and the value of measuring it in terms of GNP. They added other dimensions to the objectives of development. The World Bank emphasized redistribution with growth, and the International Labour Organization (ILO) concentrated on basic human needs. Now, development economists give emphasis more directly on the quality of the development process. They consider that people and the quality of their life are central to development. They argue that there is a need for a perspective of economic development that incorporates human development. The UNDP emphasizes the concept and

measurement of the Human Development Index (HDI). The HDI measurement takes into consideration, not only per capita income, but social indicators, such as life expectancy and literacy, too. The Swedish Nobel Prize winner Gunnar Myrdal (1968) said that development is implicitly based on a series of modernized ideals, and, therefore, means achievement of those modernization ideals. The modernization ideals complied by Myrdal are: (i) rationality; (ii) planning for development; (iii) increases in production, production per capita, and production per worker; (iv) improvements in the standard of living; (v) declines in social and economic inequalities; (vi) consolidation of national state and national integration;(vii) national independence; (viii) political democratization; and, (ix) increased social discipline. Harvard's philosopher economist, Amartya Sen stressed that economic development should be interpreted as a process of expansion of positive freedom of the people. He said that development is a process that expands the 'entitlements' and 'capabilities' of the people, and advocates that development economists should concentrate on entitlement of the people, and the capabilities that these entitlements generates.

Economic development, as perceived by the modern economists, has been nicely summed up by Sizirmai (2005) in the following four points: (i) development is a normative concept involving very basic choices and values; (ii) development goals include the reduction of poverty, increased economic welfare, improved health and education ; (iii) an increase in productivity and production per head of population in poor countries and; (iv) Finally, there are modernization ideals or development goals does not means that all societies ought to develop in the same manner or that they converge to same common standard.

ii) Economic Development: Meaning and Definitions

In the first part of this section, you read different views on economic development. Now, let us give a few definitions of economic development, and, then, discuss the differences between the economic development and economic growth. According to C P Kindleberger, "economic development implies both more output and changes in technical and constitutional arrangements by which it is produced." Bernard Okun and W. Richardson opines, "economic development may be defined as a sustained improvement in well being, which may be considered to be reflected in an increasing flow of goods and services." According to Viner, "the term economic development signifies not merely economic growth, but economic development, which is associated either rising per capita levels of income, or, the maintenance of existing high levels of income."

iii) The Differences between Economic Development and Economic Growth

Now, we will outline the differences between economic development and economic growth. The main differences between economic development and economic growth are

- Development is a discontinuous and spontaneous change in the stationary state which, forever alters and displaces the equilibrium state previously existing, while growth is a gradual and steady change in the longrun, which comes about by a general increase in the rate of savings and population.

- Economic development deals with the problem of underdeveloped countries, whereas economic growth deals with the problems of developed countries.

- Prof. Maddison is of the view that, "The rising of income levels is generally called economic growth in rich countries and in poor countries it is called economic development, which is the outcome of deliberate planning". Thus, the term economic development is used for the fuller utilization of unutilized natural and human resources of the underdeveloped countries, while the term economic growth is referred for maintaining the situation of full employment in developed countries.
- According to Kindleberger, "Economic growth means more output. Economic development is the technical and institutional setup by which such output is produced and distributed."
- Economic Development means changes such as social, economic, and other changes which boost economic growth. Economic growth is measurable, but economic development cannot be precisely measured.
- In the opinion of Robert Clower growth is possible without development. Economic growth may not have any percolation effect on the society. It may bypass the people. Growth can be jobless and ruthless. It may not bring real prosperity and social welfare. People's standard of living may not rise due to higher economic growth. On the other contrary, the process of economic development has favourable effect on economic growth.

The difference between the growth and development is summarized in the Table-2.1 below.

Table 2.1: Differences between Economic Growth and Economic Development

Economic Development	Economic Growth
(1) Multi dimensional	(1) Single dimensional
(2) Qualitative changes: composition and distribution of national income	(2) Quantitative Changes: change in national and per capita income
(3) Gradual and steady change, planned	(3) Spontaneous change
(4) Continuous change	(4) Discontinuous change
(5) Growth is prerequisite for development	(5) Growth is possible without development
(6) Solution to the problem of under developed countries	(6) Solution to the problem developed countries
(7) Economic and non economic factors	(7) Economic factors

These differences show that there are no water tight differences between economic development and economic growth. Economic growth is a quantitative measure of development, while economic development is both quantitative and qualitative measure of development. Today's economic development can be tomorrow's economic growth. Most often we loosely refer only to 'growth', and, occasionally, for the sake of variety to 'progress' and 'development'. However, Gills *et.al.* (1996) said that the term economic development and economic growth are sometimes used interchangeably, but there is a fundamental distinction between them. Economic growth refers to a rise in national or per capita income and product, but economic development implies fundamental changes in the structure of the economy.

In this section you studied the meaning of economic development and differences between the economic development and economic growth. Now, answer a few questions given in *Check Your Progress 1*

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Define economic development?

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2) Do you agree that economic growth is different from economic development: Explain?

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2.3 MEASUREMENT OF ECONOMIC DEVELOPMENT

Measuring economic development is a varied and difficult task. There are several measures of economic development and some of the common measures are

1) Gross National Product/ Gross National Income
2) Per Capita Income
3) Incidence of Poverty
4) Human Welfare
5) Standard of Living
6) Green Index

Gross National Product (GNP) / Gross National Income (GNI)

The Gross National Product (GNP) is the value of all the goods and services produced in an economy, plus the value of goods and services imported, minus the goods and services exported. The Gross National Income is the total value of all income in an economy, plus the value of all income received from other countries, minus payments made to other countries. Thus, GNP and GNI measure indicate the levels of development. However, between the two, GNI is a more appropriate measure of development, as it measures what is actually available

for contributing to the standard of living. On the other hand, GNP is a measure of the total value of goods and services produced by a country, and not the income and output available for use by a country. Cypher and Dietz (2004) remarked that "real GNP is a less desirable measure to use if one is interested in a surrogate welfare measure for the broad range of development goals of a nation." The gross national product hardly takes into account the output produced by the unorganized sector. The GDP and GNI of a few countries are given in Table-2, which shows that China's GDP and GNI are higher than those of Bangladesh and Jamaica. Thus, it can be concluded that China is a more developed country as compared to Bangladesh and Jamaica.

Table 2.2: GDP/GNI Per Capita, Comparison of Selected Countries, 2006 (billion $)

Country	Total GDP($)	Total GNI($)
Bangladesh	62.0	65.4
Brazil	1068.0	1038.4
China	2668.1	2694.8
India	906.3	900.9
Jamaica	10.5	9.4
Kenya	21.2	20.9
Korea (Rep.)	888.0	888.0
Pakistan	128.8	126.2
Sri Lanka	27.0	26.6

Source: World Bank, *World Development Indicators* (online)

Per Capita Income

Many economists argued that per capita income is a better measure of development than GDP and GNI. According to them development is meaningless, if it does not improve the standard of living of the people. Per capita income is calculated as national income, divided by total population. The GNI per capita, in dollar terms, of China, as shown in Table-2.3, is more than two times higher than that of India.

Table 2.3: GNI Comparison of Selected Countries, 2006

Country	GNI Per Capita ($)	Population in Millions
Bangladesh	453	144.3
Brazil	5503	188.7
China	2054	1311.8
India	812	1109.8
Jamaica	3525	2.7
Kenya	596	35.1
Korea (Rep.)	18340	48.4
Pakistan	793	159.0
Sri Lanka	1344	19.8

Source : World Bank, *World Development Indicators*(online)

Per capita income is considered to be better measure of development as it takes into account the benefits that accrue to individuals. In India, the per capita income is considered a barometer of development. Punjab, which enjoys substantially higher per capita income than Orissa, Bihar, and Madhya Pradesh, is generally considered a developed state compared to these other states.

Table 2.4: Per Capita Income of Selected States and All India at Constant Prices (1993-94) (in rupees)

State	2003-04
Andhra Pradesh	11333
Bihar	3557
Haryana	15721
Madhya Pradesh	8284
Orissa	6487
Punjab	15800

Source: http://somepark.chd.nic.in/images/statistics/SDP2

The Incidence of Poverty

The Incidence of Poverty is another measure of development. Many countries have calculated the number of people, and, even families, living below the poverty line. The simplest and most widely used measure of poverty is the Head Count Index (HCI), which is the ratio of the population living in poor households, with incomes below the poverty line, to total population. The calories norm has been used in India, *i.e.*, a minimum 2400 calories in rural areas, and 2100 calories in urban areas, to determine the poverty line. Another absolute measure of poverty that has been commonly used by the World Bank and other multilateral organizations for international comparisons is US dollar (one, or, two dollars) in purchasing power parity, per capita, per day. This yardstick is very simple and easy to use. The UNDP introduced the Human Poverty Index (HPI) in 1997, which is considered a measure of assessing the development of a nation from the angle of poverty. A high incidence of poverty means lower economic development. The incidence of poverty in Bangladesh and India is much higher than that of China.

Table 2.5: Percentage of Population Living Below Poverty Line in Selected Countries

Country	Population below Poverty line National Poverty line	Population below poverty line (International Poverty line)	
		1 $ a day	2 $ a day
Bangladesh	51.0 (1995-96)	38.3	84.0
Cambodia	36.1 (1997)	34.5	77.7
China	6.0 (1996)	12.5	34.9
India	36.0 (1993-94)	34.6	80.0
Pakistan	28.6 (1993)	26.1	73.6
Sri Lanka	20 (1990-91)	11.9	41.6

Source: *World Development Indicator 2007*, The World Bank.

Human Welfare

Economic development can be measured in terms of welfare. Human welfare includes both individual and community welfare. Individual welfare would include access to basic needs, equity in the distribution of income and wealth, literacy, health, sanitation, safe drinking water, and employment. Community welfare measures for human welfare are delivered through the active community participation.

Standard of Living

The economic development of a country is also measured in terms of its standard of living. To be comparable across households, the standard of living indicator may be expressed either in terms of consumption, or, income. Although, consumption seems to be a more appropriate measure, yet income is used as a better measure for the purpose of analysis.

Green Index

The World Bank's Environmentally Sustainable Division has developed an index, called the Green Index. The Green Index uses a new system of measurement for the assessment of economic development. It attaches a dollar value to the following three components: (i) produced assets, (ii) natural resources, and (iii) human resources. It puts price tags on produced assets, the sum of all machinery, factories, roads, and other infrastructure. It also assigns an economic value to land, water, timber, minerals, and all natural resources. Finally, it takes into consideration, the available human resources, the education level, and the range of skills. All these indicators are not usually taken into consideration in the traditional indicators of economic development.

In this section you studied about the tools and measures of economic development. Now, answer a few questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Explain one measure of economic development.

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2) How is the poverty line a measure of economic development?

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2.4 THE FACTORS INFLUENCING ECONOMIC DEVELOPMENT

Economic development is influenced by many factors, and these may, broadly, be categorized as economic and non economic factors.

i) Economic Factors

The economic factors influencing development are

Acceleration in Industrialization

Economic growth and development depends increasingly on faster industrialization. Higher industrial growth rates boost the national growth rate. The use of technology is higher in the industrial sector, which enhances productivity, and, also, ensures higher wages to the labour force engaged in the sector. Higher income results in higher purchasing power of the people engaged in a particular sector, which, ultimately influences their quality of life. The developed nations are largely industrially developed, while developing nations are mostly lagging in industrialization.

Mechanization of Agriculture

Agriculture is the mainstay of people in many developing countries. However, agriculture, in underdeveloped countries, use traditional methods of cultivation. This affects the productivity and per capita income of the families engaged in agriculture. Because of the low agricultural growth rate, the overall growth rate of a nation is affected. Technological progress and labour productivity is typically lower in primary sector particularly agriculture. Therefore, with growing urbanization, there is a shift of labour from traditional agriculture sector to the urban industrial sector. This affects agriculture and simultaneously puts pressure on the urban infrastructure. The nation, region, and state that employ a mechanized system of agriculture enjoy higher economic development. For example, Haryana and Punjab, in India's northern region, are economically developed states. The contribution of labour intensive traditional agriculture to economic development will certainly be lower, as compared to the modernized agriculture sector.

Climate, Soil and Terrain

Climate plays an important role in the process of economic growth and development. Generally, it seems that most developed countries are situated in temperate climates, while the developing countries are concentrated in tropical and subtropical zones. In the tropical zones, human energy and achievement are low because of the heat and humidity. The countries situated in the tropics face development problems different from those of temperate zones. For example in India, the cold climate of Punjab, Haryana, and Western Uttar Pradesh gives them higher agriculture productivity, compared to the hot and humid climate in eastern region states like Orissa, Bihar, and West Bengal. Moreover, the tropics are also fertile breeding grounds for a variety of agricultural pests and diseases. The low income in the tropical and subtropical zones is a great obstacle for capital formation in other sectors. Cattle and small livestock are also susceptible to diseases in temperate zones. The annual productivity from livestock in hot climate is lower than those of the cold climate. The countries situated in

mountainous terrain like Nepal are at a disadvantage with respect to transport and communication. Thus, geography is a vital determining factor in economic development. The non-supportive geographical conditions adversely affect economic development.

Capital Formation

Capital is kingpin to development. Both agriculture and industry require capital for their modernization. Therefore, capital formation is a major determinant of economic growth and development. Capital formation means investment in dams, irrigation, canal, highways, power, etc. Of course, these projects take long period for completion, and, therefore, the benefits are indirect and spread out over a long period. However, in the long run, this capital formation directly influences the productivity and development of a nation. For example, after independence, Jawaharlal Nehru's vision of the construction of the Bhakra Nagal Dam in Punjab, Hirakund Dam in Orissa, and similar capital investment in agriculture and large scale industries are now paying dividend to the nation today. The green revolution in Punjab has considerably lessened hunger and ensured reasonable food security to India. Capital formation is measured by an equation called the capital-output ratio = K/O, where K is capital and O is output. The capital output ratio is a relationship between the value of a country in capital stock in a given year, and output in that year. The higher the ratio, the more development there is, and, vice-versa. The vicious circle of poverty, a widely used term, is based on the notion of capital formation. It says that lack of capital is the key factor preventing growth and development. The circle of poverty has two sides, the supply side, and the demand side as given in figures 2.1 and 2.2.

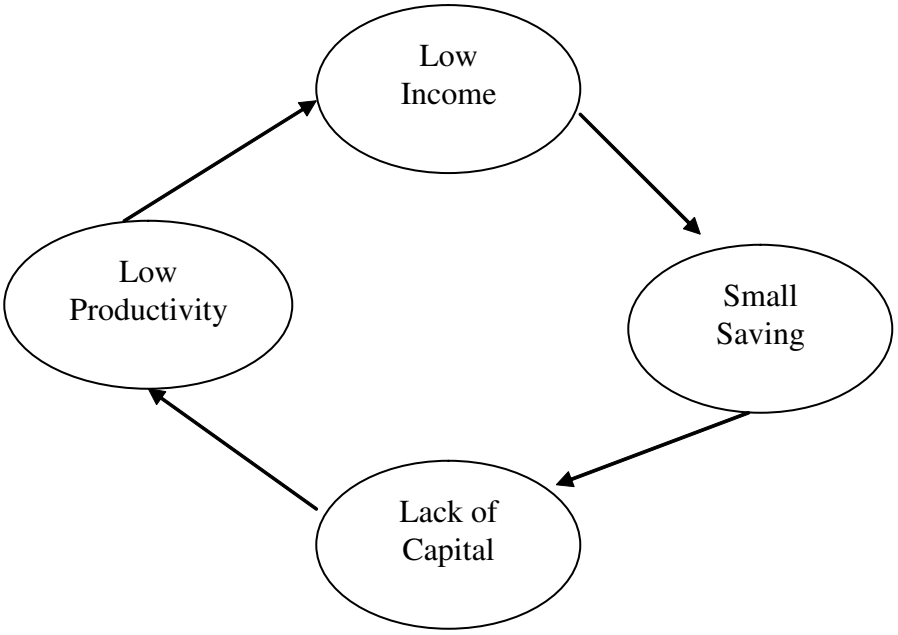

Fig.2.1: Supply side

Diagram-I: Market Imperfection and Production Possibility Curve

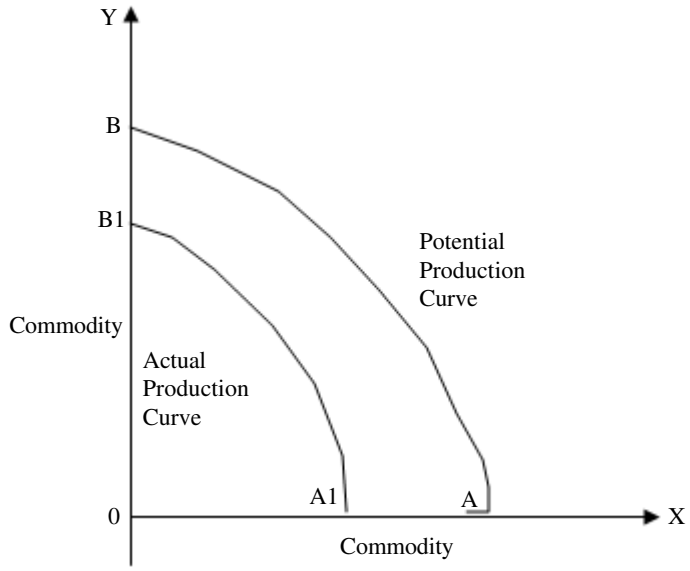

Fig.2.2: Demand Side

The supply side explains how low income leads to lower saving, which, in turn, results in low capital, or, investment, which means lower productivity, ultimately resulting in low income, and, thus, completing the cycle. Similarly, the demand side explains how low income means limited purchasing power, which discourages capital investment, ultimately resulting in low productivity, and lower income.

Market Imperfection

Market imperfection is responsible factors for underdevelopment. It refers to the factors such as price rigidity, factor immobility, ignorance about market conditions, etc., which hinder the smooth functioning of an economy. Market imperfection does not allow a flow of resources from the less productive sector to the more productive sector, which results in underutilization and ineffective utilization of resources. The ineffective utilization, that is, production which is far below the potential of resources, keeps a country on a lower production curve. In other words, market imperfection leads to factors disequilibrium, which, in turn, depresses production potential. The removal of market imperfections is essential for greater level of capital formation and more productivity.

The market imperfection is explained with the help of in diagram-I. Suppose a country produces two commodities A and B. The figure explains that AB is the production possibility curve, which denotes the maximum amount of commodity A and B that a country can produce by allocating resources in the best possible manner. Thus, AB can also be called a potential production possibility curve, or, productive possibility curve.

However, given market imperfections the country cannot make best possible use of its resources, and, therefore, it runs below its potential, shown in the curve A1B1.

The need is to push the production frontier upward, rather than to make adjustments to the existing resources at the margin. Therefore, the removal of market imperfections is essential for the effective utilization of resources, and for faster economic development.

Meier and Baldwin have described a third vicious circle based on capital deficiency due to market imperfection. It is given in figure–2.3.

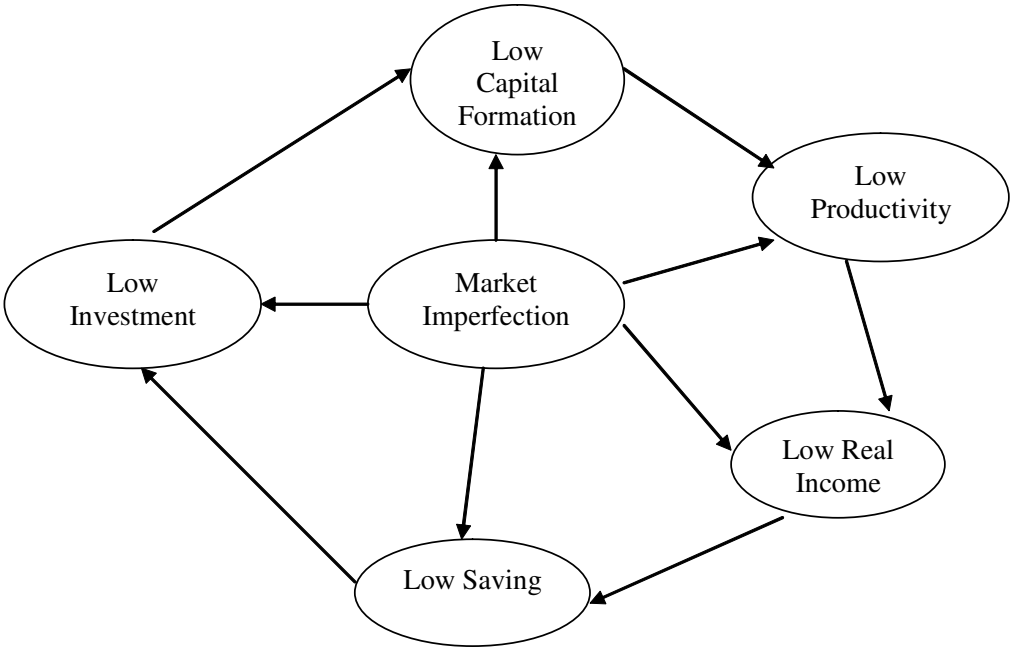

Fig. 2.3:

A country caught in the vicious circle of market imperfection cannot achieve rapid development.

Appropriate Investment Criterion

Proper selection of investment priorities need to be made, in order to maintain a low capital output ratio, or, to yield the maximum productivity from a minimum investment. Some of the aspects that need to be taken in to consideration, while investing, are

i) Investment may be made in those areas where social marginal productivity is high. By social marginal productivity, we mean investment that are made from the viewpoint of society, and, not an individual.

ii) Investment may be made in such a manner that would help to reduce market imperfections, and raise economic externalities. Market imperfection would create constraints in productivity and marketing.

iii) Balanced investment in both consumer goods and capital goods sector, between industrial and agricultural sector; between economic and social sector, and, between domestic and the foreign sector, are essential for the balanced economic development of a nation. Imbalanced investment would promote imbalanced growth and development. Since all sectors are interdependent and interrelated, it is necessary that investment should be directed towards a wider vision.

iv) Investment should take into consideration the capital output ratio. While selecting investment projects, and in determining the priorities for investment, the capital output ratios of various projects must be compared.

Technological Advancement

In the recent era of globalization, development is governed by technology and the higher the technological advancement, the greater is the pace of development.

Technological advancement customarily means the application of improved technical know-how in various sectors of development. However, technological manpower, and, enterprising entrepreneurs who are willing to adopt technology in their business and industry, are the keys to development. The three key advantages of technological progress are: (i) capital saving, (ii) labour saving and (iii) time saving. It can be said that a 'High Innovation Nation' generally develops faster than a 'High Investment Nation'.

International Economic Relationship

In this globalized world, the dependency among the nations has been amplified. Foreign direct investment plays an important role in the development of the developing countries. China and India are the two illustrious examples. The outsourcing of a number activities from the developed nations to developing nation (in recent years, IT) has promoted mutual development. The important areas of international economic cooperation are

i) Trade

ii) Foreign direct investment

iii) Transfer of technology and technical manpower.

Thus, in the globalized world, international cooperation has become one of the important determinants of development.

ii) Non-Economic Factors

Some non economic factors influencing economic development are discussed below.

Developmental Social Attitude

Traditional societies are conservative by nature, and resist changes. They have a cautious attitude towards change and modernization. In a traditional society, new ideas are viewed with suspicion, and are perceived as threats to the integrity of the existing culture. Inherited beliefs and values rule in traditional societies. These beliefs and values may be obstacles to development. The countryside people see modernization as a threat to their culture, beliefs and values and therefore oppose it. Traditional societies distrust outsiders and outside agencies working for change and modernization. However, changes in traditional societies have usually been caused by outsiders intentionally. The advancement in Goa, which the society talked about, was largely because of Portuguese influence and in Kerala it is because of the gulf and Punjab because of NRI effect.

Entrepreneurship

The Government, in general, and those belonging to developing countries in particular, nowadays, emphasize entrepreneurship as an important factor of production after land, labour, and capital. The entrepreneurs are visionary and innovative actors of development in many countries. Entrepreneurship, both in agriculture and in the industrial sector, is required for the formation of capital. The industrial growth rate has risen after liberalization, because of the rise in entrepreneurship in this sector, compared to the agriculture sector. The government of India is promoting women's entrepreneurship through microfinancing in its rural areas. Bangladesh is a classic example of women's entrepreneurship nurtured by microfinancing. They are not only actors for economic development, but for social development as well.

The Political Environment

Some scientists have observed that one of the obstacles to economic growth and development is political instability. Political instability and the expenses in elections also affect economic development. However, the relationship between political instability and economic growth is not easy to determine. The instability is also associated with poor governance, leading to a high degree of unrest, riots and demonstration. An unstable climate does not encourage investors.. In India, the fluctuations in the share market during the change of government is an example of the relationship between political instability and the climate for investment. One school of thought argues that authoritarian leadership is favourable for economic development. The examples cited are China, South Korea, Taiwan, and Yugoslavia.

Governance

Economic development is closely linked to governance. The administrative system must have quick delivery mechanism. Bureaucratic red tape creates hurdles in the path of development. Transparency in an administration is essential for the effective implementation of economic policies and programmes. A corrupt administration cannot promote rapid economic development. A former Prime Minister of India, Rajiv Gandhi used to say that when we send one rupee for development, only 20 paisa actually reaches the people, and the rest is siphoned off by middlemen. Therefore, an efficient and result oriented administration is an essential prerequisite for faster economic development.

In this section you studied the characteristics of underdeveloped countries. Now, answer a few questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What are three economic factors governing economic development?

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2) What are the non economic factors governing economic development?

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2.5 THE CHARACTERSTICS OF UNDERDEVELOPED COUNTIRES

It is not easy to define and pinpoint various characteristics of underdeveloped countries. Economists have defined underdeveloped countries differently. Even the word underdeveloped is used in different situations differently, such as, 'less developed', 'developing', 'third word', or, 'backward' countries.

Rangar Nurkse says, "Underdeveloped countries are those which, compared to advanced countries, are underdeveloped with capital in relation to their population and natural resources".Colin Clark, a pioneer in the study of underdeveloped economies wrote, that "underdeveloped economies are such in which the primary occupation like agriculture pre-dominates". In the opinion of M.P. Tadaro, "Underdeveloped economy is that economy in which there are low levels of living, absolute poverty, low per capita income, low consumption levels, poor health services, high death rates, high birth rates and dependence on foreign countries". According to Gunner Myrdal, " an underdeveloped countries is that country in which there is a constellation of numerous undesirable conditions of work and life, output, income, and levels of living are low; many modes of production, attitude and behaviour patterns are disadvantageous and these are unfavourable institutions".

From these few definitions, we can draw basic characteristics of underdeveloped countries, as given below.

- Overdependence on the primary sector
- Low capital formation
- High poverty and malnutrition
- Under utilization of natural resources
- Under utilization of labour
- Dualistic economic structure
- Technological backwardness
- Unchecked population growth
- Uneven urbanization and environmental degradation
- Poor infrastructure
- Political instability and poor governance

Overdependence on the Primary Sector

Agriculture plays a predominant role in the economy of most of the underdeveloped country. As agriculture is not technically advanced, it absorbs a larger labour force. This is because of the less progressive secondary and tertiary sector, and the lack of capital formation. However, the contribution of the agricultural labour force in an underdeveloped country is not significant compared to the agricultural labour force in developed countries. On an average, 60 per cent to 80 per cent of the population are engaged in agriculture in underdeveloped countries. The countries depending purely on agriculture are likely to be unprogressive because agriculture alone cannot provide sustainable employment to all its population. Development of the industrial sector, along with the

agriculture sector would complement and supplement each other, and promotes faster economic development.

Low Capital Formation

The underdeveloped countries face a chronic deficiency of capital. This shortage of capital is one of the factors responsible for low per capita income. Low capital formation creates a vicious circle of under development shown in figure 2.4.

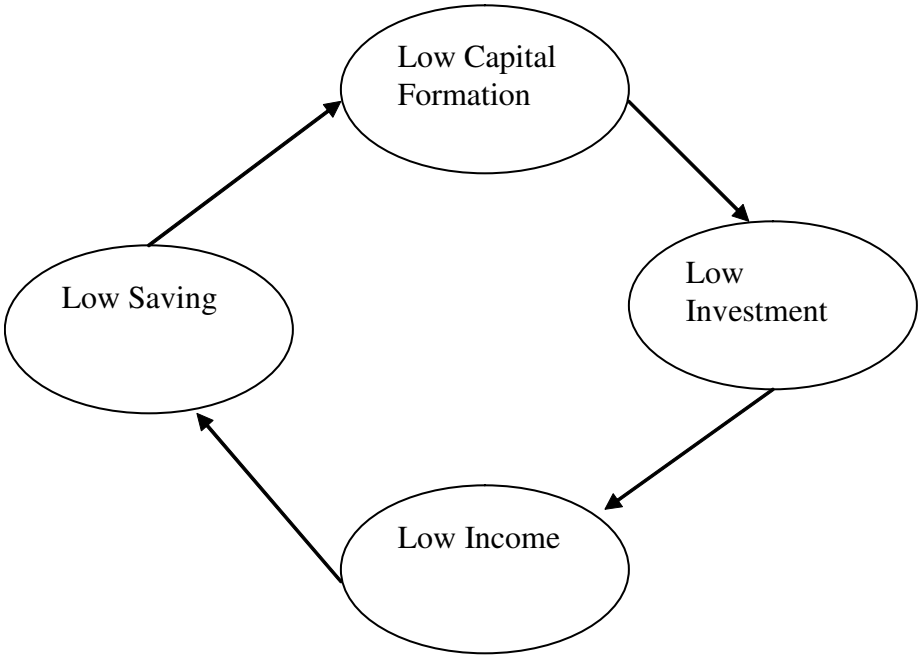

Fig.2.4:

The underdeveloped countries can be termed capital poor, low saving, and low investment economies. This low level of capital formation is because of lacklustre inducements for investment, and a propensity to save. High population growth affects the saving capacity of the family. Therefore, the underdeveloped economy has a poor capacity to invest in the modernization of agriculture, opening industries, or investing in social overhead capital. Thus, the economy remains in a primitive state. There is a general lack of entrepreneurship among the people living in underdeveloped countries.

High Poverty and Malnutrition

One of the important features of underdeveloped countries is the prevalence of poverty and malnutrition. Poverty and malnutrition are more seen in rural areas, where more than 70 per cent of its population resides. Few earning member and more consuming members affect the per capita income of families in these labour intensive economies. Lower income leads to lower purchasing power. The nutritional anemia among the women and children in the developing countries are much higher, compared to developed countries. The consumption of less than the required calories has promoted nutritional anaemia. Therefore, both, adults and children, look stunted, and the morbidity rate is quite high. The maternal mortality rates in underdeveloped countries like India, Bangladesh, Pakistan, Bhutan, and Nepal is higher than developed countries.

Underutilization of Natural Resources

Many underdeveloped countries in the world have sizeable natural resources. However, all of these natural resources have not been adequately tapped and have remained either unutilized, or, underutilized. The eastern part of India is endowed with abundant mineral resources, Africa possess large hydro-power potential. Similarly, the potential of the forests of Africa and South Africa remains unexploited. It is said that focusing on river projects in India would enhance its irrigation potential.

The Under Utilization of Labour

Generally, underdeveloped countries are labour surplus countries. Most of the labour, particularly in rural areas is unemployed, underemployed, or disguised unemployed in the agriculture sector. This labour is grossly underutilized. They do not get the required days of employment, and remain idle despite their willingness to work. Underemployment and disguised unemployment affects per capita income. Many agricultural and casual labourers suffer from acute poverty and are unable to provide minimum education and basic health care facilities to their woman and children.

Dualistic Economic Structure

Another important feature of underdeveloped countries is dualism, where the traditional subsistence sector co-exists with the modern sector. The modern sector is found in the urban areas, and the traditional subsistence sector, in rural areas. There is hardly any technological diffusion from the modern sector to traditional sector. Besides this, other form of dualism found prevailing in these countries are regional dualism and cultural dualism. This dualism is a hurdle in the path of development. Inequality, in underdeveloped countries, is a function of dualism.

Technological Backwardness

Technological backwardness in underdeveloped countries lead to economical backwardness. Many developing countries are still handicapped by very low levels of technological capabilities, owing to inadequate schooling, technical training, and experience. This low level of technological capabilities limits the rate of technological change and economic growth, and keeps developing countries dependent on outside knowledge and expertise (Szirmai, 2005).

Unchecked Population Growth

High population growth affects the economic development of underdeveloped countries. The other feature of population growth in developing countries is that it is higher, among the lower income groups and in rural areas, as compared to high income group and in urban areas. As a result of population growth, a sizable percentage of resources in high population growth underdeveloped countries is spent on consumption rather than on investment and capital formation. Overpopulation affects the income, employment, and capital formation scenario of underdeveloped countries.

Uneven Urbanization and Environmental Degradation

Urbanization and urban population growth in underdeveloped countries are largely due to rural to urban migration. Some social scientists term it ‘the transgression of rural poverty to urban areas’. This uneven, migrated population is resides

mostly in urban slum areas that are deficient in basic amenities. This has an adverse impact on environmental sanitation, as well as the employment situation in urban areas. The money which is required to be spent on capital formation is directed toward urban renewal.

Poor Infrastructure

Underdeveloped countries are characterized by poor infrastructure. The quantity, as well as quality of infrastructure, such as roads, electricity, drinking water, etc. is poor, compared with developed countries. Infrastructure is the key to development. Besides, many underdeveloped countries are still to fulfil social infrastructure needs, such as, education and health institutions, because of capital deficiency. These countries are unable to invest in essential infrastructure like irrigation and hydroelectricity projects.

Political Instability and Poor Governance

Many developing countries are marred by political instability. Examples of South Asian countries, like Pakistan and Bangladesh can be cited here. Besides political instability, regional separatism, ethnic and religious extremism, pose serious threats to the development of these developing countries. Lack of political and administrative will towards development is commonly observed in underdeveloped countries. The multiparty system and coalition politics are also gradually developing in these countries. Political stability and integrity, and good governance are prerequisites for rapid development. Corruption in politics and the bureaucracy impedes development in these countries.

In this section you studied the characteristics of underdeveloped countries. Now, answer a few questions given in *Check Your Progress 4*.

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What are five important features of underdeveloped countries.

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2.6 LET US SUM UP

This unit on economic development discusses various aspects of economic development such as definition of economic development, measurement of economic development, factors governing economic development and characteristics of developing countries. Customarily, economic development is defined as the rise in productivity, growth rate, and national income. However, modern economists have different viewpoints on economic development. The measures of economic development are GNI, standard of living, poverty line, etc. Factors such as a will

for development, market imperfections, technological advancement, political and administrative stability, capital formation, international economic relations, govern the economic development of a country. Some important characteristics of underdeveloped countries are: overdependence on agriculture, low capital formation, high poverty and malnutrition, underutilization of natural resources, technological backwardness, economic dualism, and high population growth.

2.7 REFERENCES AND SELECTED READINGS

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2.8 CHECK YOUR PROGRESS POSSIBLE - ANSWERS

Check Your Progress 1

1) Define economic development?

   Answer. Economic development has been defined differently by different economists. It is defined as raised output, and a change in the technical arrangements by which it is produced. Second, economic development is defined as a sustainable improvement in wellbeing, reflected in an increasing flow of goods and services. A third definition of economic development : "Economic development is a process of raising real per capita income on a permanent and long term basis".

2) Do you agree that economic growth is different from economic development: Explain?

   Answer. Generally economic growth is the quantitative measure of development, while economic development is both a quantitative and qualitative measure of development. The term economic development is used for underdeveloped countries, while economic growth is used for developed countries. However, there are no watertight differences between economic development and economic growth. Today's economic growth can be tomorrow's economic development. Therefore, it is remarked that, most often, we refer only to growth, but occasionally, for the sake of variety, to Progress and Development.

Check Your Progress 2

1) Explain two measures of economic development

Answer. The measures of economic development are Gross National Product (GNP) and Gross National Income (GNI)**.** GNP is the total value of all final product created within a country, regardless of the place of recipient, while GNI is the total value of all income accruing to residents of a country, regardless of the place of recipient. The, GNP/GNI measures tells that higher the value, higher the development.

2) How is the poverty line a measure of economic development?

Answer. The simplest and most widely used measure of poverty is the Head Count Index (HCI), which is the ratio of population living in poor households with income below the poverty line to the total population. Another absolute poverty line that has been commonly used by the World Bank and other multilateral organizations for international comparisons is US dollar (one, or, two dollars) in purchasing power parity per capita per day. The higher the level of poverty, the less development, and vice versa.

Check Your Progress 3

1) What are three economic factors that govern economic development.

Answer. Three economic factors governing economic development are industrialization, mechanization of agriculture, and capital formation. Most of the developed countries are highly industrialized and their agriculture is mechanized. On the other hand, the underdeveloped countries adopt mostly the traditional methods of cultivation, and, therefore, the income from agriculture is low. This affects overall economic development. Further, poor capital formation also affects investment, which retards economic development.

2) What are the noneconomic factors governing development?

Answer. Poor developmental social attitudes, lack of entrepreneurship, and poor administrative efficiency, or governance, are some of the factors that influence the economic development of a nation. It is said that if the horse is not thirsty no amount of dragging it to the water will make it drink. Likewise, if the people of a country are not interested in development, no coercive means will promote development. Poor governance, such as, lack of political and administrative will, also affect economic development.

Check Your Progress 4

1) What are five important features of underdeveloped countries?

Answer. The five important features of underdeveloped countries are

- Over dependence on the primary sector
- Low capital formation
- High poverty and malnutrition
- Under utilization of natural resources
- Under utilization of labour

The underdeveloped countries are largely agricultural countries, and the agricultural communities use traditional methods of cultivation. The percentage of population that depend on agriculture is quite high as compared to the industrial and service sectors. There is also low capital formation, high poverty among the people, under utilization of natural resources, particularly land and forest, and, under utilization of labour force, because of lack of effective employment.

UNIT 3 HUMAN DEVELOPMENT

Structure

3.1 Introduction

3.2 Human Development: Meaning and Approaches

3.3 Measurement and Indices of Human Development

3.4 The Dimensions of Human Development

3.5 Let Us Sum Up

3.6 Key Words

3.7 References and Selected Readings

3.8 Check Your Progress - Possible Answers

3.1 INTRODUCTION

In the previous unit on paradigm of development, you might have come across the human development paradigm of development. In this unit you will know the details of human development. The study and understanding of Human Development (HD) has gained importance ever since the disjuncture between income growth and human well being was recognized. Income growth alone is inadequate to ensure the well being of all human beings. The income and economic growth based approach lays emphasis upon rising incomes or expanding output. The HD approach treats the well-being of people as the end of human development, and looks at economic growth as a means to human development. In fact, economic growth is a necessary, but not sufficient condition for human development.

The expansion of human capabilities, widening choices, enhancement of freedoms and the fulfillment of human rights are well accepted in the development economics literature as elements that define human development. The measurement and monitoring of human development began more systematically with the launch of the global human development reports (HDRs) in 1990s, and the introduction of the human development indices which include the Human Development Index (HDI), Human Poverty Index - I and II, Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM).

After studying this unit, you should be able to

- Explain the meaning and approaches of human development
- Discuss the measurement and indices of human development
- Establish relationship between the economic development and the human development
- Describe the dimensions of human development

3.2 HUMAN DEVELOPMENT: MEANING AND APPROACHES

In this section, you will read about the meaning and approaches to human development.

i) Meaning of Human Development

The human development aims to enrich people's lives by widening their choices. Through investing in people, in terms of education, health, safety, and so on, this discipline attempts to build human capability. Capability is basically what people are actually able to do and to be. Equality, sustainability, productivity, and empowerment are the four pillars of human development. This approach emphasizes the belief that though economic growth is essential, its quality and distribution determine the extent to which it enriches people's lives in a sustainable manner. The attempt is to create an environment in which people can enjoy long, healthy, and creative lives. The idea of human development is also linked with the concepts of rights, liberty and justice.

Seeing humans as ends of development process was not the sole purview of human development paradigm. The UN Declaration on Human Rights (1948) put forward that all humans should be free and equal in dignity and rights, such as the right to work, the right to education, the right to health, the right to vote, the right to non discrimination, the right to decent standard of living etc. It was written in the hope that the atrocities committed during the Second World War would never be repeated again. There are significant connections between human rights approach and that of human development and capability. According to the Human Development Report (2000), "Human Rights and Human Development share a common vision and a common purpose – to secure freedom, well being and dignity of all people everywhere". A human right is claimed to be a fundamental benefit that should be enjoyed universally by all people everywhere on the basis of equality and non-discrimination.

The evolution of the concept of human development can be traced to the writings of renowned thinkers and philosophers of ancient times. Aristotle, the great philosopher reflected in his writing that "wealth is not the good that we are seeking for; it is merely for the sake of something else". Another great philosopher, Immanuel Kant argues that human beings are ends in themselves, rather than the means to other ends. Adam Smith, Robert Malthus, Karl Marx, John Stuart Mill, and many other modern economists have also come forward with the similar idea of treating human beings as the real end of all activities. However the undeniable reality is that human beings are the beneficiaries of progress, and, at the same time, they are directly or indirectly, the primary means of production. Thus, human beings are the means through which a productive progress is brought about.

Human Development has been accepted in development economics literature as

- An expansion of human capabilities
- A widening of choices
- An enhancement of freedoms
- A fulfillment of human rights

ii) Approaches to Human Development

The human development approach is inherently multidimensional. The central goal of human development is to enable people to become direct agents in their own lives. People are not passive objects of social welfare provisions but are

active subjects with the power to determine how they choose to live. They should be empowered so that they can define their respective priorities, as well as choose the best means to achieve them. Thus, agency and expansion of freedom go hand in hand. In order to be agents of their own lives, people need the freedom to be educated, to speak in public without fear, or have freedom of expression and association.

The four main pillars of human development are

- equity
- efficiency and productivity
- participation and empowerment
- sustainability

Equity: The principle of equity encompasses the ideal of equality whereby all human beings should have equal rights and entitlements to human, social, economic, and cultural development, and an equal voice in civic and political life. It also recognizes that those who have unequal opportunities due to various disadvantages may require preferential treatment, or affirmative action. For example, the utility derived from same levels of income or investment will vary for different individuals, depending upon their personal attributes, initial endowments or conversion factors, which facilitate transformation of inputs into outcomes. Since the opportunities available to different sections of society vary, ensuring that the sections deprived of basic opportunities such as health and education are provided access to these benefits, is the goal of equality. Thus, equity aims at equality, not only of economic resources, but of education, health, employment opportunities, democratic participation, etc, too. Realization of the goal of equal opportunities leads to equity outcomes.

Efficiency and Productivity: Efficiency is defined as the least costly method of reaching goals through the optimal use of human, material, and institutional resources to maximize opportunities for individuals and communities, thereby enhancing productivity. Efficient use of scarce national resources leads, for instance, to the building of infrastructure like roads and dams, which in turn lead to better outcomes for human beings. Productivity can be enhanced through efficient use of resources. It also requires investment in people and enabling macroeconomic environment for them to achieve their maximum potential. For human development, people must be enabled to increase their productivity and to participate fully in the process of maximizing opportunities so that they become effective agents of growth.

Participation and Empowerment: Participation and engagement in social and political life is an important aspect of human development. People's participation is crucial in community programmes and government interventions. Mobilization of grassroots support through decentralization in planning will increase people's participation in decision making because it brings government closer to people. Participation also enables people to seek answers from authorities and can go a long way in improving the quality of social service delivery. It pressurizes local authorities to take swift remedial action in situations where gaps or shortfalls are identified in the functioning of institutions. Empowerment can occur through enhanced participation and involvement. For instance, reservations of women in various elected bodies are made to empower them through such participation.

Involvement of parents, guardians and/or communities in village education committees is another example.

Sustainability: Human development questions the long-term sustainability of economic growth and aims to ensure that resources are utilized in a manner that meets present day human needs while preserving the environment, so that the needs of future generations can also be met with. Hence, use of resources without degrading the environment is essential to ensure that the improvements made are not temporary in nature and have the potential for future growth as well. For instance, if the development process does not create institutions that are supportive of people's rights, it cannot be sustainable in the long run.

Capability Approach to Human Development

The human development approach has been profoundly inspired by Amartya Sen's pioneering works in welfare economics, social choice, poverty, and famine and development economics. While Sen's works cover an extremely wide range of topics, his 'capability approach' has led to a critical evolution in the field of economics, and in social sciences in general. The roots of the capability approach go back to Aristotle, Adam Smith, and Karl Marx. Aristotle made extensive use of his own analysis of human beings and linked it with his examination of the functions of man. Adam Smith and Karl Marx discussed the importance of 'functionings' and 'capability' as determinants of well being. If life is a set of doings and beings that are valuable, the exercise of assessing the quality of life takes the form of evaluating these functionings and the capability to function.

But, what actually are 'capability' and 'functioning'? According to Amartya Sen, "Capability is a vector of functionings, reflecting the person's freedom to lead one type of life or another….to choose from possible livings". In other words, capabilities are the substantive freedoms he, or she, enjoys to lead the kind of life he, or she, has reason to value. Just as a person with a pocket full of coins can buy many different things, a person with many capabilities can enjoy many different activities, and pursue different life paths. Functionings are valuable activities and states that constitute people's well being such as healthy body, being safe, being educated, and so on. Functioning is, thus, an achievement of a person: what he or she manages to do, or, to be. For example, when people's basic need for food is met, they enjoy the functioning of being well nourished. Apart from capability and functioning, the third core concept of the capability approach is "agency". It refers to a person's ability to pursue and realize goals he, or she, has reason to value.

However, Martha Nussbaum argues that Sen's 'Capability Approach' is incomplete. Since what people consider to be valuable and relevant can often be the product of structures of inequality and discrimination, and because not all human freedoms are equally valuable – for example, the freedom to pollute is not of equal value to the freedom to care for the environment - she argues that one needs to overcome these limitations, and to go beyond this ambiguity, so that equal freedom for all can be respected. In this context she has proposed a list of ten central human capabilities which constitute the evaluative space for public policy.

The capability approach advocates the removal of obstacles in people's lives, increasing their freedom to achieve the functioning that they value. It recommends

progressive social policies which would foster the development of human capabilities, such as improved health, knowledge, skills and also ensure equitable access to human opportunities.

In this section you studied about the meaning and approaches to human development, now you would be able to answer the questions relating to this section which are given in *Check Your Progress-1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What do you mean by Human Development?

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2) What are the key constituents of Human Development?

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3.3 MEASUREMENT AND INDICES OF HUMAN DEVELOPMENT

In this section, you will read three important aspects relating to the measurement of human resources. Those are: (i) Emergence of Human Development Report; (ii) Measurement of Human Development; and (iii) Other Human Development Indices.

i) Emergence of Human Development Reports

After the Second World War, an obsession grew with economic growth models and national income accounts, viewing people as agents of change and beneficiaries of development became secondary. The late 1980's were ripe for a counter offensive as in several countries human lives were shriveling, even as economic production was expanding. The human costs of the structural adjustment programmes in the 1980's undertaken in many developing countries under the aegis of International Monetary Fund and the World Bank had been extremely harsh. These measures prompted questions about the human face of structural adjustment, and about whether alternative policy options were available to balance financial budgets while protecting the interests of the weakest and most vulnerable sections of society.

The idea of human development had been circulated in policy circles and public debates over the past two decades. In this favorable climate, Mahbub-ul Haq, a Pakistani economist presented the idea of preparing an annual human development report. This was a move away from the usual Annual World Development Reports, suggested to the Administrator of the United Nations Development Programme in 1989. He readily accepted the idea that such a report should be independent of any formal clearance through United Nations. The first Human Development Report (HDR) emerged in 1990, and subsequent issues sought to bring the human development perspective to bear on a wide range of issues. In addition to the annual report, many countries produce their own National and Regional Human Development Reports, intended to assess populations from the perspective of the quality of people's life. The broad themes covered in Human Development Reports from 1990-2009 are given in Table 3.1.

Table 3.1: Themes of Global Human Development Reports from 1990 to 2009

1990	Concept and Measurement of Human Development
1991	Financing Human Development
1992	Global Dimensions of Human Development
1993	People's Participation
1994	New Dimensions of Human Security
1995	Gender and Human Development
1996	Economic Growth and Human Development
1997	Human Development to Eradicate Poverty
1998	Consumption for Human Development
1999	Globalization with a human face
2000	Human Rights and Human Development
2001	Making New Technologies Work for Human Development
2002	Deepening Democracy in a Fragmented World
2003	MDG's: A Compact Among Nations to end Human Poverty
2004	Cultural Liberty in Today's Diverse World
2005	International Cooperation at Cross Roads
2006	Beyond Scarcity: Power, Poverty and Global Water Crisis
2007/08	Fighting Climate Change: Human Solidarity in a Divided World
2009	Overcoming Barriers: Human Mobility and Development

Apart from the global reports produced every year since 1990, many regional and sub-country level reports have also been produced. For instance, in India, many of the state Human Development Reports are published in collaboration with the respective state governments. In recent times, the process of working in sub state level reports has been launched. Human Development Reports are being prepared for many identified districts across the states of India.

ii) Measurement of Human Development

The Human Development Index became a landmark event when it replaced the hitherto supreme income measure. The search for an alternative measure had been on for a long time, beginning around the period after World War II. Various agencies, organizations and individuals (The UN, The Food and Agricultural Organization (FAO), The Organization for Economic Cooperation and Development (OECD), The UN Research Institute for Social Development (UNRISD), The World Bank and others) made efforts to evolve an alternative measure to replace the economic measure representing income, the GDP**.**

The focus of these attempts was oriented towards calculating an appropriate measure which took into account the social concerns of any country's development, such as individual security, social adjustment, political participation, freedom, justice, peace, and harmony, in addition to health, literacy, employment, income, consumption, and so on. To conceptualize aspects of living standards and to be able to measure them posed many philosophical, as well as statistical, problems.

Most agencies arrived at the conclusion that no single indicator that could serve a similar purpose as GDP, nor was it considered feasible. Efforts towards creating a composite index by combining a set of crucial variables were ongoing through this period. Many earlier efforts were abortive, although these endeavours resulted in enriching the conceptual issues surrounding human wellbeing.

The Human Development Index

The search for a new composite index of socio economic progress began in the earnest in preparing the Human Development Report under the sponsorship of UNDP in 1989. The new human development index (HDI) would measure the basic dimensions of human development to enlarge people's choices. The HDI measures the average achievements of a country in three basic dimensions:

- a long and healthy life, as measured by life expectancy at birth
- knowledge, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weight)
- a decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) terms in US $

With these three variables the HDI is constructed in three simple steps. The first step is to define a country's measure of deprivation of each of the three basic variables. The minimum and maximum values are defined for the actual observed values of each of the three variables in all countries. The deprivation measure then places the country in 0-1 range, where 0 is the minimum observed value, and 1 is the maximum. So, if the minimum observed life expectancy is 40 years, and the maximum is 80 years, and the country's life expectancy is 50 years, its index value for life expectancy is 0.25. This index value is derived in the following manner: the difference between the actual value of the indicator for any given country, minus the minimum value (that is, 50 – 40) as the numerator, and the difference between the maximum and minimum values as the denominator (that is, 80 - 40), gives the index value.

The second step is to compile an average indicator by taking a simple average of the three indicators. The third step is to measure HDI as one minus the average deprivation index.

Table 2 gives a glimpse of HDI for various countries in the world using 2009 data. In 2009, the top three countries in the world in terms of HDI were Norway (0.971), Australia (0.970) and Iceland (0.969). Though it is observed that the HDI is steadily rising, in 2009, India's HDI was 0.612 – ranked 134th out of the 182 countries studied in the Human Development Report.

Table 3.2: Human Development Index of a Few Countries, 2009

Countries	HDI Values	Rank
Very High Human Development Index		
Norway	0.971	1
Australia	0.970	2
Iceland	0.969	3
High Human Development Index		
Baharain	0.895	39
Estonia	0.880	40
Poland	0.880	41
Medium Human Development Index		
Armenia	0.798	84
Ukrain	0.796	85
Azerbaijan	0.787	86
India	0.612	134
Low Human Development Index		
Togo	0.499	159
Afghanistan	0.352	181
Niger	0.340	182

Source: Human Development Report, 2009, UNDP

It would also be useful to have a look at the various components of India's HDI over the years. Table 3 shows that India's HDI has increased from 0.439 in 1990 to 0.612 in 2009 – based on an overall improvement in health, education and income indicators, which can be observed in the span of almost two decades.

Table 3.3: Human Development in India, 1990 - 2009

Year	LEB	Adult Literacy Rate	Combined Gross Enrolment Ratio	Real Per Capital GDP (PPP$)	Life Expect-ancy Index	Literacy /educati-on Index	GDP Index	HDI	HDI Rank minus GNP Rank
1990	59	43		1053	0.53	0.66	-	0.439	12
1995	60.4	49.9	55	1230	0.59	0.52	0.21	0.439	7
2000	62.9	55.7	54	2077	0.63	0.55	0.51	0.563	-7
2005	63.3	61	60	2892	0.64	0.61	0.56	0.602	-9
2009	63.4	66	61	2753	0.639	0.643	0.553	0.612	-6

LEB: Life Expectancy at Birth; HDI: Human Development Index
Source: Compiled from HDRs, various years.

The value of the HDI shows where a country is placed, relative to other countries. A quick glance at the HDI rankings shows which countries are combining economic progress with social development, and which ones lag behind. The HDI can also reveal the potential for economic growth in a country. If a country has built up considerable human capital, it can accelerate its GNP growth by choosing the right macroeconomic policies. This is true for many formerly socialist countries now transiting to a market economy. But, if the human capital is missing, it would take considerable time to create the human infrastructure needed for sustainable growth – which is true, for example, for Sub Saharan Africa, today. Moreover, if there is significant investment in education and health, it is reasonable to hope that people will be able to gain access to market opportunities so that economic growth will be more equitable. Even though the HDI was initially extolled as a major policy instrument and a major policy tool, it was soon recognized to neither reflect deprivation, nor to suggest the distributional aspects of development, particularly the issue of inequality. Since the HDI is a measure of average achievements it does not take into account the distribution of achievements.

iii) Other Human Development Indices

Over the years, the HDR sought to enrich the concept, analyse one specific aspect of human development critically, and develop more elegant measures of well-being. Among the many indices introduced in the HDR, some have become annual features, while others have been discarded for want of data, and the feasibility of calculating indices across countries (the Human Freedom Index is one such measure).

Among the indices that have gained popularity and widespread acceptance, despite a significant share of critique and debates, are the HDI, the Gender-related Development Index (GDI), the Gender Empowerment Measure (GEM), and the Human Poverty Index (HPI-1 for developing countries, and HPI-2 for selected OECD countries).

Each of these indices is based on a set of chosen indicators. The HPI-1, designed for developing countries, considers the same three dimensions through four identified indicators. As opposed to the HDI, which measures the overall progress

in a country in achieving human development, the HPI reflects the distribution of progress, and measures the backlog of deprivations that still exists. HPI-1 is based on

- the probability at birth of not surviving to age 40
- the adult illiteracy rate
- deprivation in overall economic provisioning, public and private, reflected by the percentage of population without sustainable access to an improved water source
- the percentage of children under five years who are underweight.

HPI-2, devised as a measure of human poverty in industrial countries, since human deprivation varies with social and economic conditions of a community, is also based on 4 indicators. They are:

- the probability at birth of not surviving to age 60
- the percentage of adults lacking literacy skills
- the percentage of people living below the poverty line
- the long term unemployment rate.

Another two new indices were introduced in 1995. These are the Gender-related Development Index (GDI), and a Gender Empowerment Measure (GEM). The GDI measures achievements in the same dimensions and variables as the HDI, but takes into account inequality in achievements between women and men. The greater the gender disparity in human development, the lower is a country's GDI compared to its HDI.

GEM exposes inequality in opportunities in selected areas – the participation of women in economic and political life, and in decision making. This index focuses on women's opportunities and agency, and captures gender inequality in three key areas

- political participation and decision-making power, as measured by women's and men's percentage share of parliamentary seats
- economic participation and decision-making power, as measured by two indicators—women's and men's percentage shares of positions as legislators, senior officials, and managers and women's and men's percentage shares of professional and technical positions
- power over economic resources, as measured by women's earned income share as a percentage of men's (PPP in US $).

In the context of the efforts being made to bring gender issues to center stage, GDI and GEM proved important tools to establish the prevalence of gender inequality across the world. With these indices, the HDRs emphasized the importance of mitigating gender disparities as being critical for overall development (HDR, 1995). HDR 1995 argues that achieving gender equality is not a technocratic goal. It is a political process requiring struggle and radical shifts in mindsets.

The HDRs, over the years, admit that while the concept of human development is much broader the measures of HDI remain limited. Admittedly, the "HDI is

not a substitute for the fuller treatment of the richness of the concerns of the human development perspective". To come up with a comprehensive measure is a daunting task and, in fact, impossible, given the fact that many vital dimensions of human development are non-quantifiable.

In this section you studied about the measurement and indices of human development, now you could be able to answer the questions relating to this sections which is given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is HDI composed of?

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2) How is GDI different from HDI?

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3.4 THE DIMENSIONS OF HUMAN DEVELOPMENT

After studying the meaning and measurement of Human Development, it is important now to study various dimensions of human development. This section covers dimensions of human development. Broadly, the three main dimensions are: (i) education; (ii) health; and (iii) gender; and (iv) human development: policy perspectives.

i) **Education: Human Capital and Human Capability:** Comparing human capital, as given by Gary S. Becker, Theodore Schultz, with the capability approach, Sen argues that education as a human capital concentrates on the agency of human beings, through skill and knowledge as well as effort, in augmenting production possibilities. The capability approach to education focuses on the ability of human beings to lead lives they have reason to value, and to enhance the substantive choices they have. Both approaches are connected because they both are concerned with the role of human beings, and in particular, with the actual abilities that they achieve and acquire. Consider the following example: if education makes a person more efficient

in commodity production, then there is clearly an enhancement of human capital. This can add to the value of production in the economy, and to the income of the person who has been educated. But, even with the same level of income, a person may benefit from education in reading, communicating, arguing, being able to choose in a more informed way, being taken seriously by others, and so on. The benefits of education, thus, exceed its role as human capital in commodity production. The broader human capability perspective would add these roles. Thus, the human capital perspective fits into the broader human capability perspective, which covers the direct, as well as indirect, consequences of human abilities.

Amartya Sen has identified three distinct ways to link the importance of education to the expansion of valuable capabilities. First, education fulfills an instrumental social role. For example, literacy fosters public debate and dialogue about social and political arrangements. Second, education also has an instrumental process role in facilitating our capacity to participate in the decision making process in the household, and at the community, or national level. Finally, education has an empowering and distributive role in facilitating the ability of disadvantaged, marginalized, and excluded groups to organize themselves politically, since, without education, these groups would be unable to gain access to centers of power, and affect redistribution of resources. Overall, education has an interpersonal impact because people are able to use the benefits of education to help others as well as themselves, and can contribute to democratic freedoms, and to the overall good of society as a whole. International declarations such as the Millennium Development Goals, Education for All, and the Decade of Education for Sustainable Development, attempt to look at education beyond simple human capital concerns. The human development perspective, thus, considers the purpose of education to be much wider than simply developing skills that will enhance economic growth. Education nurtures the processes of critical reflection and connection with others that are intrinsically ethical.

Education brings empowerment, and it is central to human growth. Not only does it open the minds of people and further their horizons, it also opens the way for people to acquire other valuable capabilities. The human development reports take into account the central importance of education by incorporating an education indicator – literacy rates – into the first Human Development Index, later versions include education indicators based on enrollment rates.

ii) **Health and the Human Development:** The conventional approach argues that health, through its contribution to the quality of human capital, has a strong, and significant effect on economic growth. This approach puts economic growth as an end, and health as a means to achieving this end. The reverse is also argued, where wealth is seen as a necessary input for the achievement of health outcomes. However, these approaches lead to the critical question of whether economic growth is necessary for improving health. Amartya Sen, by quoting the examples of pre-reform China, Sri Lanka, and Kerala (India), describes that improvement in health (without economic growth) can be attained by prioritizing social services especially health care, and basic education. He says that "health is among the most important conditions of human life, and a critically significant constituent of human capabilities which we have reason to value. In addition to its intrinsic value,

health is instrumental to economic growth, educational achievements and cognitive development, employment opportunities, income earning potential as well as for dignity, safety, security and empowerment". One of the distinguishing features of the human development and capability approach is its focus on the process of generating health. The capability approach recognizes that different people may have different values in terms of health and often weigh these against other dimensions of life. Considerable empirical evidence supports the capability approach in substantiating the importance of conversion factors in translating health inputs to valued health outputs. One clear example of a conversion factor in health is education. Numerous studies have demonstrated that educated individuals tend to have lower mortality and morbidity than less educated counterparts. In addition, children of educated mothers fare better in terms of health than those with less education. Yet another conversion factor is the authority an individual has within their household, or community, to assess or convert, a particular resource into a value added health outcome. For example, the unequal rights to property, unequal access to economic assets, restrictions on physical mobility, especially in the case of women, hamper their health situation. Thus, conversion factors include a number of external conditions, the natural and manmade environment in which we operate, the formal and informal rules and regulations to which we subscribe, social and family dynamics that determine our daily lives, and so on.

A basic principle of public health is that all people have a right to health. Differences in the incidence and prevalence of health conditions and health status between groups are commonly referred to as health disparities. Most health disparities affect groups that are marginalized because of socioeconomic status, race or ethnicity, sexual orientation, gender, disability, geographic location, or some combination of these. People in these groups not only experience worse health, they also tend to have less access to the 'social determinants' or conditions (e.g., healthy food, good housing, good education, safe neighborhoods, freedom from racism, and other forms of discrimination) that support a healthy life. Health disparities are referred to as health inequities when they are the result of the systematic and unjust distribution of these critical conditions. According to WHO, health equity, is experienced when everyone has the opportunity to "attain their full health potential" and no one is "disadvantaged from achieving this potential because of their social position or other socially determined circumstance."

Health is, thus, a fundamental capability which is instrumental in the achievement of other capabilities. The unfair distribution of health capabilities may affect social justice in several ways. For example, high maternal undernutrition, leads to intra-uterine growth retardation, which leads to a high prevalence of low birth weight babies. This phenomenon contributes to a high prevalence of child undernutrition and adult ailments. Thus, women's deprivation in terms of nutrition and health attainment has serious repercussions for society as a whole. Deprivation in health can cause deprivation in a number of other dimensions such as education, employment, and participation in social spheres. When people are ill or malnourished, their overall capabilities are greatly reduced. Lack of good health can, therefore, be at the heart of interlocking deprivations. The 2005 WHO Report finds a close link between chronic diseases and poverty. Poor health is not

just suffering from illness. For those living in poverty, it pushes individuals and households towards losses in productivity, incomes, assets, and education further entrenching the cycle of poverty. Health deprivations, thus, reinforce deprivations in other dimensions, which in turn reinforce deprivations in health.

iii) **Gender and the Human Development:** In no society do women enjoy the same opportunities as men. A widespread pattern of inequality persists among men and women in their access to education, health, and nutrition, and even more, in their participation in the economic and political spheres.

Amartya Sen has identified seven different types of gender inequalities presently existing in this world.

1) **Mortality inequality:** In some regions in the world, inequality between women and men directly involves matters of life and death, and takes the brutal form of unusually high mortality rates of women, and a consequent preponderance of men in the total population, as opposed to the preponderance of women found in societies with little, or no gender bias in health care and nutrition. Mortality inequality has been observed extensively in North Africa, and in Asia, including China, and South Asia.

2) **Natality inequality:** Given the preference for boys over girls that many male dominated societies have, gender inequality can manifest itself in the form of the parents wanting the newborn to be a boy rather than a girl. There was a time when this could be no more than a wish, but with the availability of modern medical techniques to determine the gender of the foetus, sex-selective abortion has become common in many countries. It is particularly prevalent in East Asia, in China and South Korea in particular, but also in Singapore and Taiwan, and it is beginning to emerge as a statistically significant phenomenon in India and South Asia as well. This is high tech sexism. Sen coined the term, 'missing women', to describe the phenomena of sex ratio imbalances. Sex ratios were viewed as a composite indicator of the status of women in any society by the Committee on the Status of Women in India (CSWI) in its report, "Towards Equality", in 1974.

3) **Basic facility inequality:** Even when demographic characteristics do not show much or any anti-female bias, there are other ways in which women can have less than a fair deal. Afghanistan may be the only country in the world where the government is keen on actively excluding girls from schooling (it combines this with other features of massive gender inequality), but there are many countries in Asia, Africa, and in Latin America, where girls have far less opportunity for schooling than boys. There are other deficiencies in basic facilities available to women, varying from encouragement to cultivate one's natural talents, to fair participation in the social functions of their communities.

4) **Special opportunity inequality:** Even when there is relatively little difference in basic facilities, including schooling, the opportunities for higher education may be far fewer for young women than for young men. Indeed, gender bias in higher education and professional training is observed even in some of the richest countries in the world, in Europe, and North America.

5) **Professional inequality:** In terms of employment, as well as in promotions at work, women often face greater handicaps than men. A country like Japan may be egalitarian in matters of demography, or basic facilities, and even, largely, in higher education, and yet, progress to elevated levels of employment and occupation seems to be much more problematic for women than for men.

6) **Ownership inequality:** In many societies, the ownership of property can also be very unequal. Even basic assets, such as homes and land, may be asymmetrically shared. The absence of claims to property can not only reduce the voice of women, but also make it harder for women to enter and flourish in commercial, economic, and even some social activities. This type of inequality exists in most parts of the world, with local variations. For example, even though traditional property rights have favoured men in most of India, in the state of Kerala, there has been, for a long time, matrilineal inheritance for an influential part of the community, namely the Nairs.

7) **Household inequality:** Often enough, there are basic inequalities in gender relations within the family, or the household, which can take many different forms. Even in cases in which there are no overt signs of anti-female bias in, say, survival, or son-preference, or education, or even in promotion to higher executive positions, the family arrangements can be quite unequal in terms of sharing the burden of housework and child care. For example, it is common in many societies to take it for granted that while men will work outside the home, their women could work too, if, and only if, they combine work with various inescapable, and unequally shared household duties.

This unequal status leaves considerable disparities between how much women contribute to human development, and how they share its benefits. The human development approach challenges the development models which measure benefits in purely economic terms, and which are based on the old trickle down theory. According to the trickle down theory, the benefits that are fed into the top of social structures, or community organizations, trickle down to everyone in the community. But, as the relationships within the community and the household are not egalitarian, but are governed by power and status, we cannot assume community development will benefit all the people within the community. Within the household, women do not have equal rights with men, and the benefits at the household level are seldom shared equally between males and females. However, the lower status of women in many of the countries is linked to women's inadequate command over assets, which translates into systematically lower access to community governance, health and education facilities, as well as less than optimal participation in economic decision-making. The exclusion of women from the sphere of public decision-making, weak intra-household bargaining power, and a lack of the kind of kin support that men have within their villages after marriage are also other factors which contribute to women's low status in the society. In a household, it is inevitable that both men and women have to make decisions in the various domains of economic activities within which labour, and resource allocations are made. A person's bargaining strength within the family depends on his, or her, ownership of, and control over assets, access to employment, and other means of earning an income, support from NGOs, support from the state, social perceptions about needs, contributions, and other determinants of deservedness, as well as social norms. The dominance of

patriarchal relations in the market sphere, which extend to credit access, can also adversely affect the efforts of women to improve their relative bargaining strength.

The human development approach is sensitive to aspects of discrimination that are particularly important in women's lives, but are unrelated to income and economic growth, such as lack of autonomy in decisions about their lives and the ability to influence decision-making within the family, community, and nation. The human development approach also has the scope to delve into complex issues, such as the unequal sharing of unpaid work that constrain women's life choices. Given the constraints on women's agency in almost all societies by political institutions such as male-dominated political parties, social institutions such as the family, and social norms such as women's responsibilities for care work, these issues and their underlying causes clearly must be tackled. Gender analysis has kept the approach vibrant, contributing particularly to the development of its agency aspects.

iv) Human Development: Policy Perspectives

The human development approach is a 'robust paradigm' that can be used over time and across countries as development challenges and priorities shift. In the context of the current challenges that face most countries today, five elements of a general human development agenda are proposed (Fukuda Parr, 2003). They constitute what might be called a 'New York Consensus', as these points are reflected in many UN agreements

1) Priority to "social development" with the goals of expanding education and health opportunities.

2) Economic growth that generates resources for human development in its many dimensions.

3) Political and social reforms for democratic governance that secure human rights, so that people can live in freedom and dignity, with greater collective agency, participation, and autonomy.

4) Equity in the above three elements with a concern for all individuals, with special attention to the downtrodden and the poor whose interests are often neglected in public policy, as well as the removal of discrimination against women.

5) Policy and institutional reforms at the global level that create an economic environment more conducive for poor countries to access global markets, technology, and information.

This five-point agenda contains a mix of old and new priorities. Social development continues to be important, given that illiteracy is still high, and basic health and survival is far from guaranteed in most developing countries. Economic growth also continues to receive attention, since low growth in developing countries is a major obstacle to human development: over sixty countries ended the decade of 1990 – 2000 poorer than at its beginning. At the same time, the human development approach has seen a notable evolution. In the early 1990s, the HDRs emphasized public expenditure allocations in health and education. Today, priorities in those areas are on service quality, efficiency, and equity of delivery (for which governance reforms are often a precondition),

as well as on the level of resources. In education, today's competitive global markets require higher levels than basic primary schooling. Institutional reforms that enable the poor to monitor the use of local development funds also play a significant role in ensuring the equitable and efficient delivery of basic services. Most importantly, the HDRs have placed an increasing focus on social and political institutions that would empower the poor, and disadvantaged groups (such as women), so that they have more voice in public policy-making, and can fight for their interests. Another critical question, now, is how global institutions can be restructured, or created to function on democratic principles mandating the inclusion and participation of all countries, and of all people. For example, what the state could do to expand capabilities in education and health constituted an important pillar of a human development strategy, for both the intrinsic and the instrumental values of education and health.

The changes in the human development approach over time highlight its openness to accommodating new concerns, and taking up new policy challenges. The HDRs have reflected these changing circumstances, and they have shifted emphasis in the policy priorities of the human development agenda from public investments to incentives, from economic measures to democratic politics, from education and health to political and civil liberties, and from economic and social policies to participatory political institutions. They also recognize that people's capabilities to undertake collective action in today's era of rapid globalization will play an increasingly important role in shaping the course of development. It is not surprising that, in 1990, advocacy for human development focused on shifts in planning priorities, and on state action.

In this section you studied about the dimensions of human development, now you could be able to answer the questions relating to this section which is given in *Check Your Progress 3.*

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Education is the key to Human Development. Explain

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2) Gender development is an important component of Human Development. Narrate.

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3.5 LET US SUM UP

Human development is one of the important paradigms of the development paradigm. In this unit you have studied the meaning of human development and various components of human development. The measurement of Human Development through the Human Development Index are now a days a regular process in many developed and developing countries. The UNDP also calculates the HDI of various countries. According to the 2007 Human Development Report, India ranks 134 out of 182 countries. This unit also covers various factors influencing Human Development.

3.6 KEY WORDS

Human Development : Human development is a process of enlarging people's choices, enhancement of freedoms, and the fulfillment of human rights. The most critical of wide ranging choices are to live a long and healthy life, to be educated, and to have access to resources needed for a decent standard of living.

Economic growth : Economic growth refers to the rate of expansion in the quantity of goods and services produced in the economy.

Human choices : Human choices refer to choices made regarding economic well being, attainment of knowledge, health, a clean environment, political freedom, and the simple pleasures of life.

Empowerment : Empowerment is the process of enhancing the capacity of individuals, or groups, to make choices, and to transform those choices into desired actions and outcomes.

Equity : Equity refers to the concept of justice, impartiality and fairness and incorporates the idea of distributive justice, particularly in terms of access to opportunities, and outcomes to all human beings.

Efficiency : Efficiency is defined as the least cost method of reaching goals through optimal use of human, material and institutional resources to maximize opportunities for individuals and communities.

Sustainability : Sustainability, from the human development perspective, advocates that access to opportunities must be ensured, not only for the present generation, but for future generations. Hence, the use of resources, without degrading the environment, is essential to ensure that the improvements are not temporary in nature, and have the potential to expand further.

Capability : Capabilities are the substantive freedoms a person enjoys to lead the kind of life he, or she, has reason to value. Just as a person with a pocket full of coins can buy many different things, a person with many capabilities can enjoy many different activities, and pursue different life paths.

Functioning : Functionings are valuable activities and states that constitute people's well being, such as healthy body, being safe, being educated, and so on. Functioning is, thus, an achievement of a person: what he or she manages to do, or, to be. For example, when people's basic need for food is met, they enjoy the functioning of being well nourished.

Agency : Human beings can be agents of change through both individual action and collective action.

Freedom : Freedom is the primary ends and means of development. Political freedom (in the form of free speech and elections) helps promote economic security. Social opportunities (in the form of education and health facilities) facilitate economic participation. Economic facilities (in the form of opportunities for participation in trade and production) can help generate personal abundance, as well as public resources for social facilities. Freedoms of different kinds can strengthen one another.

Human Rights : Human right is a claim to a fundamental benefit that should be enjoyed universally by all people everywhere on the basis of equality and non-discrimination.

Human Development Index (HDI) : The Human Development Index is a composite measure of human development. It has three main components: longevity, knowledge, and income. This is measured by life expectancy at birth; adult literacy and mean years of schooling; and GNP per capita respectively.

GNP : The Gross National Product (GNP) is the total value of all final goods and services produced for consumption in society during a particular timeline.

Gender-related Development Index (GDI) : GDI measures achievements in the same dimensions and variables as the HDI, but takes into account inequality in achievements between women and men. The greater the gender disparity in human development, the lower a country's GDI compared to its HDI.

Gender Empowerment Index (GEM) : GEM indicates whether women are able to actively participate in economic and political life. It focuses on participation, measuring gender inequality in key areas of economic and political participation and decision-making.

Human Poverty : Human poverty refers to the denial of opportunities and choices (to lead a long healthy, creative life to enjoy a decent standard of living, freedom, dignity, self respect and respect for others) that are the most basic to human development. From the capability perspective, human poverty judges how the poor and deprived fare in a community.

Human Capital : Human capital concentrates on the agency of human beings – through skill and knowledge, as well as effort – in augmenting production possibilities. If education makes a person more efficient in commodity production, then, clearly human capital is enhanced. This can add to the value of production in the economy, and to the income of the person who has been educated.

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3.8 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by Human Development?

   Answer. The human development generally mean following things:

   - An expansion of human capabilities
   - A widening of choices
   - An enhancement of freedoms, and
   - A fulfillment of human rights

2) What are the key constituents of Human Development?

   Answer. The key constituents of Human Development are: (i) equity ;(ii) efficiency and productivity; (iii) participation and empowerment; (iv) fulfillment of human right.

Check Your Progress 2

1) What is HDI composed of?

   Answer. The HDI composed of three basic aspects: (i) a long and healthy life, as measured by life expectancy at birth; (ii) knowledge, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weight); and (iii) a decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) terms in US $.

2) How is GDI different from HDI?

   Answer. The GDI measures achievements in the same dimensions and variables as the HDI, but takes into account inequality in achievements between women and men. The greater the gender disparity in human development, the lower is a country's GDI compared to its HDI.

Check Your Progress 3

1) Education is key to Human Development-Explain.

   Answer. Education brings empowerment and it is central to human flourishing. It not only opens the minds to further the horizons but also open the way to acquire other valuable capabilities. The human development reports accounted for the central importance of education by incorporating an education indicator – literacy rates – into the first Human Development Index; later versions have included education indicators based on enrollment rates.

2) Gender development is an important component of Human Development-Narrate.

   Answer. Human development approach is sensitive to aspects of discrimination that are particularly important in women's lives, but are unrelated to incomes and economic growth, such as lack of autonomy in decisions about their lives and the ability to influence decision-making within the family, community, and nation. The higher HDI is also influenced by the performance of women.

UNIT 4 POLITICAL DEVELOPMENT

Structure

4.1 Introduction

4.2 Political Development: A Historical Perspective

4.3 Political Development and the Advent of Democracy

4.4 Attributes of Political Development

4.5 Relationship of Political Development with Social and Economic Development

4.6 Let Us Sum Up

4.7 References and Selected Reading

4.8 Check your Progress - Possible Answers

4.1 INTRODUCTION

In the previous unit you studied the various aspects of human development. In this unit we concentrate on political development. Political development is traditionally defined as moving towards a more liberal democratic system based on free and fair elections, and the protection of citizens' civil rights. The path to such development is often hard to define because each state has its own history, and, therefore, its own methods for moving towards this goal. Many western scholars recommend that states establish institutions to promote democracy, hold elections, and adopt a multiparty system. However, the success of a states attempt at implementing these recommendations varies from one state to another.

Political development enhances the state's capacity to mobilize and allocate resources, to process policy inputs into implementable outputs. Until recently most policy planners and economists ignored the relationships between state formation and economic development. Whereas political and economic developments are closely interconnected, it is well understood that civil strife, political uncertainties, and turmoil hamper development activities. The contemporary notion of good governance also dwells on efficient, effective, and corruption free public administration. These are some of the most basic requirements that every nation has to ensure for their existence and continuance as a state, and for political, economic, social, and cultural development. A politically sound state can only have faster all round development and protection of the interest of its citizens. Therefore, political development and political evolution is the key to a successful and strong state which, ultimately, promotes development.

After studying this unit, the reader will be able to establish the relationship between political stability and development

- elaborate on the evolution of democracy and concept of new nation state
- analyze various indicators of political participation and stability
- explain development and diffusion of democratic institutions
- explain the role of political will in decision making process

4.2 POLITICAL DEVELOPMENT: A HISTORICAL PERSPECTIVE

When the global economy collapsed in 1929, the older, established democracies rode out the crisis by instituting subsidies and unemployment relief programs, but in nations with shallower democratic roots, the global slump kicked out the underpinnings of liberal democracy and destroyed its credibility. As the voters turned toward parties with more radical agendas, the number of democracies in the world plummeted as quickly as the economic indicators. For a time it was uncertain whether nations like Germany would swing hard left, or, hard right, but when it came down to choosing sides, the right wing offered the most and made fewer demands. They promised full employment, consumer gratification and a golden age of national unity of purpose—just like the Communists—but without denouncing God, homeland and private property. The corporate and military elites supported the Nazis, as did a plurality of the voters, so in 1933, Adolf Hitler became chancellor of Germany.

For a while, the Western democracies themselves had difficulty deciding whether the hard right or left was the greater danger to civilization. Then, in 1936, the Spanish right wing rose against the democratically elected leftist government, and Fascism lost most of its respectability worldwide. Across Asia and North Africa, in the old heartlands of civilizations, there were hints that the old era of imperialism might be coming to an end. In 1932 and 1936, the British set the ancient nations of Iraq and Egypt free, while they also arranged a larger measure of self government for India in 1935 after a mass protest campaign orchestrated by Mohandas Gandhi. With the 1931 Statute of Westminster, the UK reorganized the Empire into a newer Commonwealth which granted independence to the dominions. The Americans, meanwhile, set up an autonomous Commonwealth of the Philippines with the passage of the Tydings-McDuffe Act in 1934.

The Second World War changed the political map of the world; it began wiping nations off the earth by the bucketful. Between 1937 and 1942, 18 nations were ploughed under by the relentless bulldozer of war. Ten nations (Austria, Czechoslovakia, Poland, Denmark, Norway, Netherlands, Belgium, France, Yugoslavia, Greece) were swallowed up by the Germans in just three years. One country (Albania) was annexed by the Italians, and 3 (Estonia, Latvia and Lithuania) disappeared into the Soviet Union. In addition, 4 theoretically neutral countries (Iceland, Iraq, Egypt, Persia) were occupied by the Anglo-American alliance in order to prevent them from falling into the wrong hands. All in all, 25% of the world's nations disappeared for the duration of the war.

Although the end of the war restored most of the conquered nations, many had their political structures wrecked. In Eastern Europe, the nations which had been (liberated? conquered? trampled?) by the Soviet Union tried to set up multiparty democracies, but Soviet-sponsored Communist parties quickly gained the upper hand and put an end to that. In China, the Communists and Nationalists resumed the civil war which had been interrupted by the Japanese, while left and right also fought a civil war over who would inherit Greece. In East Asia, a couple of colonies (French Indo-China and the Dutch East Indies) seized the moment and tried to prevent their former masters from reclaiming control after the Japanese surrendered.

Even in those colonies which had escaped Japanese occupation, the imperialist hold had been weakened by the war. Losses in lives and wealth made it more difficult for the motherlands to keep their colonies under control. Also, because the winners of the Second World War had fought to preserve freedom worldwide, they were now obliged to grant freedom to their own vassals. By 1950, nineteen (more or less new nations had emerged, and colonialism was almost dead—at least in Asia.

The defeat of the Nazis and the allied occupation of the aggressor nations almost eradicated Fascism worldwide. Germany was split into four zones where each ally could cultivate a new regime in its own image, and by 1949, the western Allies had managed to implant a stable, peaceful and tolerant democracy on the world's most dangerous people. Japan was given a democratic constitution which renounced war and denied the divinity of the emperor. Italy's new government was a model of democratic indecisiveness which changed leaders as often as most people change socks. Only in Iberia and Latin America did a sort of quasi-fascism linger under the likes of Salazar (Portugal), Franco (Spain) and Peron (Argentina), but even here, wartime American pressure had pushed the majority of South American nations to renounce Fascist leanings.

The Dumping of Africa went almost as quickly as the Scramble for Africa of the 1880s. On New Year's Eve, 1955, there were only 5 independent nations in the whole continent; ten years later, there were 38. In most cases, the colonial powers had spent the early 1950s denying that they would ever release their colonies, so they had never bothered to educate a native civil service or middle class, and often forbade natives to travel abroad to seek education on their own. In the Belgian Congo, for example, there was not a single African doctor, lawyer or engineer as late as 1955. Then, suddenly, there were dozens of brand new nations being cut loose with only the slightest preparations—a generic constitution, a hasty election, a red-green-and-yellow flag and a ceremonial salute—before being sent on their way.

In many of these new countries, the local nationalist organization that had been urging the Europeans to quit won the first elections easily—and then postponed the next elections indefinitely. In countries with no local nationalist organization, the army usually took control from whichever poor unfortunate the Europeans had left in chain. Worldwide, the 1960s saw the birth of 45 new nations, and by the decade's end, all the colonial powers had set free any dependency which was big enough to take care of itself. Only Portugal clung to the old ways, but they paid the price with escalating colonial wars in any territory big enough to support rebel strongholds.

In domestic politics (and therefore invisible on the map), the 1960s were dominated by the coming of age of the generation which had been born after the Second World War. Because the birth rate had soared in the late 1940's following a major plummet during the previous bad times, this was probably the largest and most cohesive single generation of the century. The world's biggest country saw the biggest manifestation as the Cultural Revolution shook China. Here the Communist leadership used the young, idealistic Red Guards to break the power of the entrenched bureaucracy — and then used the Army to break the Red Guards. In Czechoslovakia, an idealistic move towards a less repressive regime provoked a Soviet invasion. In the United States, the youth movement focused its energies

opposing American involvement in the Vietnamese Civil War, while in France, student rebellion almost brought down the government.

Multiparty democracy hit rock bottom in the 1970s. Whether you measure this decline in absolute numbers (a net loss of 12 visible countries, 1962-72) or percentages (29% fewer), the trend is unmistakable. As a percentage of independent countries, democracies reached their lowest point of the late 20th Century, weighing in at only 30% in 1977. In terms of total population, the post-colonial low of 19% was reached during the period 1975-1977, when Indira Gandhi declared a state of emergency and suspended civil rights in India to avoid being jailed for corruption. What was happening to all these countries? Many were falling to military coups. Of the ten traditional countries of South America, there had been only two military regimes (and eight democracies) in 1962; however, every five years saw the fall of two democracies.

In Africa, meanwhile, it had become obvious that the new nations were not going to follow the parliamentary model recommended by their former colonial owners. The lucky ones achieved some semblance of stability under slightly corrupt single-party states, while the unlucky ones lurched from coup to coup under a brutal succession of generals, colonels and sergeant-majors. Throughout the African continent, a net total of eight nations shifted from civilian to military rule between 1967 and 1977. Case by case, each of these authoritarian regimes rose to power based on local circumstances, but overall, the trend towards oppression was boosted by the corrupting influence of the Cold War (Fig. 1). Both East and West preferred strong, stable regimes allied to their side and sworn to oppose the other, rather than unstable democracies which might roll left or right without warning. And even if the Western democracies occasionally had moral qualms about arming thugs, they knew that the Soviets didn't, so any nation ostracized by the West stood a good chance of becoming a Soviet ally by default. Therefore, each side had a strong incentive for the superpowers to blindly support their cronies, no questions asked.

The crisis of democracy even touched the United States, normally among the most stable of the world's republics. The failure of the American intervention in Vietnam had polarized national politics, and when the Nixon Administration was caught trying to stifle domestic opposition with a web of illegal activities, the President was forced to resign—an unprecedented event in US history. The trends were not uniformly bleak, however. The Mediterranean rim of Europe—long a stronghold of authoritarianism—finally rejoined the civilized world when Spain, Portugal and Greece all held their first free elections in quite awhile. Another anomaly on the map of West Europe disappeared in 1972 when Switzerland became the last European nation to give women the vote. The liberalization of Portugal led to the hasty withdraws from the world's last overseas empire, followed quickly by exploding civil wars in the successor states.

The final year of the decade hinted at the beginning of a change as many of the century's most brutal tyrants were overthrown. In 1979, invading neighbors were driving Pol Pot of Cambodia and Idi Amin of Uganda out of power, while French intervention drove Bokassa out of the Central African Empire. Macias Nguema of Equatorial Guinea was removed and executed by his nephew. Both the Pahlevi dynasty of Iran and the Somoza dynasty of Nicaragua were overthrown by domestic uprisings, and the beleaguered apartheid regime of Rhodesia accepted

the inevitability of Zimbabwe. Although the successor regimes were sometimes only slight improvements (if that), the future was looking a bit brighter. The 1980s, however, were a decade of growing freedom in the Third World. In South America, the number of military governments drastically dropped off—from 7 in 1982 to 2 five years later. Along the Pacific Rim of Asia, the pendulum was also swinging back toward democracy as local economies boomed. Meanwhile, pragmatic, reformist regimes had come to power in the Soviet Union and China and were gradually dismantling the Communist state. Then, in the final few months of the decade, the avalanche hit, and the Communists surrendered power throughout Eastern Europe (Fig. 2).

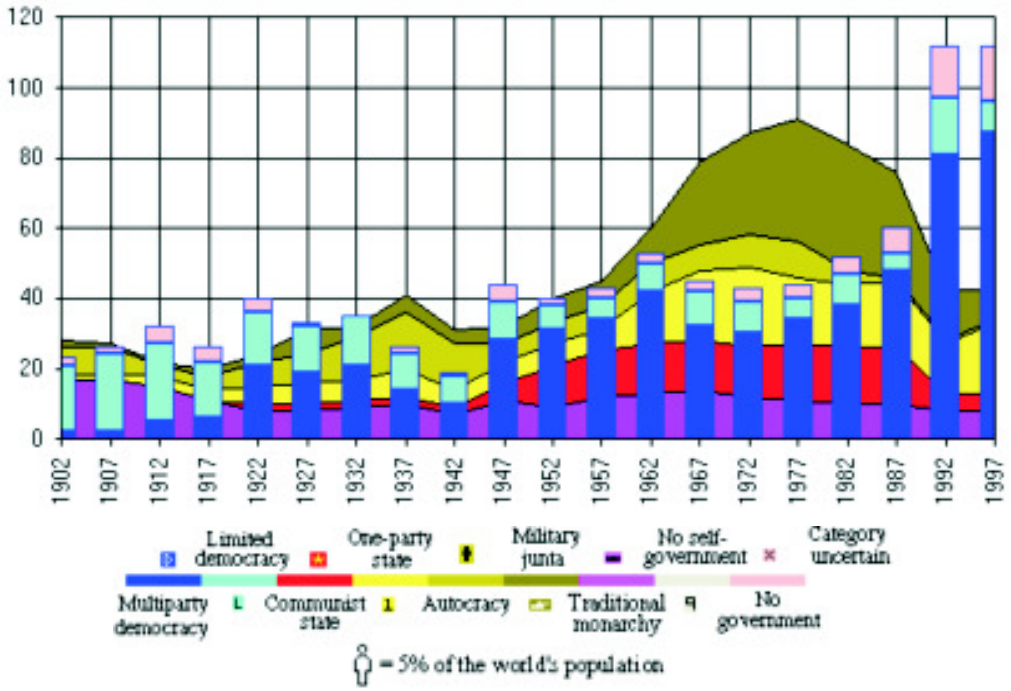

Fig.4.1: Changing of Regimes and forms of Independent Governments

Source: According to Matthew Whites, 1999 Historical Atlas of the Twentieth Century (online)

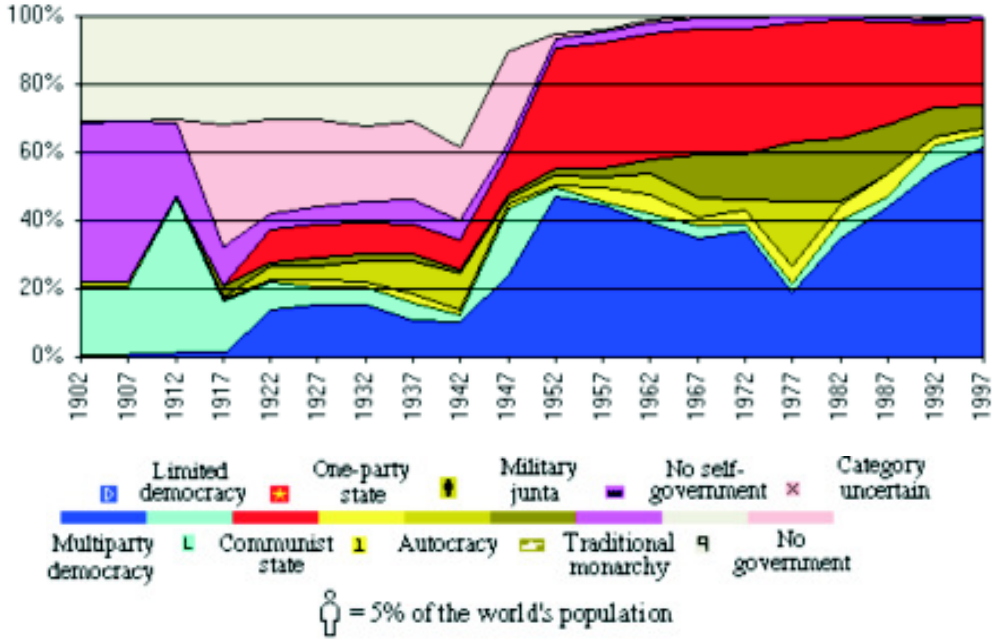

Fig. 4.2: The percentage of the world's population under various political systems

Source: According to Matthew Whites, 1999 Historical Atlas of the Twentieth Century (online)

The crisis and collapse of the Soviet Union brought forth two great surges of democracy, the first in the fall of 1989 when the Communists surrendered their monopoly of power in the satellite nations, and the second in the summer of 1991 when the constituent republics of the Soviet Union seceded. There was also a parallel surge of nationhood as four former Communist unions—the USSR, Czechoslovakia, Ethiopia and Yugoslavia—shattered into 24 ethnic nations. All across the globe, the various petty tyrants who had stayed in power by playing one side against the other in the Cold War were swept away. The pro-Soviet among them were cast adrift, friendless and alone, while the pro-Western soon realized that their former sponsors didn't need anti-Communist thugs anymore. Throughout the Third World, strongmen agreed to relinquish their power. They released opposition leaders from jail, scheduled elections and pilfered national treasuries to set up retirement accounts in off-shore banks.

The end result was a world that has changed unrecognizably from the world twenty years earlier. In the early 1970s, democracies were scattered in a few small clusters on the edges of the great land masses. By the late 1990s, four continents (Europe, Australia and the Americas) were almost entirely democratic. Africa had gone from almost entirely oppressive to only about half, and even if some of the new "democracies" didn't quite have the hang of it and occasionally continued to harass the opposition, reward cronies and fudge the ballot counts, at least the jails were emptied of dissidents and the press was allowed to complain more vocally about government abuses. There is no single effect that the end of the Cold War had on hot war worldwide. In Africa, several long smoldering civil wars fizzled out as Soviet-sponsored governments and Western-sponsored guerrillas decided it was time to talk. But this trend toward peace in one part of the world was balanced by new conflicts elsewhere. In the former Communist lands of Eurasia, ethnic hatreds which had been kept under control by Russian hegemony now found an opportunity to flare up.

Having read the contribution of political development in various spheres and the historical analysis of political development at the international level, now try and answer the following questions in *Check Your Progress* 1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) How political development and political evolution promotes development?

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2) What were the final results of the end of cold war?

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4.3 POLITICAL DEVELOPMENT AND THE ADVENT OF DEMOCRACY

The Evolution of Democracy

The ancient Greeks were the first to use democracy as a form of government. Under Pericles, male citizens in Athens participated in the daily running of government. This form of direct democracy excluded all non-citizens, such as women and slaves. In ancient Rome, a government where officials were chosen from among eligible citizens was established. A republic, as this form of democratic government is known, is not a direct democracy. It is called a representative democracy, since only a few chosen officials represent the citizens as a whole. As a form of government, democracy was rare in Europe, between the second and thirteenth centuries. In 1215, the nobility in England forced King John to sign the *Magna Carta*, or, the Great Charter, which recognized their rights as land owners, citizens of England, and subjects of the king. After that, it was not until the late 1600s that democratic ideals began to resurface in Europe, when some English and French philosophers began promoting democratic government, in place of the absolute monarchies under which they lived.

In England, the English Bill of Rights was passed by Parliament after the Glorious Revolution of 1688. Power was transferred from the Catholic king, James II, to his son-in-law and daughter, William and Mary, both of whom were Protestants. The Bill of Rights ensured the supremacy of Parliament over the monarchy in England. England was not yet a true democracy, but it was taking steps toward becoming one. As English subjects, the colonies in America had the benefit of knowing a democratic form of government. In 1776, the American colonies declared their independence from England based on many real and perceived wrongs that they had suffered. The original revolutionaries wrote a declaration outlining their grievances, and claimed the right to self rule, or sovereignty. The Declaration of Independence included many Enlightenment ideas: the right to life, liberty and property, religious toleration, freedom of speech, and the separation of powers.

Growth of Democracy

The success of the American Revolution and its guiding principles inspired the French Revolution in 1789, and the Latin American Revolutions of the 1790s and early 1800s. Proof that foreign rule and slave chains could be thrown off was extremely encouraging to the mixed-blood inhabitants of the Caribbean islands, and Latin America. In the 1830s and 1840s, a series of democratic revolutions occurred throughout Europe. Most of them were harshly put down. After World War II, most of northern, western and southern Europe, America, Japan, South America and the parts of the former British Empire, practiced some form of democracy.

Today, democracy is one of the most widely practiced political systems in the world. Democracy has been defined as an institutional arrangement, ought to ensure the following conditions

- Freedom to form and join organizations
- Freedom of Expression

- Right to vote
- Eligibility for public office; Right of political leaders to compete for support (Rights of political leaders to compete for votes)
- Alternative sources of information
- Free and fair elections
- Institutions for making government policies depend on votes and other expressions of preferences.

When these conditions are met, the elected government is judged to be responsive to citizens' preferences, and political freedom is considered as an indicator for modern democracy.

Democratic Change Cycle

Samuel P. Huntingdon is a well known thinker on the subject of democracy. He puts the democratization of the late 1980s in a larger perspective by pointing out that waves of democratization have occurred in the past. He also identified reverse waves, in which, countries that had been democratic for a while reverted to authoritarian forms of government - sometimes, indeed, to re-democratize at a later time. He further concludes that, "A twentieth-century political system is democratic to the extent that its most powerful collective decision makers are selected through fair, honest, and periodic elections in which candidates freely compete for votes, and in which virtually all the adult population is eligible to vote". Huntingdon's definition and description of the three waves of modern democratization is classified under "democratized", "authoritarian" and "Non democratic phases of previously democratic countries" is presented in tabular form (Table 5.1).

Table 5.1: Three Waves of Huntington's classification of Democracy

Countries in Category Category A	Number of Countries in Category	1st Wave 1828-1926 (long wave)	1st Reverse 1922-42	2nd Wave 1942-62	2nd Reverse 1958-1962	3rd Wave 1974-	3rd Reverse? (to 1991)
Australia; Canada; Finland Iceland; Ireland; New Zealand; Sweden; Switzerland; U.K.; U.S.	10	Democratized in the first wave & have remained democratic since	Democratic	Democratic	Democratic	Democratic	Democratic
Category B Chile	1	Democratized	Democratic	Democratic	Reverted to Author-itarianism	Democratized	Democratic
Category C Austria; Belgium Colombia; Denmark France; W. Germany Italy; Japan;Netherlands Norway	10	Democratized	Reverted to Author-itarianism	Democratized	Democratic	Democratic	Democratic
Category D Argentina; Uruguay Czechoslovakia Greece;Hungary	5	Democratized	Reverted to Authori-tarianism	Democratized	Reverted to Authori-tarianism	Democratized	Democratic

Category E East Germany Poland;Portugal Spain	4	Democratized	Reverted to Authori-tarianism	Authoritarian	Authoritarian	Democratized	Democratic
Category F Estonia;Latvia Lithuania	3	Democratized	Reverted to Authori-tarianism				
Category G Botswana; Gambia Israel; Jamaica; Malaysia Malta; Sri Lanka Trinidad & Tobago Venezuela	9			Democratized in the second wave & have remained democratic since	Democratic	Democratic	Democratic
Category H Bolivia; Brazil; Ecuador India; South Korea Pakistan; Peru Philippines; Turkey	9			Democratized	Reverted to Authori-tarianism	Democratized	Democratic
Category I Nigeria	1			Democratized	Reverted to Authori-tarianism	Democratized	Reverted to Authori-tarianism
Category J Burma; Fiji ; Ghana Guyana; Indonesia Lebanon	6			Democratized	Reverted to Authori-tarianism	Authoritarian	Authoritarian
Category K Bulgaria; El Salvador Guatemala; Haiti Honduras; Mongolia Namibia; Nicaragua Panama; Romania Senegal	11					Democratized	Democratic
Category L Sudan; Suriname	2				Reverted to Authori-tarianism	Democratized	Reverted to Authori-tarianism
Democratic Countries		**33 (max.)**	**11 (min.)**	**51 (max.)**	**29 (min.)**	**62 (max.)**	**59 (min.)**
Net Change		**+33**	**-22**	**+40**	**-22**	**+33**	**-3**
Total Countries	**71**						

Source: Samuel P. Huntingdon, 1991. *The Third Wave: Democratization in the late twentieth century,* London.

In this section, you have read about the growth of democracy and democratic change cycles. Now, you are required to attempt the exercises given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Where and how did democracy evolve first in the world?

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2) How does democracy helps in projecting people's requirement/demand before the government?

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4.4 ATTRIBUTES OF POLITICAL DEVELOPMENT

After learning about political systems and democracy, now, in this section, you will learn about various attributes of political development.

Political Freedom

The concepts of political freedom and democracy are closely related to each other. In terms of content and philosophy, both address the issue of people's participation in electing their representative government and governance. They are so intertwined that they are considered two sides of the same coin, and are frequently debated. Voter preferences for current consumption over long term investment make democracies ill equipped to undertake the kind of policies necessary for sustained economic growth. These narrow definitions of political freedom and democracy enable us to identify empirical cases of democracies and non democracies.

Political Stability

There exists a strong relationship between a country's development strategy and its political system. Authoritarianism or democracy has an unfailing influence on the pace of development and justice. Political institutions always dominate the fate of nations in many ways, and the strategy of economic development pursued by a country is the outcome of its political system, which, in turn also determines its success or failure. The rate of economic growth and the level of economic and social development represent the well being and prosperity of an economy and political stability indicates the well-being of its political institutions. When one looks at the economy and politics of a country, there arise a number of questions, for example, what is the role of political institutions in economic growth and development; which kind of political institutions democracy or dictatorship help or hinder economic growth and its trickledown effect? Is there a trade off between economic, political and civil liberties, and economic growth? What is the role of income distribution, poverty alleviation, and other social welfare provisions in determining economic performance?

There is a strong relationship between economic growth, capital accumulation, and democracy on one hand, and between political instability and income inequality on the other. Let us, now, find answers to the question with regard to the linkages between the well being of an economy and its political set up. These answers emerge from the experience of different countries, and take the form of distinct hypotheses as given below

- democracy retards economic growth (India's experience up to the eighties)
- democracy helps to achieve high rates of economic growth
- authoritarian regimes lead to faster economic growth (East Asian experience)
- dictatorial regimes lead to poor economic growth (African and Latin American experience).

All this leads to the conclusion that, whether it is a democracy or a dictatorial regime, what matters is its political stability. The degree of political stability cannot be measured directly. It depends on a number of factors such as, political upheavals; riots, strikes and lockouts; crime and (political) assassinations; coups and change of power; infighting amongst political parties; scams, including rent-seeking and directly unproductive profit seeking activities; lack of people's faith in the government; poverty and income disparities. One may use these indices to work out the degree of political stability in different countries and regions over different periods. This would lead to a number of interesting hypotheses establishing a link between the indices of political stability and economic growth. For example, during the periods of political unrest, or coups, or change of power, or even intense infighting within the ruling party, the rate of growth has been seen to slow down, and, even become negative, essentially through lower savings and investment rates, and, also through a lack of vision in the part of the bureaucracy. It is now understood that the magnitude of these activities and political instability reinforce and strengthen each other to quite a great extent, with the result that, taken together, they work against the growth process. They require being neutralized, weakened, and counter-acted.

Decentralization

Another important attribute of political development is decentralization. Decentralization can be usefully understood as a political process whereby administrative authority, public resources, and responsibilities are transferred from central government agencies to lower level organs of government or to non governmental bodies, such as community-based organizations (CBOs), 'third party' non-governmental organizations (NGOs), or, private sector actors. Decentralization is quite often also called departmentalization because it is nothing but the policy of delegating decision-making authority down to the lower levels in an organization that is relatively away from a central authority. A decentralized organization shows fewer tiers in the organizational structure, wider span of control, and a bottom-to-top flow of decision making, and flow of ideas. In a centralized organization, the decisions are made by top executives or on the basis of pre-set policies. These decisions or policies are then enforced through several tiers of the organization after gradually broadening the span of control, until it reaches the bottom tier. In a more decentralized organization, the top executives delegate much of their decision making authority to lower tiers of the organizational structure.

Political Decentralization

Political decentralization aims to give citizens or their elected representatives more power in public decision making. It is often associated with pluralistic politics and representative government, but it can also support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies. Advocates of political decentralization assume

that decisions made with greater participation will be better informed and more relevant to diverse interests in society than those made only by national political authorities. The concept implies that the selection of representatives from local electoral constituency allows citizens to know their political representatives better, and allows elected officials to know, better, the needs and desires of their constituents. Political decentralization often requires constitutional or statutory reforms, creation of local political units, and the encouragement of effective public interest groups.

Political Values

In a liberal, democratic democracy, politics cannot long proceed or survive simply by inertia; instead it must be constantly fed by people who are engaged in the political process, and who share some of the basic values necessary for such a democracy to thrive. None of these values depend in any way upon religion or theism; this means that they are necessarily 'Godless' — that politics exists independently of people's religions and Gods.

Rule of Law

Perhaps nothing is as fundamental as the rule of law, liberal democracy simply cannot exist unless everyone, from the lowest citizen to the highest official, is equally subject to the same laws. As soon as some people or groups are exempted from neutral, generally applicable laws, they are essentially placed outside the political process and made superior to the rest of us. In the end, the law means nothing unless it is fairly and equally applied to all.

Political Harmony

In music, harmony requires multiple voices singing parts of the same piece; in politics, then, harmony requires the presence of multiple perspectives that all are moving towards the same general goal. Valuing political harmony means opposing efforts to reduce dialog to a single perspective, as well as efforts to tear the group apart into wildly different directions.

Compromise

Politics is the 'art of the possible', which means that it is a pragmatic effort to find the best possible means for achieving particular goals. In a diverse, pluralistic community, this means that politics cannot exist without compromise: people and groups will generally get some of what they want, but almost never all of what they want because there will always be groups with different desires. Those who categorically oppose compromise, thus, oppose the political process of democracy.

Liberty and Autonomy

Democracy, which is 'government by the people', cannot exist unless people are free, and, moreover, have the freedom to govern themselves. If sovereign power ultimately rests with the people, it can only be because the people are free to be sovereign over themselves, and to explore the various options available for structuring their common government. Otherwise, it's just another dictatorship masked as a democracy.

Secularism

Often derided by those who don't understand or believe in it, secularism is a critical component of liberal democracy. Secularism is the political principle or philosophy that some sphere of knowledge, values, institutions, and action must exist that is independent of religious authority. If there is no such secular sphere, then everything is under ecclesiastical control and this undermines the possibility for liberty and autonomy.

Dispersed Power and Authority

The more power that is concentrated into fewer hands, the greater the threat to people's liberty and autonomy. This is true even when power is in the hands of those of good will, which is why we must guard against a disproportionate concentration of power in government, in religious entities, and in private groups like corporations. Liberal democracy is best preserved by ensuring that social and political power is distributed as widely as possible, even if unevenly.

Openness and Honesty

If democracy is going to work, then the people must be well informed about what their government is doing in their name. This means, therefore, that the ability of the government to keep secrets from the people must be sharply limited. If the government is given too much latitude to keep secrets, then it's impossible for the people to make informed, educated decisions, and this means that those in power can retain power without appropriate consent from the governed.

Equality and Justice

Two closely connected political values are equality and justice. A liberal democracy requires equality, because otherwise only a privileged portion of the population ends up being truly sovereign. A liberal democracy requires justice because that is the basis for an equitable application of the law. An unjust society is one where the rule of law, morality, and equality are all violated. Neither equality nor justice requires any gods or religions to defend them.

Politics without Religion

This simply means that all those values have nothing to do with any religious belief, and can be referred to as 'Godless'. This simply means that they are not founded upon the alleged will of any Gods, and do not depend upon a belief in any god for their validity. This would mean that liberal, representative democracy must itself be Godless and irreligious in some basic way. It doesn't mean that all individuals or organizations within a liberal democracy are also Godless, but it does mean that the system which creates a context for their political and social activity is Godless. Some religious believers might look askance at this, but they should not. After all, the only other choice is for some particular form of some particular religion, as mediated by a few self-proclaimed religious authorities, is singled out to define that context. This, however, is inconsistent with a liberal democracy where religion can have no impact on one's political status.

Political Leadership and Economic Development

Political leadership is a complex process by which persons in power influence their followers, civil society, and wider public to accomplish societal goals. Political leaders are necessary for initiating as well as for hastening the process

of change in any society. It may be social, and, or economic change, constitutional change, or political change. In all these processes of change, political leadership plays an important role. Political leaders carry out the process of change by applying their leadership attributes like politically relevant beliefs, socially adored values, generally approved character, wide knowledge and wisdom acquired through learning and experience. Political leaders are supposed to understand the hopes and aspirations of the people and identify the goals of the society.

They may formulate a vision of the country's future. They acquire or develop the capacity to mobilise the people to achieve the common societal goal. Further, the political leaders are expected to have certain attributes in order to be effective as leaders. They should have an unimpeachable commitment to the cause or societal goal which they decide to fight for, or achieve. They should be prepared to render selfless service to the people at large. They should have the quality of inspiring their followers and even the common people. They should have patience and perseverance in pursuing the society's goals, maturity and wisdom for taking sound and timely decisions, and exhibit strength of character by setting example and mental toughness to face criticism when found wrong. These are all ideal textbook attributes. It is difficult to find all of them, even in an ideal leader.

Now that you have gone through the various attributes of political development, answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Write a short note on political stability.

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2) What do you understand by decentralization?

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4.5 RELATIONSHIP OF POLITICAL DEVELOPMENT WITH ECONOMIC AND SOCIAL DEVELOPMENT

In this section we will study the relationship of political development with the economic and social development. This relationship is reflected very well in the context of South Asian countries, where the impact of political development is clearly visible in the economic and social development spheres.

Economic Development

Economic development has, historically, been defined as economic growth based on gross domestic product growth, increased international trade, industrialization, and integration into regional and global economies. Along these lines, the Washington Consensus has, played a large role in prescribing policies for economic development in developing countries. One of the most widely accepted themes in social sciences is that the emergence and the stability of democracies are associated in a certain way with economic development. Among the reasons offered for the empirical connection between economic development and political participation, a common idea is that the process of economic development leads to clusters of social change that will drastically alter social structure, organizational, and political culture of a nation — and that these are associated with new forms of political behaviour.

Social Development and Civil Society

The strength of civil society is thought to be important in several ways, including encouraging greater civility in public life, increasing the accountability of governments to their people, and, as a force for democratization. The concept of civil society is overused, overrated, and analytically insubstantial. That is, civil society is a concept that cannot itself be observed, directly or indirectly, in its entirety. In this respect, it is like many key concepts in the social sciences, including the 'state', 'democracy', 'power' and, as we have suggested, 'development'.

There is general agreement in the literature that civil society is an area of social life bounded on one side by the state and on the other by families and kinship networks. Scholars who write about civil society differ immensely about what they wish to include within the concept, and what they wish to exclude. As Fierlbeck (1998) has demonstrated, some authors emphasize associational life, and others formal organizations. Some authors wish to exclude organizations that participate in the economy or the market, while others would include at least some such bodies. No author appears to have developed a usable operational definition of civil society, and it seems unlikely that any operational definition can be developed that would incorporate more than a very narrow sub-set of the activities generally considered to be part of civil society.

In fact, it appears that any sensible and potentially operational definition of the distinction between state and civil society would need to focus not on groups or individuals, but on activities. A person who is a state employee may function as a member of civil society in some of his or her activities. An individual who is employed by a non profit, public interest NGO may function as part of the state

apparatus if the NGO has signed a contract to implement certain government policies or programmes. An organization may similarly function as an organ of civil society in some of its activities, and as an agent of the state in others. Indeed, there may be situations in which a single set of organizational activities would best be seen as constituting parts of both civil society and the state. If, for instance, a women's organization is contracted by the state to help to educate rural women about elections and their right to vote, we would seem to have a situation in which the goals of both civil society and the state are being advanced simultaneously.

4.6 LET US SUM UP

In this unit you have learnt the evolution of democracy as a political institution and most widely practiced political systems in the world. You have also seen the historical perspective of political development in the last seven decades. The various attributes of political development covering political freedom, political stability, decentralization and political decentralization, political values, rule of law, political harmony, compromise, liberty and autonomy, secularism, equality and justice, politics without religion, and political leadership and economic development. You have also read about the relationship of political development with the economic and social development, which is reflected very well in the context of South Asian countries, where the impact of political development is clearly visible in the economic and social development spheres.

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4.8 CHECK YOUR PROGRESS - POSSIBLE ANSWER

Check Your Progress 1

1) How political development and political evolution promotes development?

   Answer.Until recently most policy planners and economists ignored the relationships between state formation and economic development. Whereas political and economic developments are closely interconnected, it is well understood that civil strife, political uncertainties, and turmoil hamper development activities. The contemporary notion of good governance also dwells on efficient, effective, and corruption free public administration. These are some of the most basic requirements that every nation has to ensure for their existence and continuance as a state, and for political, economic, social, and cultural development. A politically sound state can only have faster all round development and protection of the interest of its citizens. Therefore, political development and political evolution is the key to a successful and strong state which, ultimately, promotes development.

2) What were the final results of the end of cold war?

   Answer. By the late 1990s, four continents (Europe, Australia and the Americas) were almost entirely democratic. Africa had gone from almost entirely oppressive to only about half, and even if some of the new "democracies" didn't quite have the hang of it and occasionally continued to harass the opposition, reward cronies and fudge the ballot counts, at least the jails were emptied of dissidents and the press was allowed to complain more vocally about government abuses. There is no single effect that the end of the Cold War had on hot war worldwide. In Africa, several long smouldering civil wars fizzled out as Soviet-sponsored governments and Western-sponsored guerrillas decided it was time to talk. But this trend toward peace in one part of the world was balanced by new conflicts elsewhere. In the former Communist lands of Eurasia, ethnic hatreds which had been kept under control by Russian hegemony now found an opportunity to flare up.

Check Your Progress 2

1) Where and how did democracy evolve first in the world?

Answer. The Ancient Greeks were the first to use democracy as a form of government. Under Pericles, male citizens in Athens participated in the daily running of government. In ancient Rome, a government where officials were chosen from among eligible citizens was established. This form of democratic government is called representative democracy, since only a few chosen officials represent the citizens as a whole. As a form of government, democracy was rare in Europe between second and thirteenth centuries. It was not until the late 1600s that democratic ideals began to resurface in Europe, when some English and French philosophers began promoting democratic government in place of the absolute monarchies under which they lived.

2) How does democracy helps in projecting people's requirement/demand before the government?

Answer. Democracy, as an institutional arrangement, ought to ensure the following conditions: freedom to form and join organizations; freedom of expression; right to vote; eligibility for public office; right of political leaders to compete for support (rights of political leaders to compete for votes); alternative sources of information; free and fair elections; institutions for making government policies depend on votes and other expressions of preferences. When these conditions are met, the elected government is judged to be responsive to citizens' preferences.

Check Your Progress 3

1) Write a short note on political stability.

Answer. There exists a strong relationship between a country's development strategy and its political system. Authoritarianism or democracy has an unfailing influence on the pace of development and justice. Political institutions always dominate the fate of nations in many ways. The strategy of economic development pursued by a country is the outcome of its political system, which, in turn also determines its success or failure. The rate of economic growth and the level of economic and social development represent the well-being and prosperity of an economy and political stability indicates the well-being of its political institutions.

2) What do you understand by decentralization?

Answer. Decentralisation can be usefully understood as a political process whereby administrative authority, public resources and responsibilities are transferred from central government agencies to lower-level organs of government or to non-governmental bodies, such as community based organisations (CBOs), third party non-governmental organisations (NGOs) or private sector actors. Decentralization, also called departmentalization is the policy of delegating decision-making authority down to the lower levels in an organization, relatively away from and lower in a central authority. A decentralized organization shows fewer tiers in the organizational structure, wider span of control, and a bottom-to-top flow of decision-making and flow of ideas. In a decentralized organization, the top executives delegate much of their decision-making authority to lower tiers of the organizational structure. As a correlation, the organization is likely to run on less rigid policies and wider spans of control among each officer of the organization.

MEDSE-046 Development: Issues and Perspectives (8 Credits)

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	Unit 1	Development: Introduction and Paradigm
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	Unit 3	Human Development
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II	**BASIC ISSUES IN DEVELOPMENT-I**	
	Unit 1	Population
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Indira Gandhi National Open University
School of Extension and Development Studies

MEDSE-046
Development: Issues and Perspectives

Development – An Overview

1

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MEDSE-046
Development: Issues and Perspectives

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BASIC ISSUES IN DEVELOPMENT-I

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BLOCK 2 BASIC ISSUES IN DEVELOPMENT-I

Block 2 on '**Basic Issues in Development'** consists of four units covering main issues in development. This block gives an introduction to important issues relevant to in development

Unit-1, is on '**Population'** gives an account of human demography and world's popualation scenario, its significance for development. The unit also discusses the theories of population, age-sex compositions, population policies and relationship between population and development.

Unit-2, is on '**Poverty**' introduces basic concepts of poverty, its measurement and existence in both global as well as local situations. It also provides detail analysis of vicious circle of poverty, causes and remedies of poverty and measures to alleviate poverty in India.

Unit-3, is on '**Inequality'** which gives a detail account of meaning and measurement of income inequality. It also deals with various causes, effects and remedies of economic inequality.

Unit-4, is on '**Unemployment**' which discusses the meaning and types of unemployment, and its measurement. The unit also includes dimensions of unemployment, trends of unemployment and policies and programmes to reduce unemployment.

UNIT 1 POPULATION

Structure

1.1 Introduction
1.2 World Population Scenario: Spatial-Temporal Analysis
1.3 Migration and Development
1.4 Age-Sex Compositions and its Implications for Development
1.5 Theories of Population and its Linkages with Development
1.6 Growth of Population and Development- Argument in Favour and Against
1.7 Population Policies
1.8 Let Us Sum Up
1.9 Keywords
1.10 References and Suggested Readings
1.11 Check Your Progress - Possible Answers

1.1 INTRODUCTION

We all have some ideas and experiences about the growing population, and sometimes we analyze, or discuss among ourselves, various issues related to it, like rising numbers, crowding, and congestion. We also try to analyze various consequences arising from overpopulation. Some of the major consequences are unemployment, poverty, lack of basic amenities, like housing and drinking water. Therefore, we can say that population and development have a very close relationship. There is a cause and effect relationship, i.e., development can affect population, and *vice versa* (Gould, 2009). Human beings are at the centre of the concerns for any developmental activities. This is because people are the most important and valuable resource of any nation. Consequently, the right to development must be fulfilled so as to equitably meet the population and development needs of present and future generations. In this unit, we will analyze the complexities that exist between population and development.

After reading this unit, you will be able to

- describe the growth and distribution of world population over the time and space
- explain age-sex compositions and its implication on development
- analyze various theories on population and development and their significance
- evaluate various arguments in favour and against the linkages between growth of population and development
- compare the population policies adopted by developed and developing countries.

1.2 WORLD POPULATION SCENARIO: SPATIAL-TEMPORAL ANALYSIS

World population is unevenly spread all over the globe. Some places have a low concentration of population, like deserts, dense forests, and mountainous areas,

whereas many areas are heavily populated, like coastal and deltaic plains, moderate climates, fertile areas, industrialized areas, and urban centers. This spread of population is known as the distribution of population. If we look at the factors responsible for the distribution of population, then all the factors may be broadly grouped under two categories: (i) geographical factors – latitude, altitude, relief, climate, mineral and energy resources, and (ii) socioeconomic factors, like industrialization, urbanization, type of economy, political scenario and public policies. Density is one way of expressing distribution. Density of population is expressed as the number of persons per sq. km. This is popularly known as arithmetic density.

1.2.1 Distribution and Density of Population

Population distribution can be analyzed by different criteria. In terms of continents, Asia has the largest share of population (about 60 per cent) followed by Africa, Latin America and Europe. According to the Population Reference Bureau, World Population Data Sheet, even by 2050, Asia will still have the largest share of population, but it would decline from about 60 per cent to 57 per cent. But the major increase of population would take place in Africa, i.e., 12.7 per cent to 22.4 per cent and a major decline in population would take place in Europe, i.e., 7.2 per cent to 4.1 per cent (Figure 1.1). As the world's population has risen from 2.5 billion in 1950 to 6.7 billion in 2008, the proportion of those living in the developing countries of Africa, Asia, and Latin America, and the Caribbean has expanded from 68 per cent to more than 80 per cent. India and China, with a billion plus each in 2008, make up about 37 per cent of the total. Projections for 2050 show this shift to developing countries continuing. The share of those living in the more developed countries is projected to drop from about 18 per cent in 2008 to less than 14 per cent in 2050.

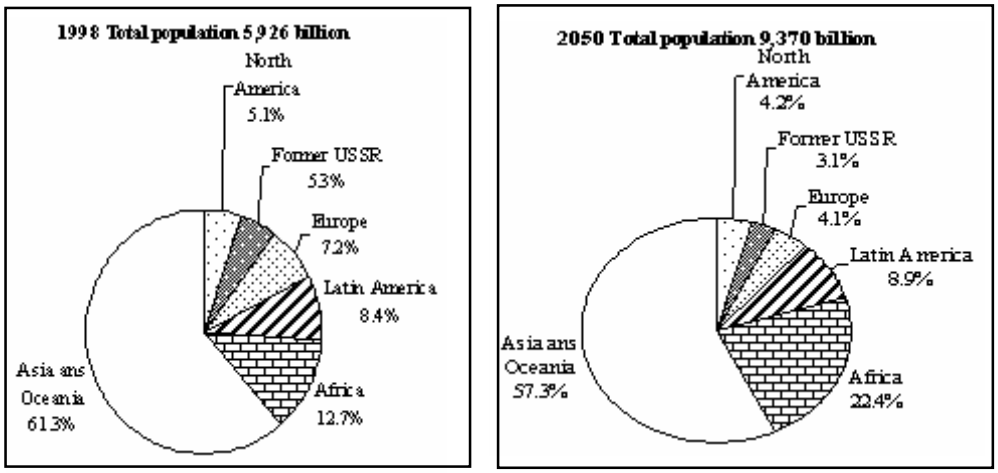

Fig. 1.1: World Population Situation

Source: *Population Reference Bureau, 1998 World Population Data Sheet (Washington D.C.: Population Reference Bureau, 1998); United Nations, Report on the World Social Situation, 1997(New York, United States, 1997), pp. 15-16.*

1.2.2 Growth of Population

The growth of a place is determined by fertility, mortality, and migration. Population growth may be expressed in various ways. Natural growth is the simplest expression which is the difference between birth rate and death rate, whereas actual growth takes migration in to consideration. As of May 31, 2009,

the Earth's population is estimated, by the United States Census Bureau, to be 6,792,467,727. The world's population has been growing continuously since the end of the Black Death around 1400. There were also short term falls at other times due to plague, for example in the mid-17th century. The fastest rates of world population growth (above 1.8 per cent) were seen briefly during the 1950s, and then for a longer period during the 1960s and 1970s. According to population projections, world population will continue to grow until around 2050. The 2008 rate of growth has almost halved since its peak of 2.2 per cent per year, which was reached in 1963. World births have levelled off at about 137-million per year, since their peak at 163 million in the late 1990s, and are expected to remain constant. However, deaths are only around 56 million per year, and are expected to increase to 90 million by the year 2050. Since births outnumber deaths, the world's population is expected to reach about 9 billion by the year 2040. The alarming fact is that we have been adding one billion populations in 12 years interval. If we look at the demographic history, it is evident that the world took about 200 years to add three billion populations, whereas the next three billion population were added in the next forty years (Table 1.1).

Table 1.1 : World: Growth of Population

Year	Population (Million)	No. of years to Add 1 Billion People
8000 B.C.	5	-
1 A.D.	200	-
1000 A.D.	300	-
1650	500	-
1804	1000 (1 Billion)	1804
1927	200 (2 Billion)	123
1960	300 (3 Billion)	33
1975	400 (4 Billion)	15
1987	500 (5 Billion)	12
1999	600 (6 Billion)	12
2012	700 (7 Billion)	13
2025	800 (8 Billion)	13
2040	900 (9 Billion)	15

Source: *http://en.wikipedia.org/wiki/World_population*

If we look at growth patterns in terms developed and developing countries, till 1950, the growth rate in the developed world was high in comparison with developing countries. This was due to the decline in mortality, and the widening gap between birth rate and death rate. The decline in mortality was due to various factors like increase in literacy, advancement in medical sciences and health facilities, etc. But in developing countries, the growth rate was low because both birth rates and death rates were very high, and that helps in reducing growth rate. After 1950, the growth rate in the developed world was very low in comparison with developing countries. This was because of the remarkable decline in birth

rates and death rates in developed countries, whereas in the developing world, particularly in the countries with a larger population base, like China and India, there was a sharp decline in the death rate, but the birth rate remained high. Overall, worldwide, the population growth rate has witnessed a downward trend during the last 30 to 40 years (Table 1.2).

Table 1.2: World: Growth of population in Developed & Developing Countries

Range of Years	Growth Rate in Developed Countries	Growth Rate in Developing Countries
1750-1850	0.6	0.4
1850-1950	0.9	0.6
1950-1970	1.1	2.2
1990-1995	0.4	1.7

Source: *Chandna, R. C. (2008) Geography of Population, Ludhiana & New Delhi: Kalyani Publishers, p.194-195.*

If we look at the trends amongst various continents, it has been observed that Africa continues to display the highest growth rate of population of 2.8 per cent (1990-95). Europe displayed a growth rate of only 0.2 per cent, which is the lowest amongst the continents. The world average is much higher (1.4 per cent) than the continental average. If we look at other continents in terms of descending order, then Africa is followed by South America (1.7 per cent), Asia (1.6 per cent), Oceania (1.5 per cent), North and Central America (1.4 per cent) and Europe. Europe, in contrast to Africa, attained a zero population growth rate during 2000-05, where many European countries were likely to record a negative growth rate in their population. Both Asia and South America, too, were likely to record a significant decline in their growth rates. Most of the countries in this continent would be able to attain an average annual growth rate of about 1.4 which is considerably below the replacement level of 2.1 per cent that will help in the population stabilization process in the near future. China, India, Brazil, Mexico, etc. were going to be the major contributors in the world's population stabilization process in the near future.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your progress with possible answers given at the end of the unit.

1) Describe briefly, what the tentative population scenario in 2050 would be.

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2) World population is not evenly distributed- Comment.

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1.3 MIGRATION AND DEVELOPMENT

Migration is the movement of people which involves a change in the place of normal residence of people from one settlement to another. Migrations occur due to push and pull factors. Push factors are those that compel humans to leave a place of origin, whereas push factors are those that attract humans towards a particular place. Some of the major push factors are war, political unrest, poverty, natural calamity, lack of opportunity, etc., whereas some of the major pull factors are more opportunity, glamour, fertile land and soil, good means of transport and communication, high levels of urbanization, industrialization, etc. There are two types of migration i.e. internal migration and international migration.

1.3.1 Internal Migration

The process of urbanization is intrinsic to economic and social development and, in consequence, both developed and developing countries are in the process of shifting from predominantly rural to predominantly urban societies. The proportion of the world's population living in urban areas grew from 29 per cent in 1950 to about 50 per cent in 2009, and is projected to reach 60 per cent by 2020. Migration to cities is contributing to the marked increase of urbanization in the developing world. Today, eight out of ten of the world's mega cities are in developing countries.

Rural-Rural Migration in India

In developing countries like India, rural to rural migrations also constitute a significant number of people. In short distance, rural-to-rural migration, most females migrate due to marriage. But in long distance migration, people migrate from economically backward areas of Bihar and Eastern Uttar Pradesh to economically progressive states, like Punjab and Haryana, to work as agricultural and allied field workers. They also migrate even up to Jammu & Kashmir for the same. This provides seasonal employment to many and full time employment to some.

Urban growth in the developing world results more from rural poverty than urban prosperity. Rapid rural population growth, along with inequitable land distribution, poor income prospects, and inadequate government investment in agriculture, all combine together to make even urban slums seem more appealing than rural life. Due to unemployment rates in developing countries, the search

for jobs is a major incentive for migration. Unfortunately, migrants arriving in many cities of developing countries find large areas of shanty towns and slums characterized by high unemployment, pollution, disease, social disorder, political unrest, and, in many cases, violence. At least a third of Mumbai lives in slums, and Mexico City is surrounded by shanties and garbage dumps. Cities in most developing nations are similarly circled by squatter settlements that lack space, safe water, sanitation, waste collection, lighting, adequate housing, and other essentials for decent living. This leads to the spread of diseases, alienation and violence, and vulnerability to natural and industrial disaster.

1.3.2 International Migration

International economic, political, and cultural interrelations play an important role in determining the flow of people between countries. In its diverse types, international migration is linked to such interrelations. International migration both affects, and is affected by, the development process. There are broadly two major patterns of international migration, South-South Migration and North-South Migration. Let us analyze them one by one.

1) **South-South Migration:** This migration is basically between the countries that are emerging as newly industrializing countries and countries at the periphery that seem to be performing less well. A key feature of this migration is that it is circular rather than permanent. Within this pattern of migration, labour migration from poorer countries of the south to richer countries of the south is very prominent, and that reflects the current global international order associated with globalization (Gould, 2009). The migration is basically to the oil rich countries of the Arabian Gulf from the non oil producing countries of the Middle East and highly populous countries of South and East Asia. The vast majority of labourers are unskilled or semiskilled working in construction and maintenance, IT, and service industries, etc. In this type of migration, remittances are varied but definitely better than the migrant's own country. But, the host countries generally do not have much liability because the majority of migrants are temporary and without their families. Therefore, the host government does not have to spend money for education, family health, pensions, and other social security.

2) **South- North Migration:** In contrast, in this pattern, migration has been mostly permanent and any associated problems are entirely different from the previous one. Here, migrants dominate various sectors of an economy, like transport, health service, tourism industry, and in some of its manufacturing and service industries. In this type of migration remittances are definitely better in comparison to South-South migration. But the hosts have much more liability because the majority of migrants are permanent and with their family. Therefore, the host government has to spend huge revenue for education, family health, pensions, and other kinds of social security. The most visibly negative impact of South-North migration is the brain-drain. The source country spends a huge amount on education to develop skilled manpower but ultimately this skilled manpower does not pay back adequately to the source country in terms of their services and remittances.

The table given below depicts both positive and negative effects of emigration.

Table 1.3 : A Summary of the Economic Effects of Emigration

Positive Effects	Negative Effects
1. Provide opportunities to workers not available in the home country. 2. May ease effect on the domestic market of the supply of excess labour and reduce unemployment. 3. Inflow of remittances (that increase incomes and may lead to improved human development outcomes for recipients) and foreign exchange. 4. Technology, investments and venture capital from Diasporas. 5. Can contribute to increased trade flows between sending and receiving countries. 6. Stimulus to investment in domestic education and individual human capital investments. 7. Return of skilled workers may increase local human capital, transfer of skills and links to foreign networks. 8. Charitable work of Diasporas can assist in relief and local community development.	1. Charitable activities of Diasporas can assist in relief and local community development. 2. Loss of highly skilled workers and reduced quality of essential services. 3. Reduced growth and productivity because of the lower stock of highly skilled workers and its externalities. 4. Lower return from public investments in public education. 5. Selective migration may cause increasing disparities in incomes in the home country. 6. Loss of fiscal revenue from taxation of workers. 7. Remittances may diminish over time. 8. A 'culture' of migration, disincentives to invest locally.

Source: *Adapted from UN/DESA (2004: 97)*

1.4 AGE-SEX COMPOSITIONS AND ITS IMPLICATIONS ON DEVELOPMENT

Age-sex compositions are traditionally depicted through a diagram popularly known as population pyramid. A population pyramid, also called an age-sex pyramid, is a graphical illustration that shows the distribution of various age groups in a population (typically that of a country or region of the world), which normally forms a pyramid. It typically consists of two back-to-back bar graphs, with the population plotted on the X-axis and age on the Y-axis, one showing the number of males and one showing females in a particular population in five-year age groups. Males are conventionally shown on the left and females on the right, and they may be measured by raw number, or as a percentage of the total population. The age–sex structure reflects the demographic and socioeconomic history of a population over a period of time and, even their prospects for the future. It is the result of various factors such as fertility, mortality, and migration. Four main types of age-sex pyramids have been identified: (i) Progressive (ii) Regressive (iii) Stationary, and (iv) Intermediate.

a) A **progressive** age structure is one in which **both birth and death rates are high**. Children account for only 45-55 per cent of the total population and the aged for only 5-10 per cent. Such a structure is common in developing countries where social, cultural, and perhaps religious and economic conditions lead to high fertility, and poor living conditions, bad diets and little medical aid lead to high levels of mortality.

b) A **regressive** age structure is one in which **birth and death rates are low and declining**. Children account for about 30 per cent of the total population and the aged for above 15 per cent. This pattern is common in developed countries (especially those in Western Europe), where high living standards, education and social awareness are accompanied by good food and medicine.

c) A **stationary age** structure is one in which birth and death rates are both low and children account for about 35-40 per cent of the total population and the aged for about 10 per cent. This pattern may remain the same for many years.

d) An **intermediate** age structure may vary in character and is most common in countries that are passing through stages of development. Such countries may once have had progressive structures and may, in future, have regressive structures.

Table 1.4 : Estimation of Age Composition and Dependency Ratio in 2005 and 2050

	Population (in per cent)			**Dependency Ratio** (in per cent)		
Area	**0-14**	**15-64**	**65+**	**Total**	**Child**	**Old-age**
A. 2005						
World	28.2	64.5	7.4	55.1	43.7	11.4
More developed regions	17.0	67.7	15.3	47.7	25.1	22.6
Less developed regions	30.7	63.7	5.5	6.9	48.2	8.7
Africa	41.5	55.1	3.4	81.3	75.2	6.2
Asia	27.8	65.8	6.4	52.0	42.3	9.8
Europe	15.9	68.3	15.9	46.5	23.2	23.3
Latin America	30.0	63.9	6.1	56.4	46.8	9.5
Northern America	20.5	67.1	12.4	48.9	30.5	18.5
Oceania	24.8	65.1	10.0	53.5	38.1	15.4
B. 2050						
World	20.2	63.7	16.1	57.1	31.7	25.4
More developed regions	15.6	58.4	25.9	71.2	26.8	44.4
Less developed regions	20.9	64.5	14.6	55.0	32.4	22.6
Africa	28.7	64.7	6.7	54.7	44.4	10.3
Asia	18.3	64.3	17.5	55.6	28.5	27.2
Europe	15.0	57.4	27.6	74.2	26.2	48.0
Latin America & the Caribbean	18.1	63.6	18.4	57.3	28.4	28.9
Northern America	17.1	61.8	21.1	61.9	27.7	34.2
Oceania	18.0	62.7	19.3	59.5	28.7	30.8

Source: *United Nations Department of Economic and Social Affairs/Population Division World Population Prospects: The 2004 Revision, Volume III: Analytical Report, p. 24.*

1.4.1 Patterns of Population Composition

The population of the world as a whole is ageing (5.6 per cent in 1975 to 7.4 per cent in 2005) both in more developed countries and less developed countries. The proportion of population below 15 years of age for the world as a whole has declined from 36.9 per cent in 1975 to 28.2 per cent in 2005. The proportion of the population in the age group of 15-64 has increased from 57.5 per cent in 1975 to 64.5 per cent in 2005. As far as various continents are concerned, Africa still continues to show age structure associated with high fertility and declining mortality. The proportion of population below 15 years age in Africa has not recorded much change - 44.8 per cent in 1975 to 41.5 per cent in 2005. The proportion of population above 65 years age has also not improved during this period, i.e., 3.1 per cent in 1975 to 3.4 per cent in 2005. The continent of Europe is far ahead of all other continents in terms of proportion of young population in the below 15 years of age group, which is less than 16 per cent in 2005, and highest proportion in the age group of above 65 years, i.e., 15.9 per cent. Between these two contrasting continent Africa and Europe, lie the rest of the continents. It implies that the people of European origin, wherever they may be settled at present, are ageing at a faster rate, while the people of African origin are ageing at snail's pace. In case of people of Asian origin, the process of ageing has picked up during the recent decade (Table - 1.4)

1.4.2 Age Structure & Dependency Burden

Dependency ratio is an age-population ratio of those typically not in the labor force (the *dependent* part) and those typically in the labour force (the *productive* part). The dependent part usually includes those under the age of 15 and over the age of 64. The productive part makes up the population in between, ages 15 – 64. It is normally expressed as a percentage. This gives:

$$\text{Dependency Ratio} = \frac{\text{No. of Children (0–14) + No. of Old persons (65+)}}{\text{No. of Adults (15–65)}} \times 100$$

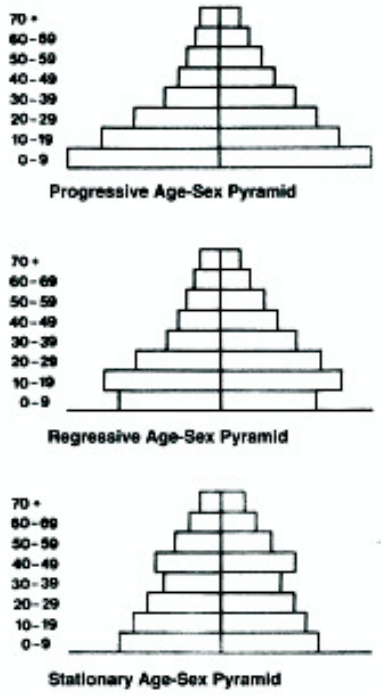

Fig. 1.2: Age Sex Pyramid

This ratio is important because, as it increases, there may be an increased cost on the productive part of the population to maintain the upbringing and pensions of the economically dependent. There are direct impacts on financial elements like social security.

The (total) dependency ratio can be partitioned into the child dependency ratio and the aged dependency ratio:

$$\text{Child Dependency Ratio} = \frac{\text{Number of Childre (0–14)}}{\text{Number of Adults (15–64)}} \times 100$$

$$\text{Aged Dependency Ratio} = \frac{\text{Number of Aged (65+)}}{\text{Number of Adults (15–64)}} \times 100$$

Age structure directly affects the economy. If we look at world population, two distinct trends are observed in the developing and developed worlds. In the developing world, a large chunk of the total population is below 15 years of age (about 40 per cent), whereas it is about 20 per cent in the developed world. But, within the developed and developing worlds, there are a lot of variations among countries. Some of the developing countries in Africa and Asia, like Nigeria, Ethiopia, Iran, and Pakistan, have more than 40 per cent population below 15 years of age. What are the implications of such a huge population on socioeconomic conditions of the country? Thus, the work force in developing countries must support almost twice as many children as in developed countries. In developed countries, on an average, the proportion of workforce is about 65 per cent that support less than 20 per cent youthful dependants. Therefore, in these countries problems relate to low population growth and old age dependency, which represent about 15 per cent of their population.

Whether it is child, or aged dependency, it has a direct impact on social sector like health, education, and social security. In the case of aged dependency, a country has to spend on geriatric care facilities and facilities for non-communicable diseases. In developed countries, they spent a large amount on old age pension. In developing countries, the emphasis is on school education, addressing malnutrition, and communicable diseases, etc.

1.5 THEORIES OF POPULATION AND ITS LINKAGES WITH DEVELOPMENT

In this section we will discuss two important theories /models that explain the linkages between population and development. These theories /models are Malthusian theory and Demographic Transition Model. Malthusian theory is an example of population affecting development whereas the Demographic Transition Model is an example of how development affects population. Let us discuss them one by one.

1.5.1 Malthusian Theory

In 1798, Thomas Malthus published An Essay on the Principle of Population, describing his theory of quantitative development of human populations. Between 1798 and 1826 Malthus published six editions of his famous treatise, updating

each edition to incorporate new material, to address criticism, and to convey changes in his own perspectives on the subject. He wrote the original text in reaction to the optimism of his father and his father's associates, (notably Rousseau) regarding the future improvement of society. Malthus regarded ideals of future improvement of humanity with scepticism, considering that throughout history a segment of every human population seemed relegated to poverty. He explained this phenomenon by pointing out that population growth generally preceded expansion of the population's resources, in particular the primary resource of food. While developing his theory, Malthus proposed two postulates: (i) food is necessary for the existence of man (ii) the passion between the sexes is necessary and will remain nearly in its present state. Based on these two postulates, he made the following assertions.

Primary theory: the axioms - The power of population is indefinitely greater than the power in the earth to produce subsistence for man. Population, when unchecked, increases in a geometrical ratio. Subsistence increases only in an arithmetical ratio. A slight acquaintance with numbers will show the immensity of the first power in comparison with the second.

Secondary theory: the consequences – Yet, in all societies, even those that are most vicious, the tendency to a virtuous attachment is so strong that there is a constant effort towards an increase of population. This constant effort as constantly tends to subject the lower classes of the society to distress and to prevent any great permanent amelioration of their condition.

Malthus also saw that societies, through history, had experienced, at one time or another, epidemics, famines, or wars that masked the fundamental problem of populations overstretching their resource limitations.

Proposed solutions: Malthus argued that population was held within resource limits by two types of checks: positive ones, which raised the death rate, and preventative ones, which lowered the birth rate. The positive checks included hunger, disease, and war; the preventative checks, abortion, birth control, prostitution, postponement of marriage, and celibacy. In the second and subsequent editions, Malthus put more emphasis on moral restraint. By that he meant the postponement of marriage until people could support a family, coupled with strict celibacy until that time. "He went so far as to claim that moral restraint on a wide scale was the best means—indeed, the only means—of easing the poverty of the lower classes." This plan appeared consistent with virtue, economic gain and social improvement.

Criticisms

- Malthus' basic premise on passion between sexes has been questioned on the plea that the desire to have children cannot be mixed with passion and desire for sex. The desire for sex is a biological instinct whereas the desire to have children is a social instinct.

- The validity of the two ratios proposed by Malthus was also questioned on the basis of empirical evidence that population has rarely grown by geometric progression and similarly production of food rarely multiplied in arithmetic progression.

- The time span of 25 years assumed by Malthus for doubling of population also does not seem to be anywhere near reality because it varies from country to country depending upon demographic situation of that particular country. For example, it took Mexico only 20 years to double the population whereas USA which is the adjoining country took 120 years for the same.

- Malthus also seems to be swayed by the supremacy of positive checks like delayed marriage, moral restraints and controlled frequency of sex after marriage. It is rather strange that Malthus could not think of the use of contraceptives as an effective preventive check despite the fact that Malthus very much knew about it.

- Malthus has been severely criticized for ignoring the role of changing technology and changes in the socioeconomic set up of a society.

1.5.2 Reactions to Malthusian Ideas

Neo Malthusian Arguments

A neo Malthusian is somebody who sides with Malthus beliefs. The neo Malthusian theorists may be presented as a splinter group. Essentially they agree with Malthus that control of population is inevitable, and have pessimistic views that consider the growth of world population with fear and alarm. However, they disagree with Malthus that factors like war and famine are the key to population control and reject such simplistic notions. Instead they promote a number of ideals, for example planned parenthood as a method of population control.

Marxism

Other opposition to Malthus' ideas came from the middle of the nineteenth century with the writings of Karl Marx (Capital, 1867) and Friedrich Engels (Outlines of a Critique of Political Economy, 1844). Engels and Marx argued that what Malthus saw as the problem of the pressure of population on the means of production actually represented the pressure of the means of production on population. They, thus, viewed it in terms of their concept of the reserve army of labour. *Reserve army of labour* is a concept in Karl Marx's critique of political economy. It refers basically to the unemployed in capitalist society. The use of the word "army" refers to the workers being conscripted and regimented in the workplace in a hierarchy, under the command or authority of the owners of capital. In other words, the seeming excess of population that Malthus attributed to the seemingly innate disposition of the poor to reproduce beyond their means actually emerged as a product of the very dynamics of capitalist economy. Engels called Malthus's hypothesis "...the crudest, most barbarous theory that ever existed, a system of despair which struck down all those beautiful phrases about love thy neighbour and world citizenship."

1.5.3 Demographic Transition Model

The Demographic Transition Model (DTM) is a model used to represent the process of explaining the transformation of countries from high birth rates and high death rates to low birth rates and low death rates, as part of the economic development of a country from a pre-industrial economy to an industrialized economy. It is based on an interpretation, begun in 1929, by the American demographer Warren Thompson, of prior observed changes, or transitions, in

birth and death rates in industrialized societies over the past two hundred years. Most developed countries are beyond stage three of the model; the majority of developing countries are in stage 2 or stage 3. The model was based on the changes seen in Europe, so these countries follow the DTM relatively well.

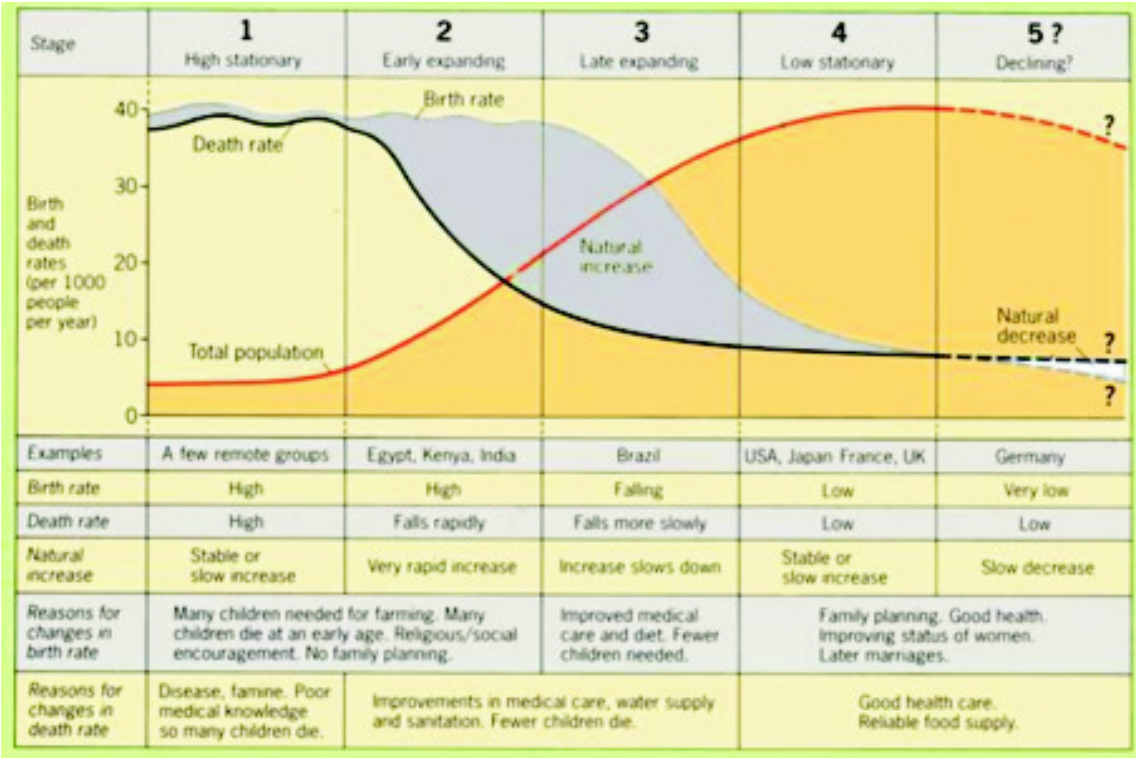

Fig. 1.3 : World's Demographic Transition Model

Source: *www.geographyalltheway.com/in/gcse-popn/imagesetc/demographic_transition_detailed.jpg*

Many developing countries have moved into stage 3. Traditionally, transition involves four stages, but later on, a fifth stage, called deindustrialization, was added by various theorists to explain the economic transition from manufacturing based industries into service and information based industries.

- In stage one pre-industrial society, death rates and birth rates are high and roughly in balance.

- In stage two, that of a developing country, the death rates drop rapidly due to improvements in food supply and sanitation, which increase life spans and reduce disease. These changes usually come about due to improvements in farming techniques, access to technology, basic healthcare, and education. Without a corresponding fall in birth rates this produces an imbalance, and the countries in this stage experience a large increase in population.

- In stage three, birth rates fall due to access to contraception, increases in wages, urbanization, a reduction in subsistence agriculture, an increase in the status and education of women, a reduction in the value of children's work, an increase in parental investment in the education of children and other social changes. Population growth begins to level off.

- During stage four there are both low birth rates and low death rates. Birth rates may drop to well below replacement level as has happened in countries like Germany, Italy, and Japan, leading to a shrinking population, a threat to

many industries that rely on population growth. As the large group born during stage two ages, it creates an economic burden on the shrinking working population. Death rates may remain consistently low or increase slightly due to increases in lifestyle diseases due to low exercise levels and high obesity and an aging population in developed countries.

- The original DTM has just four stages. However, some theorists consider that a fifth stage is needed to represent countries that have undergone the economic transition from manufacturing based industries into service and information based industries called deindustrialization. Countries such as the United Kingdom (the earliest nation universally recognized as reaching Stage Five), Germany, Italy, Spain, Portugal, Greece, and most notably, Japan, whose populations are now reproducing well below their replacement levels, are not producing enough children to replace their parents' generation.

Criticisms

- **As with all models, this is an idealized picture of population change.** It has to be remembered that the DTM is only a model and cannot necessarily predict the future. It does, however, give an indication of what the future birth and death rates may be for a country, together with the total population size. Therefore, there are limitations to it, as with any model. Most particularly, of course, the DTM makes no comment on change in population due to migration. Following are some of the major criticism about the model.

- **Non-applicability to less developed countries**: DTM has a questionable applicability to developing countries, where information access is limited. For example, the DTM has been validated primarily in Europe and North America where demographic data exists over centuries, whereas high quality demographic data for most developing countries did not become widely available until the mid 20th century. DTM does not account for recent phenomena such as AIDS; in these areas HIV has become the leading cause of mortality.

- **Generalization from European experience:** The DTM is mostly applicable to European countries. It also containes a hypothesis that other countries would follow suit. The DTM assumes that countries will go through all the stages. Some countries may even skip stages. Demographic data for developing countries span about five decades, leading to questionable extrapolation from the experiences of the most developed countries.

- **Economic development not sufficient cause to effect demographic change**: DTM assumes that population changes are induced by industrial changes and increased wealth, without taking into account the role of social change in determining birth rates, e.g., the education of women. In recent decades, more work has been done on developing the social mechanisms behind it. DTM assumes that the birth rate is independent of the death rate. Nevertheless, demographers maintain that there is no historical evidence for society-wide fertility rates rising significantly after high mortality events. Notably, some historic populations have taken many years to replace lives such as the Black Death.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your progress with possible answers given at the end of the unit.

1) What is an age-sex pyramid? Describe any two age-sex pyramid.

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2) Explain any three criticisms of the Demographic Transition Model.

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1.6 GROWTH OF POPULATION AND DEVELOPMENT- ARGUMENTS IN FAVOUR AND AGAINST

There is a divergence of opinion, about population growth and its implications on development. There are two broad lines of arguments. One group argues that population growth is not the real problem. The other group argues that it is a real problem. The first one is an optimistic view, whereas the latter is a pessimistic view. In the following paragraphs, we will discuss some of the main arguments for and against the idea that rapid population growth is a serious developmental problem.

1.6.1 Population Growth is not a Real Problem

We can identify three general lines of argument on the part of those individuals, primarily from the developing countries, who assert that: (1) the problem is not population growth, but some other issue; (2) population growth is a deliberately created false issue, and (3) for many countries and regions population growth is, in fact, desirable (Todaro & Smith, 2009).

i) **The Problem is Not Population Growth but 'Some Other Issue'**

Many knowledgeable people from developed as well as developing nations argue that the real problem is not population growth *per se* but some other aspects. These are:

a) Underdevelopment: if correct strategies are pursued which lead to higher levels of living, greater esteem, and expanded freedom, then population will take care of itself. Eventually, it will disappear as a problem, as it has in all

the present-day, economically advanced nations. According to this argument, underdevelopment is the real problem. Economic progress and social mechanisms will, more or less automatically regulate population growth and distribution. As long as the vast majority of people in developing countries remain impoverished, uneducated, and physically and psychologically weak, the large family will constitute the only real source of social security.

b) **World Resource Depletion and Environmental Destruction**: was primarily caused by the developed nations. The fact is that the developed countries, with less than 25 per cent of the world's population, consume almost 80 per cent of the world's resources. According to this argument, the developed nations should curtail, or cut back on their excessively high consumption standards, rather than having the less developed nations restrict their population growth. The latter's high fertility is really due to their low levels of living. It is this combination of rising affluence and extravagant, selfish consumption habits in rich countries and among rich people in poor countries which should be the world's major concern, not population growth.

c) **Population Distribution**: the third line of argument is that it is not numbers of people *per se* which are causing population problems but their distribution in space. Many regions of the world (e.g., parts of sub Saharan Africa) and many regions within countries (e.g., the northeast and Amazon regions of Brazil) are, in fact, under populated in terms of available or potential resources. Others simply have too many people, concentrated in too small an area, (e.g., central Java, or most urban concentrations in developing countries). What is needed, therefore, instead of moderating the quantitative rate of population growth, the governmental efforts should be to reduce rural-urban migration and to bring about a more rational spatial distribution of the population in terms of available land and other productive resources?

d) **Subordination of women**: according to this line of arguments, population growth is a natural outcome of women's lack of economic opportunity. The argument is that if women's health, education, and economic wellbeing are improved along with their role and status in the family and the community, these empowered women will inevitably lead to smaller families and lower population growth.

ii) A Deliberately Created False Issue

This line of argument is closely allied to the dependence theory of underdevelopment. Basically, it is argued that the frenetic over concern in the rich nations with the population growth of poor nations is in reality an attempt by the former to hold down the development of the latter, in order to maintain the status quo for their own self interest. Rich countries are pressuring poor nations to adopt aggressive population control programmes, even though they themselves went through a period of sizable population increase which accelerated their own development processes. This argument views population control efforts by rich countries and their allied international agencies as racist or genocidal attempts to reduce the relative or absolute size of those poor, largely non-white populations of the world, who may someday pose a serious threat to the welfare of the rich, predominantly white, populations.

iii) Growth is Desirable Phenomena

A more conventional economic argument is that population growth in many developing countries is, in fact, desirable to stimulate economic development. Larger populations provide the needed consumer demand to generate favourable economies of scale in production, to lower production costs and to provide a sufficient and low-cost labour supply to achieve higher output levels. Moreover, it is argued that many rural regions in the developing countries of tropical Africa and Latin America and even parts of Asia are under populated in the sense that there is much unused but arable land that could yield large increases in agricultural output if only more people were available to cultivate it. Three other non-economic arguments put forward by developing countries, also compete this viewpoint. First, many countries claim a need for population growth to protect currently under-populated border regions against any expansionist intentions of neighbouring nations. Second, there are many ethnic, racial and religious groups within developing countries whose differential attitudes towards family size have to be protected both for moral and political reasons. Finally, military and political power is often seen as dependent on a large and youthful population.

1.6.2 Population Growth is a Real Problem

The extreme version of the population-as-a-serious-problem position attempts to attribute almost all the world's economic and social evils to excessive population growth. Unrestrained population increase is seen as the major crisis facing mankind today. It is claimed to be the principal cause of poverty, low levels of living, malnutrition and ill-health, environmental degradation, and a wide array of other social problems. Value-laden and incendiary words, such as the 'population bomb' or 'population explosion' are tossed around at will. Indeed, dire predictions of world food catastrophes and ecological disaster are attributed almost entirely to the growth in numbers.

1.6.3 Empirical Arguments in support of Negative Consequences of Population

Growth researchers has established that population growth has a negative impact on economic development by way of hampering various sectors like education, health, environment, food, economic growth (Todaro & Smith, 2009). Let us discuss some of these areas that are mentioned above.

i) **Increasing Poverty:** the negative consequences of rapid population growth effect most heavily to the poor because they are the ones who are landless and suffers first from cuts in government health and education programme, bear the brunt of environmental damage and are the main victims of job cut due to the slower growth of the economy.

ii) **Retarding Economic Growth:** evidence shows that rapid population growth lowers per capita income growth in most of the developing countries particularly countries that are already poor and mostly agrarian based economy.

iii) **Problems of Food Scarcity and Security:** rapid increase of population poses serious challenges to provide foods (both, in terms of quantity and quality) to billions of population in developing countries. New technologies have to be invented because fertile lands have already been cultivated and levels of food production have reached a point of saturation.

iv) **Education:** studies reveal that large family and low income tends to restrict parents to provide education to all the children. In this situation, it has been observed, particularly in developing countries, preference is given male children. Rapid population growth also affects quality of education as the government has less funds to address, equally, the need for all learners, and this directly affects the development of human capital.

v) **Health:** high fertility harms health of mothers and children. It also increases the health risk of pregnant mothers. It not only affects mothers but also affects newborns, in terms of low birth weight as well as increased infant mortality rate.

vi) **Environmental Degradation***:* the earth's carrying capacity is burdened, not only by the demands of growing population, but also by food requirements by billions of livestock. This leads to the clearing of land for cattle ranching and overgrazing by livestock. While the former is an important factor in tropical deforestation, the latter is a major cause of desertification and soil loss in many countries. Therefore, it has been argued that population growth leads to various environmental degradation like deforestation, desertification and soil erosion, declining fish and animal resources, air and water pollution, etc.

1.7 POPULATION POLICIES

Population policy may be defined as deliberately constructed or modified institutional arrangements and/or specific programs through which governments influence, directly or indirectly, demographic change (Demeny, 2002). In simpler terms, population policy is a strategy for achieving a particular pattern of demographic change. The change could be both quantitative as well as qualitative. Policies can broadly grouped those for under developed countries and other for developing countries.

1.7.1 Population Policy in Developing Countries

Since the 1950's, the population policy in the developing world has become essentially synonymous with family planning programs. Financial and administrative limitations within developing countries necessitated the heavy involvement of foreign assistance in launching and sustaining family planning programs. Declared demand for birth control does not necessarily translate into effective willingness to practice it: conflicting desires may interfere. Weakness of measures of latent demand, or "unmet need," is reflected in the requirements that programmes are supposed to satisfy if they are to be successful. These, typically, included such items as "doorstep accessibility of quality services," "broad choice of contraceptive methods," "forceful IEC [information, education, and communication] programs," "sound financing strategies," "sound management with proper logistics," "evaluation systems," "a continuous process of strategic thinking, planning and management, " and "staff leadership for program parameters" (Mahler 1992: 5).

The effectiveness of family planning programs in reducing fertility remains a matter of controversy. According to international guidelines, programs recruit their clients on a strictly voluntary basis. By accepting the service voluntarily,

the individual acceptor demonstrates that they value that service. But some of the more successful programs, notably in Asia, tended to increase acceptance by often heavy-handed methods of persuasion, and, in the especially important case of China, by coercion backed by legal sanctions. Where fertility fell in less developed countries with active family planning programs, it is typically found that program-provided free services account for a large percentage of those practicing contraception. But what would have happened in the absence of the program is conjectural. Some less developed countries that lacked government programs also experienced major falls in fertility. Brazil is a conspicuous example. Similarly, if programs have seemingly only minor success in reducing fertility, this can be taken as evidence that the program is inadequately financed, organized, and managed.

In India, the experience is mixed. India was the first country in the world to introduce a National Family Planning Policy in 1952. It was basically voluntary in nature, except during a short emergency period, and target-based in approach. During the 1991 Census, itwas observed that there is a clear cut demographic divide between Northern BIMARU (BI stands for undivided Bihar, MA stands for undivided Madhya Pradesh, R stands for Rajasthan and U stands for undivided Uttar Pradesh) States in comparison to southern states of Kerala and Tamil Nadu. Major factors responsible for this are differences in literacy, particularly female literacy, and health care facilities.

On the eve of the 1994 International Conference on Population and Development, a review on the importance of fertility decline for successful development, reached the guarded conclusion that the data on the subject "mostly supports the view that rapid population growth in poor countries under conditions of high fertility is inimical to many development goals" (Cassen,1994). Accordingly, the development rationale of family planning programs was gradually dropped and was replaced by the argument that the programs satisfy important health needs and help people exercise a fundamental human right. The Cairo conference formalized this shift. Family planning programs were redefined, instead, as reproductive health programs, responding to a broader range of women's health needs, such as prevention of unsafe abortions and sexually transmitted diseases, including HIV/AIDS. But beyond this, new emphasis was put on some requirements that would contribute to women's empowerment: reduction of infant and maternal mortality and improvement in girls' education and women's opportunities for employment and political participation. These are conditions that are likely to help reduce the birth rate through stimulating the demand for smaller family size.

1.7.2 Population Policy in Developed Countries

In developed countries, though birth control measures have been universally adopted for a long time, yet, there are very few countries that have formulated an explicit national policy on population growth. On the other hand, there are many European countries that still follow pro-natalist policy due to their concern about declining population. But, indirectly population-related issues are reflected in various other policies enacted for economy, health and welfare measures. Some of those laws relate to the availability of contraceptives, sterilizations, abortions, marriage, divorce, income taxes, family allowances, and immigration (Chandna, 2008).

In developed countries a quite different demographic phenomenon has begun to attract increasing attention: fertility levels that are inadequate for the long term maintenance of the population. This fertility trend was detected earlier also, especially in Europe, in the 1920s and 1930s. But, in the decades immediately following World War II, the baby boom seemed to make the issue of low fertility moot. The baby boom was, however, a temporary interruption of the downward trend in fertility. By the 1970s, the net reproduction rate was at, or below, unity in most countries in Europe, and also in the United States. In the US, fertility stabilized at, or very close to, that rate, but in Europe, fertility continued to decline. If continued, in the absence of large compensatory immigration this would not only lead to rapid population decline, but also result in very high proportions of the population at old ages. Surprisingly, most governments as well as the general public tend to view below-replacement fertility with equanimity quite unlike the alarmed reaction that the same phenomenon elicited between the two World Wars. And, explicit pro-natalist policies, common in the 1930s, are conspicuous by their absence.

Among the factors explaining the low level of fertility despite general material affluence, many observers point to the double burden on women of both raising children and working outside the home. To the extent that higher birth rates are seen to be socially desirable, the derived policy prescription is to adopt measures that make motherhood and women's labour force participation more compatible. The higher fertility in countries, notably in Scandinavia, where such measures are strongly applied, compared to countries of Southern Europe, where they are largely absent, suggests that enhanced compatibility (through day care services, flexible work hours, liberal sick leave allowances, and the like) is an effective pro-natalist policy, even if motivated by other considerations. But it is far from clear whether the fertility differential so generated is high enough to bring the total fertility rate back to replacement level.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your progress with possible answers given at the end of the unit.

1) Why does a certain group consider that population growth is a deliberately contrived and false issue? Give any two reasons.

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2) Explain the shift in population policy in developing countries after the International Conference on Population and Development (1994).

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1.8 LET US SUM UP

Population and development have a very close relationship because human beings are at the centre of concerns for any developmental activities, and people are the most important and valuable resource of any nation. Therefore, to understand the complex relationship between population and development, there is a need to study various aspects of population and its related theories and policies. There are two widely debated theories and models that establish close links between population and development. Malthusian theory is an example of population affecting development, whereas the Demographic Transition Model is an example of how development affects population. There is a divergence of opinion, about population growth and its implications on development. There are two broad lines of arguments. One group argues that population growth is not the real problem and the other group argues that it is a serious problem. The former argument is mainly propounded by developing countries, whereas the later is advocated by developed countries. Similarly, population policies of developed and developing countries have distinct emphasis, depending upon their socioeconomic and demographic history

1.9 KEYWORDS

Age-sex Pyramids : Age-sex pyramids display the percentage, or actual amount of a population, broken down by gender and age. This is also known as a population pyramid.

Demographic Transition Model : This is a model used to represent the process of explaining the transformation of countries from high birth rates and high death rates to low birth rates and low death rates as part of the economic development of a country from a pre-industrial economy to an industrialized economy.

Dependency Ratio : This is an age-population ratio of those typically not in the labour force (the dependent part) and those typically in the labour force (the productive part).

Migration : Migration is only that movement of people which may involve a change in the place of normal residence of people from one settlement to another.

Natural Growth Rate : This shows the difference between the birth rate and the death rate.

Population Policy : Deliberately constructed or modified institutional arrangements, and/or specific programs through which governments influence, directly or indirectly, demographic change.

1.10 REFERENCES AND FURTHER SUGGESTED READINGS

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1.11 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) Describe briefly, what would be the tentative population scenario in 2050.

   Answer. In 2050, Asia will still have the largest share of global population, but it would decline from about 60 per cent to 57 per cent. The major increase of population would take place in Africa, i.e., 12.7 per cent to 22.4 per cent and the major decline in population would take place in Europe, i.e., 7.2 per cent to 4.1 per cent. The share of those living in the more developed countries is projected to drop from about 18 per cent in 2008 to less than 14 per cent in 2050.

2) World population is not evenly distributed-Comment.

   Answer. The density and structure of population around the world is spread unevenly. On one hand, there is a very low concentration of population like deserts, dense forests, mountainous areas and on the other hand coastal and deltaic plain, moderate climate region, fertile soil areas, industrial areas and urban centers have higher concentration of population. The distribution is diverse, not only in population density rather it may be observe in terms of age-sex ratio, growth with time and migration.

Check Your Progress 2

1) What is the age-sex pyramid? Describe any two age-sex pyramid.

   Answer. The age–sex pyramid is a graphical illustration that shows the distribution of various age groups in a population which normally forms the

shape of a pyramid. It typically consists of two back-to-back bar graphs, with the population plotted on the X-axis and age on the Y-axis, one showing the number of males and one showing females in a particular population in five-year age groups. Males are conventionally shown on the left and females on the right, and they may be measured by raw number or as a per cent age of the total population. The age–sex structure reflects the demographic and socioeconomic history of a population over a period of time and even their prospects for the future.

2) Explain any three criticisms against the Demographic Transition Model.

Answer. Major criticisms about the Demographic Transition Model are (i) non-applicability to less-developed countries; (ii) generalization from European experience; and (iii) economic development not sufficient cause to effect demographic change.

Check Your Progress 3

1) Why does a certain group consider population growth as a deliberately contrived and false issue? Give any two reasons.

Answer. The two arguments given for the issue are:

(i) It is argued that the frenetic over concern in the rich nations with the population growth of poor nations is in reality an attempt by the former to hold down the development of the latter in order to maintain the status quo for their own self-interest. (ii) Rich countries are pressuring poor nations to adopt aggressive population control programmes were viewed as racist or genocidal attempts to reduce the relative or absolute size of those poor, largely non-white populations of the world who may someday pose a serious threat to the welfare of the rich, predominantly. white populations.

2) Explain the shift in population policy in developing countries after the International Conference on Population and Development (1994).

Answer. After ICPD, 1994 the rationale of family planning programs was gradually dropped and replaced by the programs that satisfy important health needs and help people to exercise a fundamental human right. Family planning programs were redefined, instead, as reproductive health programs, responding to a broader range of women's health needs. New emphasis was put on requirements that would contribute to women's empowerment: reduction of infant and maternal mortality and improvement in girls' education and women's opportunities for employment and political participation.

UNIT 2 POVERTY

Structure

2.1 Introduction
2.2 Poverty: Meaning and Features
2.3 Poverty Situation: Global and India
2.4 Measurement and trends of poverty in India
2.5 Vicious Circle of Poverty
2.6 Dimensions of Poverty in India
2.7 Causes and Remedies of Poverty in India
2.8 Planned Efforts for Alleviation of Poverty in India
2.9 Let Us Sum Up
2.10 Keywords
2.11 References and Suggested Readings
2.12 Check Your Progress: Possible Answers

2.1 INTRODUCTION

Poverty involves an infinite variety of circumstantial misfortune experienced both at the household level and the societal level. Poverty has many faces, changing from place to place and across time, and has been described in many ways. Extreme poverty strikes when household resources prove insufficient to secure the essentials of dignified living. The very poor are those who can hardly afford more than one meal a day and depend exclusively on a single source of income. That fragility is defined by a lack of education, the absence of work opportunities, the diminution of household back up resources, and exclusion from valuable social and decision making networks. The trend of migration from poor farming regions has raised the incidence of urban poverty, especially in the slum zones of the world's major cities. Nevertheless, poverty remains inextricably linked with the disappointing progress in agriculture in developing countries. Rural poverty rates are more than double those in cities, often embracing the majority of the rural population. The most persistent poverty is found amongst ethnic minorities, scheduled castes, tribal and indigenous people experiencing discrimination, nomadic pastoralists, and landless labourer toiling on marginal land. Most often, poverty is a situation people want to escape. So poverty is a call to action - for the poor and the wealthy alike - a call to change the world so that many more may have enough to eat, adequate shelter, access to education and health, protection from violence, and a voice in their communities.

After studying this unit you should be able to

- explain the meaning and features of poverty
- examine the global poverty and historical trend of poverty in India
- describe the trends and dimensions of poverty in India
- analyze causes and remedies of poverty
- narrate measures for poverty alleviation, under taken during different Five year Plans in India.

2.2 POVERTY: MEANING AND FEATURES

2.2.1 Measuring of Poverty

India is poor compared with the USA, and, within India, Bihar and Orissa are poor compared to Punjab and Haryana. You might be aware about the poor - those who have inadequate income, housing, clothing etc. You also know that the definition and methods of measuring poverty differ from country to country. Poverty is the syndrome of assetlessness, landlessness, joblessness, deprivation and helplessness. It is not a pure economic phenomenon. It has social, cultural, political, historical, and geographical dimensions. It is lack of livelihood security and food security. It is hunger, starvation, and vulnerability. Poverty is lack of shelter, and lack of education, and lack of access to health care. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom. To know what helps to alleviate poverty, what works and what does not, what changes over time, poverty has to be defined, measured, and studied - and even lived. As poverty has many dimensions, it has to be looked at through a variety of indicators — levels of income and consumption, social indicators, and now, increasingly, indicators of vulnerability to risks, and of socio/political access. It has many non income and non quantifiable dimensions. Attempts to define or measure poverty do not give justice to the reality of its experience. The extreme poverty of the developing countries crushes the human spirit. It draws out many of finest qualities of human being. Family loyalties survive the desperate search for livelihoods. They display stoicism in the face of exclusion and dignity amongst deprivation. Extreme poverty strikes when household resources prove insufficient to secure the essentials of dignified living. That fragility refers to lack of education, the absence of work opportunities, and exclusion from valuable social networks.

Poverty and inequality are multidimensional – consumption and income, education, health, opportunities, voice, etc., and have multiple determinants: geographic and agro-climatic factors, services, infrastructure, etc. It has to be looked at through a variety of indicators - levels of income and consumption, social indicators, and indicators of vulnerability to risks, and of socio/political access. In general, poverty can be defined as a situation when people are unable to satisfy the basic needs of life.

The picture of dire poverty is found in India where the incidence of absolute poverty abounds. Absolute poverty is not related to income or the consumption level of the household but to some minimum standard of living. The concept of absolute poverty is relevant for less developed countries. In order to measure it, absolute norms for living are first laid down. It is expressed in terms of income or expenditure. A person falling below this norm (called the poverty line) is classified as poor. In India, the poverty norm is anchored in terms of daily intake of food. According to the definition by the Planning Commission of India, the poverty line is drawn at an intake of 2400 calories in rural areas, and 2100 calories in urban areas. If a person is unable to get that minimum level of calories, then he, or she, is considered as living below the poverty line. The consumption basket representing this calorie intake is then converted into a monetary equivalent by using price indices separately for rural and urban areas.

2.2.2 Features of Poverty

Poverty has many faces, many causes and many effects. It has several monetary and non monetary dimensions. It has several manifestations. It is caused by several obstacles and constraints, which do reinforce each other. It is characterized by the following features.

i) Few assets, landlessness and low income

ii) Low consumption, no savings and high indebtedness

iii) Jobless, employment insecurity and food insecurity

iv) Illiteracy and lack of formal education and training

v) Poor health, housing, or ill health, poor sanitation

vi) Marginalization and high dependency

vii) Few contacts with key persons/institutions

viii) Little involvement in influential forum

ix) Competition for resources among the poor

x) Economic vulnerability and subordination

xi) Low self esteem, low social status and resignation

xii) Subsistence living and no future plan.

2.3 POVERTY SITUATION: GLOBAL AND INDIA

The World Bank calculates an international poverty line by reference to the average of the national poverty lines in 15 of the world's poorest countries. According to the World Bank, the number of people living below the international poverty line of $1.25 per day fell from 1.8 billion to 1.4 billion between 1990 and 2005. China accounted for 465 million of this reduction, implying that poverty has increased elsewhere over this period. In sub-Saharan Africa, the increase was 100 million. However, expressing global poverty as a percentage reverses the trend due to the rising global population. For example, extreme poverty in sub-Saharan Africa has fallen slightly from 57per cent to 51 per cent between 1990 and 2005. The wealth of our new millennium has tended to increase inequality rather than reduce poverty. The UNDP has reported that, in 2005, the richest 500 people in the world earned more than the poorest 416 million. Global poverty is then assessed by reference to "data from 675 household surveys across 116 developing countries", according to the World Bank. This data is compared to the $1.25 benchmark, not by standard currency exchange rates, but by purchasing power parity (PPP) rates which smooth out the different buying power of the dollar in each country. The World Bank figure of $1.25 per day was intended to be a bottom marker. Unfortunately, the two countries with the largest populations in the world, India and China, have both defined national poverty lines which are even lower. India's poverty line is $1.02 which gives a national poverty rate of 26 per cent compared to 42 per cent on the international basis. In China the gap is even wider, tripling its national poverty numbers to over 200 million. These inconsistent measures are the source of much confusion. A second tier international poverty line of $2 per day is derived from the average of national poverty lines in all lower and middle income countries. The World Bank reports that 2.6 billion people live below this benchmark, a figure which has changed

little since 1981. Indeed, a slightly higher benchmark of $2.50 per day captures more than half of the world's population. The population living below international poverty line in various countries is given in Table 2.1.

Table 2.1: International Poverty Line

Country	Year	Population (in per cent) below $1 /day	Population (in per cent) below $ 2/ day
Bangladesh	2000	36.0	82.2
China	2001	16.6	46.7
India	2000	34.7	52.4
Nepal	2003-04	24.1	68.5
Pakistan	2002	17.0	73.6
Sri Lanka	2002	5.6	41.6

Source: World Development Indicators, World Bank

There are two contrasting and complementary reasons for reducing global poverty. The first reason is ethical. It springs from religious teaching. This finds secular expression in the 1948 Universal Declaration of Human Rights which asserts that "everyone has the right to a standard of living adequate for the health and well-being of himself and of his family." The second reason lies in self interest. In a globalized world, countries, large and small, are interdependent. Poverty anywhere is a threat to prosperity everywhere. Extreme poverty is the engine of international labour migration which the richer countries are notoriously reluctant to accommodate. The spread of any disease is more difficult to control if weak countries lack the capacity to deliver an appropriate response. Whilst the risk of terrorism is often complex in origin, extreme poverty is the ideal recruiting ground for its foot soldiers.

The failure of the macroeconomic policies of the 1980s and 1990s created pressure on world leaders to find an approach which delivered measurable results for poverty reduction. This led to the Millennium Declaration, committing governments to eight Millennium Development Goals (MDGs) with targets to be met by 2015. Apart from the goal to provide primary education for all, the targets aim for reduction rather than elimination of poverty.

2.4 MEASUREMENT AND TRENDS OF POVERTY IN INDIA

2.4.1 Measurement of Poverty in India

Poverty has been measured by several economists and non economists. Among them, the most prominent scholars are: Dandekar and Rath, A K Sen, B S Minhas, Ojha, Ahuliwalia and Kakwani. The Planning commission of India has also estimated the poverty ratio during different plan periods. There are three commonly used measures of poverty. They are:

1) Head Count Ratio (HCR): $H = M / N$
2) Poverty Gap Ratio (PGR): $R = 1- ì / z$
3) Amartya Sen's Index (ASI): $S = H [R+ (1-R) G]$

Where H is the proportion of households who are poor; N is total number of households, M is number of poor households having incomes at, or below, the poverty line z. The mean income of the poor is ì ; and *R* is the mean income shortfall of the poor, expressed as a proportion of the poverty line. G is the Gini Coefficient computed over the vector of poor incomes. The 'Sen Index', S satisfies the relative deprivation property since a regressive transfer (which leaves H and R unchanged) rises G, and hence S to rise.

The World Bank estimates that 456 million Indians (42per cent of India's population) now live below the global poverty line of $1.25 per day (PPP). This means that a third of the global poor now reside in India. However, this also represents a significant decline in poverty from 60 per cent in 1981 to 42 per cent in 2005. Income inequality in India (Gini coefficient: 32.5 in year 1999-2000 is increasing. On the other hand, the Planning Commission of India uses its own criteria and has estimated that 27.5 per cent of the population was living below the poverty line in 2004–2005, down from 51.3 per cent in 1977–1978, and 36 per cent in 1993-1994. The source for this was the 61st round of the National Sample Survey (NSS) and the criterion used was monthly per capita consumption expenditure below Rs. 356.35 for rural areas, and Rs. 538.60 for urban areas. About 75 per cent of the poor are in rural areas, and most of them are daily wagers, self employed householders and landless labourers.

Although the Indian economy has grown steadily over the last two decades, its growth has been uneven when comparing different social groups, economic groups, geographic regions, and rural and urban areas. Between 1999 and 2008, the annualized growth rates for Gujarat (8.8 per cent) Haryana (8.7 per cent) and Delhi (7.4 per cent) were much higher than for Bihar (5.1 per cent), Uttar Pradesh (4.4 per cent), and Madhya Pradesh (3.5 per cent). Poverty rates in rural Orissa (43 per cent) and rural Bihar (41 per cent) are among the world's most extreme.

According to the India State Hunger Index (2008) by the International Food Policy Research Institute, Punjab has the best nutritional situation, whereas malnutrition in Madhya Pradesh is worse than in Ethiopia or Sudan. India has a higher rate of malnutrition among children under the age of three (46 per cent in year 2007) than any other country in the world. Despite significant economic progress, 1/4 of the nation's population earns less than the government-specified poverty threshold of Rs. 12 per day (approximately USD $0.25). Official figures estimate that 27.5 per cent of Indians lived below the national poverty line in 2004-2005. A 2007 report by the state run National Commission for Enterprises in the unorganised Sector (NCEUS) found that 77 per cent of Indians (or 836 million people) lived on less than 20 rupees (approximately USD $0.50 nominal; $2 PPP) per day.

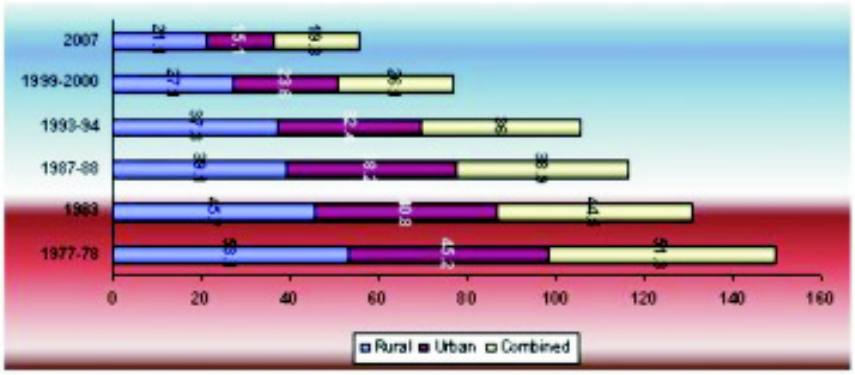

Fig. 2.1 : Trend and Level of Poverty

Poverty in India is reducing but it continues as a major national issue. Rural Indians depend on unpredictable agriculture incomes, while urban Indians rely on jobs that are, at best, scarce. Since independence, the issue of poverty within India has remained a prevalent concern. According to the common definition of poverty, when a person finds it difficult to meet the minimum requirement of acceptable living standards, he, or she, is considered poor. Millions of people in India are unable to meet these basic standards, and according to government estimates, in 2007 there were nearly 220.1 million people living below the poverty line. Nearly 21.1 per cent of the entire rural population and 15 per cent of the urban population of India exists in this difficult physical and financial predicament. The above chart presents the poverty situation.

2.4.2 Trend of Poverty in India

The proportion of India's population below the poverty line has fluctuated widely in the past, but the overall trend has been downward. However, there have been roughly three periods of trends in income poverty.

1950 to mid-1970s: Income poverty reduction showed no discernible trend. In 1951, 47 per cent of India's rural population was below the poverty line. The proportion went up to 64 per cent in 1954-55; it came down to 45 per cent in 1960-61, but in 1977-78, it went up again to 51 per cent.

Mid-1970s to 1990: Income poverty declined significantly between the mid-1970s and the end of the 1980s. The decline was more pronounced between 1977-78 and 1986-87, with rural income poverty declining from 51 per cent to 39 per cent. It went down further to 34 per cent by 1989-90. Urban income poverty went down from 41 per cent in 1977-78 to 34 per cent in 1986-87, and further to 33 per cent in 1989-90.

After 1991: This post-economic reform period evidenced both setbacks and progress. Rural income poverty increased from 34 per cent in 1989-90 to 43 per cent in 1992 and then fell to 37 per cent in 1993-94. Urban income poverty went up from 33.4 per cent in 1989-90 to 33.7 per cent in 1992 and declined to 32 per cent in 1993-94. Also, NSS data for 1994-95 to 1998 show little or no poverty reduction. The evidence till 1999-2000 was that rural poverty had increased during post-reforms period. However, the official estimate of poverty for 1999-2000 was 26.1 per cent, a dramatic decline that led to much debate and analysis. The latest NSS survey (2004-05) shows poverty at 28.3 per cent in rural areas, 25.7 per cent in urban areas and 27.5 per cent for the country as a whole, using uniform recall period consumption. These suggest that the decline in rural poverty over the period during 1993-94 to 2004-05 actually occurred after 1999-2000. In summary, the official poverty rates recorded by NSS are as shown in the following table:

Table-2: Profile of Poverty in India (in per cent)

Year	1972-73	1977-78	1983-84	1987-88	1993-94	1999-00	2004-05	2007
Round	—	32	38	43	50	55	61	
Rural	54	51	45.6	39	35	27.09	28.34	21.7
Urban	44	38	42	40	41	23.62	25.21	15.1
Poverty	51	48	44.5	38.9	36.0	26.9	27.5	19.8

Source: *Economic Survey (Different Volumes), Government of India Publication, Delhi*

After going through the definition and meaning of poverty, the measurement of poverty, in the global and Indian contexts, now Check Your Progress-1.

Check Your Progress 1

Note: a) Write your answer in given space.

b) Check your progress with the possible answers given at the end of the unit.

1) What is poverty? Examine its features and manifestation.

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2) How do we measure poverty?

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3) What are the reasons of reducing global poverty?

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2.5 VICIOUS CIRCLE OF POVERTY

The vicious circle of poverty refers to the interconnectedness of different factors that reinforce each other for generating poverty. They are poor because they are too many. They are too many because they are poor. According to Nurkse and Kindleberger the reasons for this vicious circle of poverty can be classified into three groups.

e) Supply side factors

f) Demand side factors

g) Market imperfection.

2.5.1 Supply Side Factors

The supply side of the vicious circle indicates that in underdeveloped countries, productivity is so low that it is not enough for capital formation. According to Samuelson, "The backward nations cannot get their heads above water because their production is so low that they can spare nothing for capital formation by which their standard of living could be raised." According to Nurkse on the supply side there is small capacity to save, resulting from low level of national income. The low real income is the result of low productivity, which in turn, is largely due to the lack of capital. The lack of capital is a result of the small capacity to save, and so, the circle is vicious.

Low Income

- **Low Saving**
- **Low Investment**
- **Low Production**
- **Low Income**

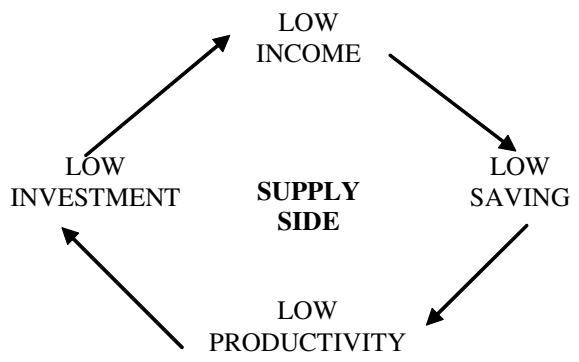

Fig. 2.2 : Low Supply

Thus, it becomes clear from the above diagram that the main reason of poverty is the low level of saving. Consequently, investment is not possible in production channels. A huge chunk of GDP is used for consumption purposes. People cannot save. So, there is lack of investment and capital formation. Although rich people can save, they spend their surplus in some on luxurious goods instead of saving. They gave preference to high priced items and foreign products. Thus, their demand does not enlarge the size of the market. The developing countries, therefore, lack investment facilities.

2.5.2 Demand Side Factors

According to Nurkse, poverty is caused by several factors in the demand side. In underdeveloped countries the inducement to invest is low because of the low purchasing power of the people, which is due to their small real income. It is illustrated in the following diagram.

Low Income

- **Low Demand**
- **Low Investment**
- **Low Productivity**
- **Low Income**

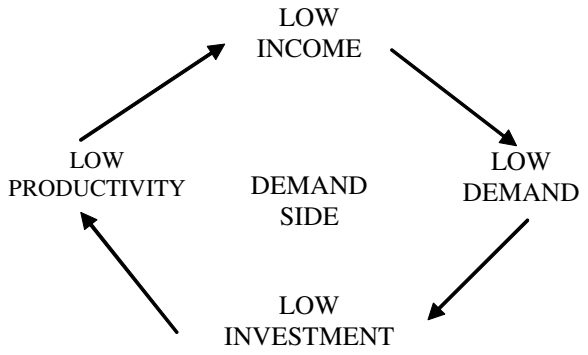

Fig. 2.3 : Low Demand

The main reason for poverty in these countries is the low level of demand. Consequently, the sizes of markets remain low. The small size of the market becomes a hurdle in the path of inducement to invest.

2.5.3 Market Imperfections

According to Meier and Baldwin, the existence of market imperfections prevents optimum allocation and utilization of natural resources, and the result is underdevelopment, and this, in turn, leads to poverty. The development of natural resources depends upon the character of human resources. But due to lack of skill and low level of knowledge, natural resources remain unutilized, underutilised and misused. The vicious circle of poverty caused by market imperfections is shown in the following diagram.

2.6 DIMENSION OF POVERTY IN INDIA

The two main dimensions of poverty in India are:

i) regional dimensions of poverty

ii) social dimensions of poverty.

2.6.1 Regional Dimension of Poverty

Poverty in India has a regional dimension. Poverty profiles differ in rural and urban areas. They also differ widely across states and regions of India. This is primarily due to wide regional disparities. Regional imbalance in economic growth in major states is observed from the variations in the growth of Net State Domestic Product (NSDP). There is wide interstate imbalance in the economic growth of rich and poor states of India. During the post reforms period (1990-2004), some states have accelerated and some states have decelerated in terms economic development. There is a wide difference in the investment climate of different states of Indian union. Kerala's achievement in social development and reduction in poverty are very impressive. The percentage of poor in rural areas of Kerala declined from 50 per cent in 1973 to 12.7 per cent in 1999-2000. Its record of overcoming poverty, even with moderate economic growth has been attributed to its effective implementation of land reforms, comprehensive social and food security coverage, decentralized system of governance, and highly conscious civil society (see table. 3). The rural–urban divide in India is widening after economic reforms. There is deceleration in agricultural growth, which is the matter of concern in employment generation and poverty reduction.

Table 3 also shows the incidence of poverty across the states of India. It is seen that both rural and urban poverty ratios in India are declining over the decades. But some states are lagging behind. Orissa has the highest poverty ratio followed by Bihar and Madhya Pradesh. The percentage of chronically poor is quite high in Bihar (25 per cent in rural and 19 per cent in urban areas), Orissa (24 per cent in rural and 22 per cent in urban areas) and MP (21 per cent in rural and 22 per cent in urban areas). Chronic poverty is very low in Punjab, Haryana, Kerala, Himachal Pradesh, and Jammu and Kashmir.

Table 2.3 : Inter –Regional Poverty Profile in India

States	1973		1977		1983		1987		1993		2000	
	R	U	R	U	R	U	R	U	R	U	R	U
AP	46	51	38	43	27	37	21	44	16	38	11	27
Assam	52	38	62	34	42	23	22	29	17	08	11	10
Bihar	64	51	63	50	65	50	42	55	44	35	39	33
Gujarat	45	51	41	41	27	38	28	38	22	29	13	16
Haryana	34	40	27	34	19	20	18	21	27	18	08	10
Karnataka	55	53	47	49	35	40	34	34	21	40	17	25
Kerala	59	61	49	59	39	48	30	44	27	26	10	20
MP	63	61	63	59	49	51	41	46	41	48	36	37
Maharastra	59	44	63	39	45	38	43	38	38	35	23	28
Orissa	69	58	73	52	68	49	59	45	50	41	48	43
Punjab	29	28	15	26	14	23	13	16	14	12	06	05
Rajasthan	44	57	37	44	34	38	29	43	27	31	13	21
Tamilnadu	58	52	58	49	54	45	46	43	33	39	21	22
UP	57	60	48	54	46	49	41	42	42	35	32	31
WB	73	35	69	36	62	31	49	33	41	23	32	16
India	56	47	51	42	43	38	37	37	37	33	27	24

Note: R = Rural Poverty Ratio, U= Urban Poverty Ratio

It is observed that in 1973 rural poverty was the highest in West Bengal and urban poverty was the highest in MP. During 1993, rural poverty was the highest in Orissa. The poverty level of STs in rural areas of Orissa is the highest at 73 per cent, and that of Bihar it is 59 per cent. The division of resources, as well as wealth, is very uneven in India, and this disparity creates different poverty ratios for different states. For instance, states such as Delhi and Punjab have very low poverty ratios. On the other hand, 40-50 per cent of the populations in Bihar and Orissa live below the poverty line.

2.6.2 Social Dimension of Poverty

Poverty in India is not merely an economic phenomenon but also a social one. Poverty is seen today as an outcome of multiple deprivations. It is disproportionately high among SCs and STs. Poverty gets disproportionately concentrated among casual labourers. The share of STs in poverty had gone up during the 1990s, and that of SCs remained more or less the same. Tribes are poor and deprived in India. Among social groups, SCs and STs and backward castes accounted for 81 per cent of the rural poor in 1999-2000. It is seen from the following table that the composition of the poor is changing. The percentage of poor among STs declined from 50 per cent in 1993 to 44.2 per cent in 2000. Rural poverty is getting mostly concentrated in agricultural labour and urban poverty in casual labour households. All households which accounted for 41 per cent of rural poor in 1993 increased to 47 per cent in 2000. Casual labour households constituted 32 per cent of urban poor in 2000 increasing from 25 in

1994 (Table 4). Growing dependency of rural and urban households on casual labour market exposes the poor to market risks and tends to increase transient poverty, whereby households move in and out of poverty due to fluctuations in the labour market. The incidence of poverty among SCs is very high in Bihar, MP and UP in both rural and urban areas. In terms of income poverty and other indicators of human development such as education and health, STs are at the bottom. The gender dimension of poverty is very important in India. There is gender discrimination against women in the labour market. A majority of women are illiterate. The female members of the poor household suffer the most from all kinds of deprivation. The standard of living index data reveals that 57 per cent of children belonging to poor households of rural areas and 50 per cent of children belonging to poor households of urban areas are stunted.

Table 2.4: Social Dimension of Poverty

Category	Rural				Urban			
	Very poor		Poor		Very poor		Poor	
	1993-4	1999-0	1993-4	1999-0	1993-4	1999-0	1993-4	1999-0
ST	22.1	17.0	50.2	44.2	24.0	17.5	43.0	37.5
SC	21.7	11.5	48.3	35.3	26.1	16.4	50.9	39.1
AL /CL	26.2	14.1	54.4	39.7	36.6	26.0	64.5	53.0

AL = Agricultural Labour in villages, CL = casual labour in urban places
Source: *Computed from NSS data of 50th and 55th round on household consumption expenditure.*

The NFHS (2005) reveals that 70 per cent of children in age group 6-59 months are anaemic and anaemia among children is considerably higher in rural areas and particularly among disadvantaged families and families with lower income. The survey also found that anaemia is pervasive among women age 15-49 and 55 per cent of ever married women are suffering from anaemia. According to NCAER, 50 per cent of the rural population suffer from "capability poverty". Only 43 per cent of rural households have domestic lighting and 25 per cent have access to tap water.

It is widely recognised that while income poverty reduction is relatively easy, elimination of multiple deprivation is more difficult to achieve. So poverty reduction strategy should go beyond income poverty and inadequacy of basic needs and rights as well as inadequate access to both productive assets and social infrastructure. Therefore, empowerment of the poor is considered a critical factor in accelerating poverty reduction. Empowerment is sought to be achieved by giving a role to the poor in governance and development decisions. At present NGOs, donor agencies, and development activists are exerting pressure on policy makers to involve all stake holders in poverty alleviation projects and activate the panchayats and promote institutions like self help groups and user groups and mobilize the poor for collective action. According to SAPAP (2003) poverty is the product of livelihood systems and the socio-political and economic forces that shape them. SAPAP argues that multidimensional interventions revolving around land and other property rights, bargaining power for improved wage, holistic health care, micro finance and insurance, and physical and social security are needed for accelerating poverty reduction. The key issue is to weaken the stronghold of the rich in the governance of local institutions and facilitate the participation of the poor.

2.7 CAUSES AND REMEDIES OF POVERTY IN INDIA

2.7.1 Causes of Poverty in India

All types of poverty and deprivation in India are caused by the following factors.

i) **Colonial Exploitation:** Colonial rule in India is the main reason of poverty and backwardness in India. The Mughal era ended about 1800. The Indian economy was purposely and severely de-industrialized through colonial privatizations. British rule replaced the wasteful warlord aristocracy by a bureaucratic-military establishment. However, colonial exploitation caused backwardness in India. In 1830, India accounted for 17.6 per cent of global industrial production against Britain's 9.5 per cent, but, by 1900, India's share was down to 1.7 per cent against Britain's 18.5 per cent. This view claims that British policies in India, exacerbated by the weather conditions led to mass famines, roughly 30 to 60 million deaths from starvation in the Indian colonies. Community grain banks were forcibly disabled, land was converted from food crops for local consumption to cotton, opium, tea, and grain for export, largely for animal feed.

ii) **Lack of Investment for the Poor :** There is lack of investment for the development of poorer section of the society. Over the past 60 years, India decided to focus on creating world class educational institutions for the elite, whilst neglecting basic literacy for the majority. This has denied the illiterate population - 33 per cent of India – of even the possibility of escaping poverty. There is no focus on creating permanent income-generating assets for the poor people.

   Studies on China (2004) also indicated that since universal and free healthcare was discontinued in 1981, approximately 45 million (5 per cent of its 900 million rural population) took on healthcare-related debts that they could not repay in their lifetimes. Since then, the government has reintroduced universal health care for the population. Given India's greater reliance on private healthcare spending, healthcare costs are a significant contributor to poverty in India.

iii) **Social System in India :** The social system is another cause of poverty in India. The social subsystems are so strongly interlocked that the poor are incapable of overcoming the obstacles. A disproportionally large number of poor people are lower caste Hindus. According to S. M. Michael, Dalits constitute the bulk of poor and unemployed. Many see Hinduism and its structure, called the caste system, as a system of exploitation of poor, low ranking groups by more prosperous, high ranking groups. In many parts of India, land is largely held by high ranking property owners of the dominant castes that economically exploit low ranking landless labourers and poor artisans, all the while degrading them with ritual emphases on their so-called, god-given inferior status. According to William A. Haviland, casteism is widespread in rural areas, and continues to segregate Dalits. Others, however, have noted the steady rise and empowerment of the Dalits through social reforms, and the implementation of reservations in employment and benefits.

iv) **India's Economic Policies :** In 1947, the average annual income in India was US$439, compared with US$619 for China, US$770 for South Korea. But South Korea became a developed country by the 2000s. At the same time, India was left as one of the world's poorest countries. India had the Hindu rate of growth which stagnated at around 3.5 per cent from the 1950s to the 1980s, while per capita income averaged 1.3 per cent License Raj prevailed with elaborate licenses, regulations and accompanying red tape. Corruption flourished under this system. The labyrinthine bureaucracy often led to absurd restrictions. India had started out in the 1950s with: high growth rates, openness to trade and investment, a promotional state, social expenditure awareness, and macro stability but we ended the 1980s with: low growth rates (the Hindu rate of growth), closure to trade and investment, a license-obsessed, restrictive state (License Raj), inability to sustain social expenditures and macro instability, indeed crisis. Poverty has decreased significantly since reforms were started in the 1980s. India currently adds 40 million people to its middle class every year. An estimated 300 million Indians now belong to the middle class; one-third of them have emerged from poverty in the last ten years. At the current rate of growth, a majority of Indians will be middle class by 2025. Literacy rates have risen from 52 per cent to 65 per cent in the same period.

v) **Over-reliance on Agriculture:** In India there is high level of dependence on primitive methods of agriculture. There is a surplus of labour in agriculture. Farmers are a large vote bank and use their votes to resist reallocation of land for higher-income industrial projects. While services and industry have grown at double digit figures, the agriculture growth rate has dropped from 4.8 per cent to 2 per cent. About 60 per cent of the population depends on agriculture, whereas the contribution of agriculture to the GDP is about 18 per cent. The agricultural sector has remained very unproductive. There is no modernization of agriculture despite some mechanization in some regions of India.

vi) **Heavy population pressures :** Although demographers generally agree that high population growth rate is a symptom rather than cause of poverty and add to poverty. Mohmood Mamdani aptly remarked "people are not poor because they have large families. Quite the contrary, they have large families because they are poor". However this is a general argument in developing country that population growth is a major obstacle to development and cause of poverty.

vii) **High Illiteracy :** Indian literacy rate rose almost tenfold during the British era. In 1947, India's literacy rate matched China's. However, in 2007, China reported at 91 per cent literacy rate versus 66 per cent for India. Now India suffers from about 35 per cent illiteracy among the adult population. Literacy levels among SC, ST and females are very low.

viii) **High Unemployment :** There is high degree of underutilization of resources. The whole country suffers from a high degree of unemployment. India is marching with jobless economic growth. Employment is not growing, neither in the private sector, nor in the public sector. The IT sector has become elitist, which does not improve the poverty situation in the country. Disguised

unemployment and seasonal unemployment is very high in the agricultural sector of India. It is the main cause of rural poverty in India.

ix) **Lack of Entrepreneurship:** The industrial base of India has remained very slender. The industrial sickness is very widespread**.** The whole industrial sector suffers from capital deficiency and lack of entrepreneurial spirit.

2.7.2 Remedies for Poverty

There are different measures for tackling poverty is discussed below. Let us discuss these aspects in detail.

i) **Increase in Saving :** In order to get rid of the supply side vicious circle in these countries, efforts should be made to increase savings so that investment in productive channels may be encouraged. To increase saving, expenditure on marriages, social ceremonies, etc., should be curtailed. In under developed countries, the possibility of voluntary savings is slim. Thus, in this regard, government interference is necessary. The government can increase saving by altering its fiscal policy. The government can impose heavy taxes on luxury goods. Moreover, it can increase the role of direct taxes. Thus, the government can curtail consumption by altering the tax system.

ii) **Increase in Investment :** To break the vicious circle of poverty, apart from increasing savings, investment of saving in productive channels is also of immense use. The policies of short run and long run investment should be coordinated. By short period investment, people can get the necessary goods at fair rates, which will have a favourable impact on their skill. Moreover, along with short period investment, investment in the establishment of multipurpose projects, like iron and chemical fertilizers should be properly encouraged. In UDCs, proper monetary and banking policies should be adopted which may provide facilities and encouragement to small savings.

iii) **Balanced Growth:** To resolve the demand side vicious circle in under developed countries, the extent of the market should be widened so that people may get inducement to invest. In this regard, Prof. Nurkse advocated the doctrine of balanced growth. According to the principle of balanced growth, investment should be made in every sphere of an economy so that demand of one sector can be fulfilled by another sector. Thus, an increase in demand will lead to wider extent of the market, and so, the inducement to invest. On the other hand, economists like Hirschman, Singer, and Fleming do not consider the policy of balanced growth effective. According to them, the policy of unbalanced growth would be more useful. In UDCs, there is every possibility of increase in demand and there is the need of increase in monetary income. The majority of UDCs have adopted the policy of planned development. Accordingly, due to more investment in the public sector, the supply of money increases. Due to increase in monetary income, sizes of the market widen. These countries endeavour to widen the size of foreign market by increasing their exports.

iv) **Human Capital Formation :** In underdeveloped countries, the main obstacle to economic growth is the backwardness of human capital. Human capital

should no longer be neglected. Many suggestions can be made to increase skill of manpower. For instance, in these countries, education, technical knowledge, and vocational training should be enlarged. Health facilities should be enhanced, which may increase the efficiency of the workers. Transportation and communication should be developed.

v) **Industrialisation :** Poverty can be eradicated by a self-sustaining process of industrialization. All industries should have linkage to build a powerful process of ancilary industries and occupations. The percolation effect of industries can be very strong through the establishment of auxiliary industries. Industry should be linked to agricultural growth. Agro-based industries should grow to provide employment to village people as they are very much labour intensive. Industrialisation can contribute to the growth process and bring improvement in the standard of living of people.

Other Measures for Poverty Reduction

i) More employment opportunities : poverty can be eliminated by creating more employment opportunities, so that people may be able to meet their basis needs

ii) Minimum needs programmes: providing minimum needs to the poor people can help to reduce the problem of poverty

iii) Social security programmes: various social security schemes, like worker's compensation, maternity benefit. provident fund, etc., can make a frontal attack on poverty

iv) Small scale industries: encouraging and establishing small scale industries can create jobs in rural areas, which can reduce poverty

v) Spread of education: education can create awareness and build confidence among people to find methods to overcome poverty

vi) Empowerment of poor: poor people are voiceless due to the ruthless system of development. So, empowerment of poor people will reduce poverty

vii) Land reforms: land belongs to the absentee landlords in India. Therefore, land reform is needed for giving rights to the actual tiller of the soil

viii) Asset creation: productive assets must be created which will ensure regular income for the poor people

ix) Political will: political will and thrust is needed to face the challenge of poverty. Government policy should be designed with determination for having a poverty-free country

x) Social change: social strata and traditional values should be free from dogmas. The caste system should not discriminate any people for anything. Social reforms are also needed to remove poverty among the lower caste and women.

You have read about the vicious circle of poverty, dimensions of poverty, causes and remedies of poverty. Now, you should be able to answer the following questions in order to check your progress.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your progress with possible answers given at the end of the unit.

1) What is the vicious circle of poverty?

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2) What are the regional dimension of poverty in India?

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2.8 PLANNED EFFORTS FOR ALLEVIATION OF POVERTY IN INDIA

Since the early 1950s, the government of India has initiated, sustained, and refined various planning schemes to help the poor attain self sufficiency in acquisition of food and overcome hunger and poverty. Probably the most important initiative has been the supply of basic commodities, particularly food at controlled prices, available throughout the country as the poor spend about 80 per cent of their income on food.

During different Five Year Plans, the Government of India has adopted several strategies and devised several schemes to remove poverty in India. The following are some steps.

- IRDP: the Integrated Rural Development Programme was initiated in 1976 in 20 selected districts of India. Then, it was extended to all blocks in 1980.The objective of this program was to enable the selected families to cross the poverty line by creating productive assets for the poor people.
- NREP: the National Rural Employment Programme was launched in 1980 in order to generate gainful employment in rural areas.
- RLEGP: the Rural Landless Employment Guarantee Programme was launched in August 1983 to generate additional employment opportunities for the landless people in the villages.
- JRY: Jawahar Rojgar Yojana was introduced in 1989 to create 837 million man-days in the country.

- TRYSEM: Training of Rural Youth for Self Employment was launched in 1979 with the aim of generating self employment opportunities for unemployed educated rural youth.
- DWC: Development of Women and Children was launched during the Sixth Plan on a pilot basis in 50 districts, and continued in 7th plan.
- DPAP: the Drought Prone Area Programme was started in 1970 for drought areas with a view to create jobs through labour intensive schemes.
- DDP: the Desert Development Programme was started in 1977 to control the expansion of deserts and raise local productivity of desert areas.
- MNP: the Minimum Needs Programme was introduced in the Fifth Plan, in order to achieve growth with justice.
- PMRY: the Prime Ministers Rozgar Yojana was implemented in 1993 to give employment to more than 10 lakh people by setting up 7 lakh micro enterprises.
- SGSY: Swarna Jayanti Gram Swarozgar Yojana, created in 1999, is a combination of many previous poverty eradication programmes, like IRDP, TRYSEM, Minimum Wells Programme, and DWCRA.
- PMIUPEP: the Prime Ministers Integrated Urban Poverty Eradication Programme was implemented in 1995 to reduce urban poverty.
- EGS: the Employment Guarantee Scheme was launched in many states to provide employment for poor people.
- SJRY: Swarna Jyanti Rozgar Yojana was launched in 1997 for the urban poor.
- JGSY: Jawahar Gram Samridhi Yojana is the new name of Jawahar Rozgar Yojana with effect from 1999.
- PMGY: Pradhan Mantri Gramodaya Yojana.
- PMGSY: Pradhan Mantri Grama Sadak Yojana.
- AAY: Antyodaya Anna Yojana.
- JPRGY: Jai Prakash Rozgar Guarantee Yojana.
- VAMBAY: Valmiki Ambedkar Awas Yojana.
- DWCRA: Development of Women and Children in Rural Areas.
- MGNREGA: This was implemented since 2002 for providing 100 days employment in a calendar year to a family member interested for doing unskilled manual work.

2.9 LET US SUM UP

In this unit we dealt with the definition, features and measurement of poverty. We examined the incidence of poverty in India We analysed the problems of poverty across the states. We analysed the vicious circle of poverty as well as the regional and social dimensions of poverty. Identified various causes of poverty in India. We analysed the falling trends of both rural and urban poverty. We dealt with governmental efforts for alleviation of poverty. We examined global income inequality.

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2.11 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) What is poverty? Examine its features and manifestation.

   Answer. Poverty has many faces. Poverty is the syndrome of assetlessness, landlessness, joblessness, deprivation and helplessness. It is not a pure economic phenomenon. It has social, cultural, political, historical and geographical dimensions. It is lack of livelihood security and food security. It is hunger, starvation and vulnerability. Poverty is lack of shelter and lack of education and lack of access to health care. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.

2) How do we measure poverty?

   Answer. Poverty has been measured by several economists and non economists. There are three commonly used measures of poverty. They are:

1) Head Count Ratio (HCR): $H = M / N$

2) Poverty Gap Ratio (PGR): $R = 1 - \grave{\imath} / z$

3) Amartya Sen's Index (ASI): $S = H [R + (1-R) G]$

Where: H is the proportion of households who are poor; N is total number of households, M is number of poor *households* having incomes at or below the poverty line *z*. ì is the mean income of the poor; and *R* is the mean income shortfall of the poor expressed as a proportion of the poverty line. G is the Gini coefficient computed over the vector of poor incomes. The 'Sen index', S satisfies the relative deprivation property.

3) What are the reasons of reducing global poverty?

Answer. There are two contrasting and complementary reasons for reducing global poverty. First reason is ethical. It springs from religious teaching. This finds secular expression "everyone has the right to a standard of living adequate for the health and well-being." The second reason lies in self-interest. In a globalized world, countries large and small are interdependent. Poverty anywhere is a threat to prosperity every where. Extreme poverty is the engine of international labour migration which the richer countries are notoriously reluctant to accommodate. Poverty is one of the main causes of terrorism in the world.

Check Your Progress 2

1) What is the vicious circle of poverty?

Answer. The vicious circle of poverty refers to the interconnectedness of different factors that reinforce demand and supply each other in terms of low income, low saving, low investment and low production.

2) What is the regional dimension of poverty in India?

Answer. Poverty in India has a regional dimension. The poverty profile differs in rural and urban areas. It also differs widely across states and regions of India. It is primarily due to the wide regional disparity.

UNIT 3 INEQUALITY

Structure

3.1 Introduction

3.2 Economic Inequality: Meaning and Measures

3.3 Causes of Economic Inequality

3.4 Effects of Economic Inequality

3.5 Remedies for Economic Inequality

3.6 Let Us Sum Up

3.7 Keywords

3.8 References and Suggested Readings

3.9 Check Your Progress - Possible Answers

3.1 INTRODUCTION

You have heard about inequality often, and observed it in daily life. A simple example of inequality is the income difference between an agricultural landlord and labourer, the income differences between a peon and a Class-I officer. Inequalities exist in every society. The economic structure and an individual's abilities to earn are a few among many factors responsible for inequality. In this unit, you will read about inequality: its cause, effect and remedies.

After going through this unit you should be able to

- explain economic inequality
- describe various causes and effects of economic inequality
- suggest remedies for economic inequality
- narrate the severity of income inequality in the Indian perspective

3.2 ECONOMIC INEQUALITY : MEANING AND MEASURES

Global income inequality is probably greater than it has ever been in human history. The economic inequality, largely, viewed as comprising all forms of disparities in the distribution of economic assets and income. There is a debate about whether the income inequality is getting worse or getting better. Currently, the richest 1 per cent of people in the world receives as much as the bottom 57 per cent. The ratio between the average income of the top 5 per cent in the world to the bottom 5 per cent increased from 78:1 in 1988 to 114:1 in 1993 (Milanovic 1999). One pole represents the 2.4 billion people whose mean income is less than $1000 year and includes people living in India, Indonesia and rural China. With 42 per cent of the world's population, this group received just 9 per cent of the world Purchasing Power Parity (PPP) income. The other pole is the group of 500 million people whose income exceeds $11,500. This group includes the US, Japan, Germany, France and the UK. Combined, they account for 13 per cent of the world's population, yet garner 45 per cent of the world PPP income. The gap between these two poles is so large that it comprises the major component of the

world's income inequality. The richest 25 per cent of the world's population receives 75 per cent of the world's income, even when adjusting for purchasing power parity. The poorest 75 per cent of the population share just 25 per cent. This occurs because a large proportion of the world's population lives in the poorest countries, and within the poorest regions of those countries, particularly in the rural areas of China, rural and urban India and Africa.

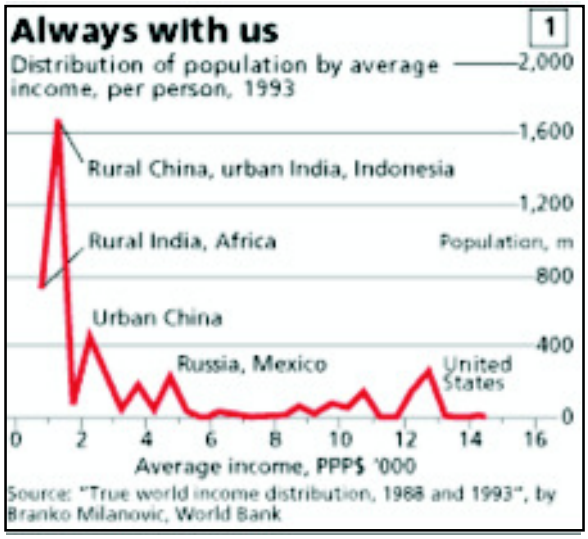

Fig. 3.1: Global Income Inequality

Figure 3.1 indicates the distribution of world population (vertical scale) against income (horizontal scale). Income here is measured by using gross domestic product per person (GDP) in US dollars compared at purchasing power parity rates.

The graph reflects both inequalities between countries and within countries. The country with higher population suffers from lower average income. In the last 25 years, some regions of the world have raised their average income per person, while others have suffered a decline in income. There is decline in real income of sub Saharan Africa and Eastern Europe. While rapid growth in East Asia was impressive, it had little effect on global inequality due to the relatively small populations involved. The rise in world income inequality is due to rapid growth in China since the 1970s, and in India since the 1980s, and the 'catch-up' process of European economies with the United States.

Economic growth that does not lead to sharp and sustained reductions in poverty may create more problems than it solves. Similarly, if rapid growth is achieved at the expense of a worsening in the distribution of resources, it ultimately becomes unsustainable, since it engenders social tensions. Let us examine the degree of inequality in India. Both the United Nations (UN) and the Central Intelligence Agency (CIA) have made lists of countries by income inequality metrics.

We have taken the Gini coefficients as measured by the CIA and the UN. The Gini coefficient is a number between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income, and everyone else has zero income). The Gini coefficient is calculated with the help of a Lorenz Curve which provides a graphical representation of a nation's income distribution.

The Gini coefficient is equal to the area between the line of equality and the Lorenz curve divided by the total. According to the data given in the Table-1, we find that, among five countries, China has the highest income inequality followed by US and Japan. The Gini coefficient for India is only 36.8 as measured by the UN and the CIA.

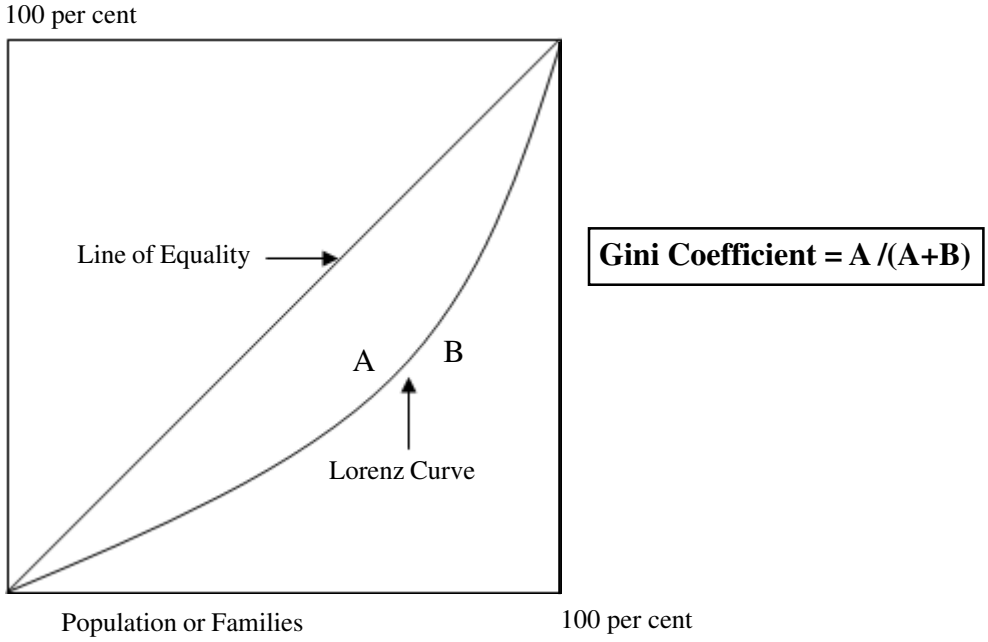

Fig. 3.2 : Gini Coefficient

Table 3.1: Gini Index of Countries

Country	Year	R/P -10	R/P -20	UN Gini Index	CIA Gini Index
USA	2007	15.9	8.4	40.8	45
UK	2005	13.8	7.2	36	34
Japan	2002	4.5	3.4	24.9	38.1
China	2004	21.6	12.2	46.9	46.9
India	2004	8.6	5.6	36.8	36.8

Note: R/P10=Richest 10% to poorest 10%; R/P 20= Richest 20% to poorest 20%; Gini index is estimated from Central Intelligence Agency's World Fact book, R/P-10 and R/P-20 are estimated from data given by United Nations Development Programme

There are many instruments that measure inequality of income. The most widely used ones are the Gini coefficient, and the Lorenz curve which draws the cumulative percentage of distribution of income corresponding to cumulative distribution of households. Table-3.2 shows the comparative degree of inequality. The degree of inequality is about the same in the case of Japan and India, but in the case of Brazil, it is substantially higher. Such a relationship can be easily understood from the fact that income received by the bottom 20 per cent of household is 8.1 per cent in India, 8.7 per cent in Japan but only 2.4 per cent in Brazil. Similarly, income received by the bottom 40 per cent is 40.4 per cent in India, 21.9 per cent in Japan, but only 8.1 per cent in Brazil. The Gini coefficients are estimated as 0.31 for India, 0.27 for Japan and 0.54 for Brazil.

Table 3.2: Cumulative Shares of Household Income by Quintile Class

Income Size Class	Cumulative frequency			
	Households	India	Japan	Brazil
I	20	8.1	8.7	2.4
II	40	40.4	21.9	8.1
III	60	36.7	39.4	18.8
IV	80	58.7	62.5	37.4
V	100	100	100	100
Gini Coefficient	—	0.31	0.27	0.54

Source: *Das, Kumar (1997) Asian Profile of Underdevelopment and Poverty, Asian Profile, Vol.25 (1) ,Canada*

The fact of gross inequalities is very much evident from several estimates. An estimate made from time to time leaves no doubt about the existence of large inequalities in India. It is seen from Table–3.3 that in 1994, 20 per cent of the households at the lowest rung of the income ladder receive only 9.2 per cent of the national income. At the other end, 20 per cent of households at the highest rung enjoy as much as 39.3 per cent of the national income. If one takes up the lowest 10 per cent of the households at the lower end and highest 10 per cent at the upper end, the fact of inequality is more glaring with the lowest getting as little as 4.1 per cent and the highest getting as much as 25 per cent of the national income. The trend and magnitude of inequality in India can be perceived over the years by the data given below.

Table 3.3: Income Inequalities

Year	Bottom 20 %	Top 20 %
1955-56	34(bottom 10%)	9.6(top 25%)
1975-76	49.4	7
1989-90	41.3	8.8
1992-93	42.6	8.5
1993-94	39.3	9.2

Source: *Das, Kumar (1994) Paradox of Poverty and Planning in India, Economic Quarterly, Berlin*

Some remark that inequality in newly liberalized economies has significantly increased. India has been experiencing dramatically increased income inequality. This is not a surprise to most people. The rise in inequality is explained in terms of an increase in the relative share of output going to capital as compared to labour, a drop in the rate of labour absorption and the rapid growth of the services sector. The truth is that while a small percentage of the population (around 20 per cent) has indeed benefited greatly from the economic policies and processes of the last decade, for the majority of the rural population and a significant part of the urban population, things have got worse. The most dramatic and remarkable improvement in consumption has been of those who were already the richest people in India - that is the top 20 per cent of the urban population.

By contrast, the bottom 40 per cent of the urban population per capita consumption has increased by 14 per cent since 1989-90. But the most dramatic evidence is for the bottom 80 per cent (nearly 600 million) of the rural population whose per capita consumption has actually declined since 1989-90. In other words, even the official statistics of the government still show that more than half of India has lower consumption per person than more than 10 years ago, after a decade of impressive economic growth.

3.3 CAUSES OF ECONOMIC INEQUALITY

The income distribution pattern shows that there are glaring inequalities in India. The main causes of income inequality in India are as follows.

i) **Differential Regional Growth:** the post reform period is characterized by widening regional inequality. Regional disparity is the major reason for income inequality. The economic disparity has a geographical facet. A large majority of poor people live in backward regions/states of the country. The rich are more in percentage in the advanced states and regions. There is also intra state income inequality. But that income inequality is still sharper in poor states. It is because the advanced states grow rapidly. They have performed well, both in agriculture and industries. Their per capita income also rises very fast. On the contrary the poor states lag behind. Due to slow economic growth, the poor states continue to be inhabited by poor people with low per capita income. Statistical convergence among states in terms of inequality, poverty, and real mean consumption is weak.

ii) **Unequal Asset Distribution:** income flows from wealth. Assets like land, cattle, labour, training, education, and shares represent the wealth of households. Asset distribution is very uneven, both in rural and urban areas of India. Few people are land owners, but a majority are land tillers. Therefore, income distribution is highly skewed. Asset formation in different regions has been very asymmetric. The accumulated assets pass on from generation to generation. This inequality in wealth enables few people to get income in the form of rent, interest, and profit. But the majority of people in the villages and urban areas do not possess any income generating assets. Private ownership of property has no limit. It is the cause of the concentration of economic power.

iii) **Technological Dualism**. There is technological dualism in India. Very advanced technology, high technology, and nano technology are proudly adopted in different sectors and industries. But the old bullock cart and hand pulled rickshaw are widely used in different parts of India. High tech users maintain their high economic status, while the agricultural workers toil in the field with primitive technology and drudgery–ridden practices. As a result of the rise in technological dualism, income inequality increases.

iv) **Educational Disparity**: the educational system in the country is inefficient and defective. It does not help in skill formation of the weaker section. It is not effective enough to build human capital. It also discriminates against the poor. The high dropout rate is associated with high push out rates in primary schools in remote villages. There are two types of education: education through English medium schooling, and education through the medium of regional languages. The former education is very expensive. It

is an investment which is not affordable by the majority of the people. The latter is an expenditure for households. The poor villagers and labour class consider education, and, particularly, a girl's education as wasteful, having no return. There is inequality in training and skill building.

v) **Inadequate Welfare Measures**: the problem of unemployment is becoming very severe. The country is adopting capital intensive technology in the name of the modernization process. Welfare measures of the government are treated as relief measures. This promotes a dole culture which maintains inequality. Welfare measures are not adequate for the lower class and to eradicate inequality. They do not help to create jobs, or provide training in skills among the deprived classes.

vi) **Inappropriate Government Policy**: the policy of the government lacks any perspective. It does not discourage the profit–seeking business class and rent-seeking groups in their habit of accumulating wealth. The tax authority is ineffective in curbing this trend. The credit policy and the laws governing inheritance are also defective. The government needs to follow appropriate income–policy, which keeps the ratio between the highest income and lowest income at a socially acceptable figure. The government's top-down approach to development is the main reason for the low trickle-down effect. Rising prices reduce the purchasing power of poor people. The poor are left with nothing to save and reinvest, and are also not in a position to provide education to their children. The poor fall into a vicious circle, so, the rich becomes richer, and the poor get poorer.

vii) **Lack of Skills**: unskilled labour in India is mainly engaged in the manufacturing and the agricultural sector. The daily wages offered to the labourers in eastern India is substantially lower compared to what is offered in the northern parts of India. The agro-based industries are not growing in India. The average income of an agriculturalist in Punjab or Haryana is more than that of any state. The privatization process in India is accompanied with lucrative salaries for the few, and increases in the price index which reduces the standard of living of the majority. Employment opportunities are shrinking. The real income of the majority in the rural areas is falling.

viii) **Growth of the Informal Sector:** inequality arises out of the differences in the capabilities and ownership of assets. There is growth of the informal sector in India. The informal sector is unregistered, unregulated, and unprotected. India's labour force is about 390 million. Out of this, only 7 per cent work on regular salaries. About half are unionized. During the 1990s, the unregistered workforce increased from 89 per cent to 93 per cent. The informal economy, comprise 60 per cent of net domestic product, 68 per cent of income, 60 per cent of savings, 31 per cent of agricultural exports, and, even 41 per cent of manufactured exports. However, the informal sector is viewed as a shock absorber, but it has become the source of exploitation, too. Exploitation of women and children is very common in this sector.

ix) **Level of Corruption**: corruption is one of the important causes of inequality. India suffers from high levels of corruption in different spheres. People misuse their office and power to make money and assets by illegal means.

There is less punishment for larger corruption. The legal procedure takes a very long time to punish wrongdoing. Gradually, illegal activities are finding permissiveness. Therefore, illegal accumulation of money in one generation results in wealth for succeeding generations. Thus, inequality of income and wealth prevails in the long run.

Till now, you have read about the meaning as well as the causes of its existence. Before we proceed further, you should answer the questions given below, in order to Check Your Progress-1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your progress with possible answers given at the end of the unit.

1) What is trend for global income inequality?

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2) Give the comparative picture of income inequality.

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3) What are the main causes of inequality in India?

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3.4 EFFECTS OF ECONOMIC INEQUALITY

Inequality affects society as well as the economy. Some of the effects of inequality are given below.

i) Social cohesion: The prevalence of economy inequality affects the social cohesiveness. In a more equal society, people are more likely to trust each other. Erse Uslaner and Mitchell Brown, in their study, have found that there is a high correlation between the amount of trust in society and the amount

of income equality. Inequality leads to crime and theft in society. Society which is more unequal, the marginalized section will adopt to crime bring economic egalitarianism in the society. The Neapolitan (1999) cross national research on homicide found positive association between income inequality and homicides.

ii) Effect on Health: income has a positive association with health. The country with a high degree of income inequality would experience more mortality and morbidity as income enables an individual to have access to qualitative health care services. In the Indian context, studies have shown that in the poorer states, like Orissa and Bihar, a large proportion of people use public healthcare facilities while in Punjab, a high percentage of people use private health care services which is efficient and better quality services. Richard Wilkinson, J Lynch and GA Kaplan have found that socio-economic status strongly effects health.

iii) Effect on education: there is a strong correlation between economic status and education. Wealthy people can offer higher education to their children. Globalization, which has enhanced income inequality, enables only the economically well-off to acquire higher educational qualification from private educational institutions. In the Indian context, one of the educationists has remarked that 'education is a luxury for the poor'. This income inequality affects educational opportunities in general and higher education in particular.

iv) Economic welfare and distributive effectivity: economic inequalities may reduce distributive effectivity within society. It is a fact that the marginal utility of a rupee or a dollar is high for the poor as compared to the rich. An additional, a rupee earned by a poor labourer is likely to be spent on the basic necessities like food, clothing, shelter, healthcare, etc. This may not be in the case of a rich person. This economic inequality affects economic welfare, as also distributive justice. According to Pigou, a welfare economist, income generally benefits the rich by making them wealthier than other people, whereas the poor benefit in absolute terms.

v) Economic growth: the relationship between growth and inequality is a complex one. A number of researchers have derived conflicting results. Some are of the view that inequality has a positive effect on growth, while others are of the opinion that inequality produces a positive impact on growth. Robert Barrow in his paper argued that inequality reduces growth in poor countries and promotes growth in rich countries. G.A. Cornia and J. Court (2000) have concluded that too much equality negatively impacts growth due to incentive traps, free-riding, labour shirking, and high supervision cost. On the other hand, lush levels of inequality negatively impacts growth due to incentive traps, erosion of social cohesion, social conflicts, and uncertain property rights.

3.5 REMEDIES FOR ECONOMIC INEQUALITY

Measures for curbing inequality of income are as follows.

i) Curbing the concentration of income and wealth: inequality in income can be reduced by curing the process of wealth accumulation.

ii) Land reforms: land reforms are warranted to redistribute the land from the rich landlord to the actual land tillers and poor peasants.

iii) Redistribution of assets: inequality can be reduced by making redistribution of other productive assets.

iv) Employment opportunities: creation of employment opportunities for the majority and poorer class can reduce income inequality.

v) Small scale industries: promotion of small scale industries and village level industries can generate jobs for the village people. Agro-based industries can generate income employment for the unskilled people.

vi) Social security measures: government should devise appropriate social security measures to reduce income inequality.

vii) Tax reforms: appropriate taxation system of the government can bring redistribution of the income from the rich to the poor.

viii) Educational reforms: the educational system should be efficient and fair. It should give equal opportunity to all. It should be accessible and affordable. It should be meaningful for the livelihoods of the people.

ix) Inheritance laws: changing the inheritance laws of the country is necessary. The son and daughter difference in practice of inheritance of property of the parents should be fought with morality and legality.

x) Public sector reforms: the public sector should be revitalized and modified to reduce inefficiency and corruption. It can increase the production and income level of the poor people. Good performance by the public sector can reduce income inequality in India.

You have read about the effects and remedies for economic inequality, apart from the concept, measurement and causes of economic inequality. Now attempt these questions in order to Check Your Progress-2.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your progress with possible answers given at the end of the unit.

1) Write down a few important effects of economic inequality.

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2) Suggest a few remedies for the removal of income inequality.

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3.6 LET US SUM UP

In this unit, we dealt with the definition, causes, and effects of inequality. Economic inequality is measured with the use of the Gini coefficient. It is glaring in underdeveloped countries like India. The differentials in regional growth, unequal asset distribution, technological dualism, educational disparities are a few important causes of economic inequality. Economic inequality produces effects on social cohesion, education and health. Several steps can be initiated for the removal of economic inequalities. In nutshell, it is enemy of development.

3.7 KEYWORDS

Gini Coefficient : It is commonly used as a measure of inequality of income, or wealth. It has also found use in the study of inequalities in disciplines as diverse as health science, ecology, and chemistry.

Lorenz Curve : Lorenz curve is a graphical representation of the cumulative distribution function of the empirical probability distribution of wealth.

Human Development Index (HDI) : The index used to rank countries or regions by their level of human development. It also indicates whether a country or region is developed, developing, or underdeveloped based on 1) life expectancy at birth; 2) knowledge and education; 3) and, standard of living.

Purchasing Power Parity (PPP) : Purchasing power refers to the value of currency expressed in goods and services that one unit of money can buy, whereas purchasing power parity (PPP) refers to an estimation of exchange rate between countries based on their currency's purchasing power. The purchasing power parity theory uses the long term equilibrium exchange rate of two currencies to equalize their purchasing power.

Technological Dualism : Hans Singer (1970) introduced the concept of international technological dualism, by which he meant essentially unequal developments in the area of science and technology, between rich and poor countries

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3.9 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) What is trend for global income inequality?

   Answer. Global income inequality is probably greater than it has ever .Currently, the richest 1 per cent of the people in the world receive as much as the bottom 57 per cent. The ratio between the average income of the top 5 per cent in the world to the bottom 5 per cent increased from 78:1 in 1988 to 114:1 in 1993) One pole represents the 2.4 billion people whose mean income is less than $1000 year and includes people living in India, Indonesia and rural China. With 42 per cent of the world's population, this group received just 9 per cent of the world income. The other pole is the group of 500 million people whose income exceeds $11,500. This group includes the US, Japan, Germany, France and the UK. Combined, they account for 13 per cent of the world's population, yet garner 45 per cent of the world income. The richest 25 per cent of the world's population receives 75 per cent of the world's income.

2) Give a comparative picture of income inequality.

   Answer. The degree of inequality is about the same in the case of Japan, UK, and India. But, in the case of USA and Brazil, it is substantially higher. Such a relationship can be easily understood from the fact that income received by the bottom 20 per cent of household is 8.1 per cent in India, 8.7 per cent in Japan but only 8.4 per cent in USA and 2.4 per cent in Brazil. Similarly income received by bottom 40 per cent is 40.4 per cent in India, 21.9 per cent in Japan but only 8.1 per cent in Brazil. The Gini Coefficients are estimated as 0.31 for India, 0.27 for Japan 0.45 for US, 0.34 for UK and 0.54 for Brazil.

3) What are the main causes of inequality in India?

Answer. Regional imbalance, educational disparity, unequal asset holding, technological duality, and inefficiency are the main causes of inequality. Welfare measures are inadequate. The policy of the government lacks any perspective. It does not discourage the profit seeking business class and rent-seeking group in their habit of accumulating wealth. Employment opportunities are shrinking due to lack of skill and education. The real income of the majority in the rural areas is falling. The growth of the informal sector is viewed as a shock absorber, but it has become the source of exploitation too. Exploitation of women and children is very common in this sector. A high level of corruption leads to wealth inequality, which prevails in the long run.

Check Your Progress 2

1) Write down a few important effects of economic inequality.

Answer. The important effects of economic inequality on society as well as on the economy are social cohesion, health, education, economic welfare, distributive effectively and economic growth.

2) Suggest a few remedies for removal of income inequality.

Answer. Some important measures, or remedies, are: curbing the concentration of income and wealth, land reforms, redistribution of assets, employment opportunities, small scale industries, social security measures, tax reforms, educational reforms, inheritance laws, and public sector reforms.

UNIT 4 UNEMPLOYMENT

Structure

4.1 Introduction

4.2 Unemployment: Meaning and Types

4.3 Measurement of Unemployment

4.4 Causes of Unemployment

4.5 Dimensions of Unemployment in India

4.6 Trends in Unemployment: Developed and Developing Countries

4.7 Policies and Programmes to Reduce Unemployment in India

4.8 Let Us Sum Up

4.9 Keywords

4.10 References and Suggested Readings

4.11 Check Your Progress: Possible Answers

4.1 INTRODUCTION

In the earlier two units, you have learned about population, poverty and inequality. This unit gives a detailed discussion on unemployment. As you know, unemployment is a common word nowadays. You might have noticed that in spite of education, there are people without jobs. Widespread and persistent unemployment is a serious macroeconomic problem, both in developing and developed countries. Unemployment brings, in its wake, a large number of socio-economic problems in many different ways. The negative impact of unemployment is diverse and acute. In addition to lowering output and income, it can also lead to rising income inequality, loss of human capital and skill, ill health and mortality, migration, loss of motivation for future works, loss of human relations, and social life. Therefore, it is very important to understand the nature and effects of unemployment, and to design appropriate policies and programmes to combat it. In this unit, you will be introduced to the concept, definition, and measurement of unemployment. You will also be able to analyse the trend and magnitude of unemployment, and assess efficacy of different policies and programmes, initiated by state and central governments, to reduce unemployment.

After studying this unit, you should be able to

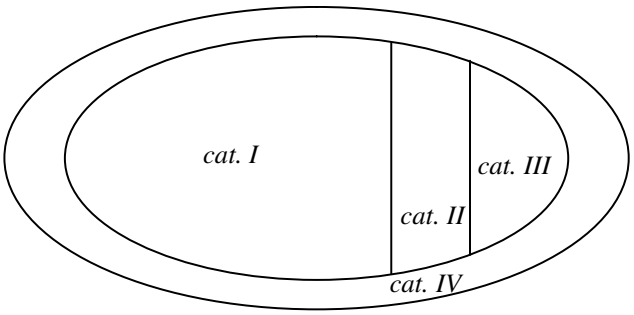
- explain the meaning and types of unemployment
- narrate the nature, magnitude, and dimensions of unemployment
- delineate the possible causes and the impact of unemployment and the unemployment situation in developed countries and India
- analyse the different policies and programmes that address the problem of unemployment in India.

4.2 UNEMPLOYMENT: MEANING AND TYPES

4.2.1 Meaning of Unemployment

You might have heard about unemployment and some of your friend and relative might not have got the job even after being sufficiently educated. To most, the word, unemployed means being without work. Now, let us define unemployment in another way and ask, what is unemployment? Unemployment is defined as the condition of being unemployed, or, it refers to the number or proportion of people in the working population who are unemployed (have no jobs). An unemployed person is one who is an active member of the labour force and is able to and seeks work, but is unable to find work during a specified reference period (a week or a month or a year).

Before we discuss the issue of unemployment in greater detail, we must define a few other key terms associated with unemployment. Let us divide the total population of a country into four categories as illustrated below.



Category I is comprised of all those economically active people, say between 15 and 65 years, who are currently employed during a specified reference period (a week, or a month, or a year).

Category II represents all those economically active people, say between 15 and 65 years, who are currently unemployed during a specified reference period (a week, or a month, or a year), but are capable of, and are looking for employment.

Category III represents all those people say, between 15 and 65 years, who are neither employed nor are seeking any employment, in other words, those who are not in the labour force.

Category IV represents all those people aged below 15 years and above 65 years, and other people excluded from the above mentioned three categories for any reason.

The total population of a country is the sum of all these four categories: I + II + III + IV; and labour force is defined as I + II.

The unemployment rate is defined as the percentage of the labour force that is unemployed, which can be represented as:

$$\text{Unemployment} = (II/\ I+II) \times 100$$

4.2.2 Types of Unemployment

Having studied the meaning of unemployment, now let us discuss the various types of unemployment. Broadly, unemployment can be divided into two types:

voluntary, and involuntary, unemployment. Voluntary unemployment arises due to reasons that are specific to an individual, while involuntary unemployment is caused by a large number of socio-economic factors such as structure of the market, level and composition of aggregate demand, government intervention, and so on. Thus, there are different kinds of unemployment depending on the nature, causes, and duration of unemployment. Let us now discuss various types of unemployment. Unemployment is broadly classified in following categories.

Structural unemployment: This kind of unemployment occurs when there is any change in consumer demand and technology in the economy. For instance, when computers were introduced, many workers were dislodged because of a mismatch between the existing skills of the workers and the requirement of the job. Although jobs were available, there was a demand for a new kind of skill and qualification. So, persons with old skills did not get employment in the changed economic regime, and remain unemployed. This is called structural unemployment.

Cyclical unemployment: When there is an economy-wide decline in aggregate demand for goods and services, employment declines and unemployment correspondingly increases. Therefore, it is sometime referred to as 'demand deficient unemployment'. For instance, during the recent global slowdown, in late 2008, many workers around the globe lost their jobs.

Frictional unemployment: This type of unemployment refers to a transition period of looking for a new job, for different reasons, such as seeking a better job, being fired from a current job, or having voluntarily quit a current job. The period of time between the current to a new job is referred to as frictional, or temporary unemployment.

Seasonal unemployment, a type of frictional unemployment, occurs in specific activities or occupations which are characterized by seasonal work. An example of seasonal unemployment is the joblessness during non-cultivation in rural areas.

Natural rate of unemployment: The sum total of frictional and structural unemployment is referred as the natural rate of unemployment.

Open unemployment: Open unemployment arises when a person, voluntarily or involuntarily, keeps himself or herself out of consideration for certain jobs.

It is important to note that the type and nature of unemployment differs significantly in developing and developed countries. Unemployment in developed countries arises due to the lack of effective demand and/or economic slowdown, recession, or depression. In developing countries, unemployment occurs largely due to a lower demand for labour and/or inadequate employment opportunities in the economy. Such a situation occurs due to the subsistence nature of agriculture, a low industrial base and the small size of the tertiary sector. Let us now discuss the various concepts of unemployment applicable to developing nations, including India.

All developing countries, including India suffer from structural unemployment, which exists both in **open** and **disguised** forms. The problem in developing countries can better be summarized as **underemployment** - a partial lack of work, low employment income, and underutilization of skills or low productivity,

rather than unemployment as discussed above. Thus, **underemployment** describes the condition of those who work part time because full time jobs are unavailable or employed on a full time basis but the services they render may actually be much less than full time (**disguised underemployment)** or who are employed in occupations requiring lower levels of skills than they are qualified for (**hidden underemployment**). A related concept is that of **working poor** - those who actually work long hours but earn only a low income below the poverty line. In other words, working poor is defined as a situation when individuals or households, in spite of being employed, remain in relative poverty due to low levels of wages and earnings.

Up till now, you have studied the meaning and types of unemployment. Now, answer the questions given in Check Your Progress-1.

Check Your Progress 1

Note: a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What do you mean by unemployment?

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2) Define the following types of unemployment and give examples for each of these types from your own experience

i) Structural unemployment

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ii) Cyclical unemployment

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iii) Frictional unemployment.

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4.3 MEASUREMENT OF UNEMPLOYMENT

Measurement of unemployment is a difficult task. Now, in this section, you will learn about various methods of measuring unemployment. In India's statistical system, the most comprehensive and reliable data on employment and unemployment are compiled by the National Sample Survey Organization (NSSO). Based on different reference period (a year, a week, and each day of a week), NSSO provides four different measures of employment and unemployment. The following are some methods of measuring unemployment.

i) **Usual Principal Status Unemployment (UPS)**: this is measured as the number of persons who remained unemployed for a major part of the year. The persons covered by the survey may be classified into those working and/or available for work in their principal activity, and those working and/ or available for work in a subsidiary activity, that is, a sector other than their principal activity. Hence, within the usual status concept, the estimates are now derived on the usual principal status as well as the usual principal and subsidiary status basis. The usual status unemployment rate is a person rate and indicates chronic unemployment, because all those who are found usually unemployed in the reference year are counted as unemployed. This measure is more appropriate to those in search of regular employment, e.g., educated and skilled persons who may not accept casual work. This is also referred to as 'open unemployment'.

ii) **Usual Principal and Subsidiary Status Unemployment (UPSS)**: Here person is considered unemployed, if besides UPS, those available but unable to find work on a subsidiary basis during a year.

iii) **Current Weekly Status Unemployment (CWS)**: this refers to the number of persons who did not find even an hour of work during the survey week.

iv) **Current Daily Status Unemployment (CDS)**: this refers to the number of persons who did not find work on a day, or on some days, during the survey week.

Rates of unemployment differ based on different concepts and these concepts have their own advantages and limitations and, therefore, they have different implications for analysis and policy formulation. The UPS and UPSS measure reflect only long term unemployment spells. The CWS measure captures shorter unemployment spells, but ignores unemployment for less than a week. The CDS measure is the most inclusive, capturing both open as well as partial unemployment. In Section 4.6 we will discuss the trends and magnitude of unemployment based the alternative measures given above.

4.4 CAUSES OF UNEMPLOYMENT

Now that we have studied the meaning and types of unemployment, we will look at the causes of unemployment. Some of the causes of unemployment, you are commonly aware, are over population and lack of work. Some of the important causes of unemployment are: the high rate of population growth and

the consequent increase in labour force; low rate of economic growth, lack of adequate employment opportunities in non-agricultural activities; generation of seasonal employment, or lack of full time employment in agriculture; low labour absorption capacities in manufacturing and tertiary activities; shifting from labour-intensive to capital- and skill-intensive production techniques; expansion in education system, and so on. .

Let us now briefly elaborate some of the above causes.

- Low and fluctuating levels of economic growth do not generate adequate employment opportunities, as needed. Besides, rates the sectoral composition of growth is also an important determinant of unemployment.
- Excessive dependence on agriculture and slow growth of non-farm activities limit employment generation.
- Use of capital-intensive methods and production practices not only dislodges currently employed persons, but also slows down the generation of new employment opportunities.
- Lack of a clear and well developed human resource policy or manpower policy, may lead to a mismatch between the need and availability of relevant skills and training, which results in unemployment, especially of youth and educated.
- Rapid growth in population, lack of employability due to poor health and nutrition also lead to unemployment.
- Lack of investment and infrastructure development are factors that do not generate adequate levels of employment in the economy, and consequently unemployment rises.
- Inadequate availability of unemployment insurance and public employment programmes also cause a rise in unemployment.

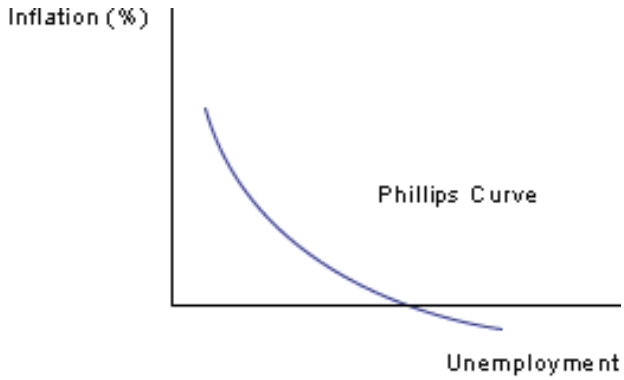
How these factors are operating to bring changes in the nature and magnitude of unemployment will be discussed in the following sections. It is important to mention here that one or more than one of the above factors may operate simultaneously to impact unemployment rates.

Unemployment and Inflation Relationship

In economic literature there are many different accounts of labour market theory. All labour market outcomes have been explained by theoretical arguments with the help of three main forces: the market forces of demand and supply; institutional forces in the form of government, union, and; sociological factors such as cultures, class, customs, and family background. With this framework, different schools of thought - the classical, the neoclassical, and the institutional schools - emerged in labour economics literature. They were based on relative importance and the working of these forces to bring about specific labour market outcomes.

The neoclassical school focused primarily on the operation of market forces in determining the wages and allocation of labour, and considered other institutional and social factors as given. On the contrary, the institutional school emphasized

the role of institutional forces, such as internal labour markets and unions, and sociological factors, such as class and discrimination, segmentation, and stratification in the labour market. The institutional school, thus, puts emphasis on the unique features of the labour market, and explains how these forces abate the role of market forces. So, given the different theories and school of thoughts in labour economics literature how would one explain the problem of unemployment?



Alternative theoretical explanations on the problem of unemployment have been put forward by different schools of economic thought. Keynesian economic thinking focuses on lack of effective demand for goods and services which cause unemployment in an economy, and argues that government policies, both monetary and fiscal, could be used to increase aggregate demand, thus, increasing economic activity and reducing unemployment and deflation. On the contrary, the Classical and Neoclassical Schools of thought have focused on labour market rigidities, such as minimum wage and other regulations as explanations for unemployment in an economy. But these explanations may not be adequate enough to explain the problem of unemployment given the heterogeneity of this problem in terms of nature, pattern, magnitude, causes of unemployment, and their impact.

However, in this context, it is desirable to understand an important theoretical exposition of the relationship between unemployment and inflation discovered by A.W. Phillips. He established an inverse relationship between unemployment and inflation, showing a downward sloped curve, popularly known as the Phillips curve (see the diagram). He explained the trade off between unemployment and inflation, and how any attempt by governments to reduce unemployment was likely to cause increased inflation.

4.5 DIMENSIONS OF UNEMPLOYMENT IN INDIA

After studying different types of unemployment, their nature and magnitude, , it is important to understand the various dimensions of unemployment in terms of location, gender, levels of education, age, and region.

4.5.1 Unemployment by Gender and Location

Table-1 presents the all India unemployment rates disaggregated by gender and by location (rural and urban). Two important features emerge from this table. First, the urban unemployment rates are higher than rural areas. Second, female unemployment rates are significantly higher, compared to their male counterparts. In terms of all four measures, the above two findings hold true.

Table 4.1: Unemployment Rate of Labour Force (in per cent) in terms of Gender and Residence Status: 1983/2004-05

Work Status	Year	Rural			Urban		
		Male	Female	Persons	Male	Female	Persons
1	2	3	4	5	6	7	8
UPS	1983	2.1	1.4	1.8	5.9	6.9	6.1
	1987–88	2.8	3.5	3.1	6.1	8.5	6.6
	1993–94	2.0	1.4	1.8	4.5	8.3	5.3
	1999–00	2.1	1.5	1.9	4.8	7.1	5.3
	2004–05	2.1	3.1	2.5	4.4	9.1	5.3
UPSS	1983	1.4	0.7	1.2	5.1	4.9	5.1
	1987–88	1.8	2.4	2.0	5.2	6.2	5.4
	1993–94	1.4	0.8	1.2	4.0	6.2	4.4
	1999–00	1.7	1.0	1.5	4.5	5.7	4.7
	2004–05	1.6	1.8	1.7	3.8	6.9	4.5
CWS	1983	3.7	4.3	3.9	6.7	7.5	6.8
	1987–88	4.2	4.4	4.3	6.6	9.2	7.1
	1993–94	3.0	3.0	3.0	5.2	8.4	5.8
	1999–00	3.9	3.7	3.8	5.6	7.3	5.9
	2004–05	3.8	4.2	3.9	5.2	9.0	6.0
CDS	1983	7.5	9.0	7.9	9.2	11.0	9.5
	1987–88	4.6	6.7	5.2	8.8	12.0	9.4
	1993–94	5.6	5.6	5.6	6.7	10.5	7.4
	1999–00	7.2	7.0	7.1	7.3	9.4	7.7
	2004–05	8.0	8.7	8.2	7.5	11.6	8.3

Source: *Computed from NSS reports on employment-unemployment for various rounds.*

There are significant differences between rural and urban unemployment situations. While urban unemployment may be due to slow growth of industrial employment and rapid expansion of education, rural unemployment is largely due to failure of agriculture. In rural areas, a large part of unemployment is agricultural unemployment, which may be categorized as seasonal unemployment and disguised unemployment. On the contrary, urban unemployment occurs due to faster urbanization caused by migration from rural areas to urban areas. Educated unemployment constitutes a large section of urban unemployment, as we will analyze in the next section.

4.5.2 Regional Pattern of Unemployment

Regional variations in the unemployment scenario in India are another important issue to be discussed. There are significant interstate variations in terms of availability of employment opportunities, depending on the state level economic growth, resource endowment, infrastructure facilities, flow of investment, and so on. Table-2 presents large differences in the unemployment rates among different states. In rural areas, for example, in terms of CDS definition, out of seventeen major states in seven states (i.e., Andhra Pradesh, Kerala, Maharashtra, Orissa, Punjab, Tamil Nadu, West Bengal), the unemployment rates are higher than the all India rate. Similarly, in urban areas, Assam, Bihar, Kerala, Maharashtra, Orissa, Tamil Nadu, and West Bengal witnessed a higher incidence of CDS unemployment compared to the national average. Interstate variations in unemployment rates lead to interstate labour migration in the Indian economy.

Table 4.2: State Level Unemployment Rates: 2004-05

States	Rural Persons				Urban Persons			
	UPS	UPSS	CWS	CDS	UPS	UPSS	CWS	CDS
1	2	3	4	5	6	7	8	9
Andhra Pradesh	1.3	0.7	3.8	10.9	4.0	3.6	5.2	7.9
Assam	3.6	2.6	4.1	6.5	8.2	7.2	8.1	9.0
Bihar	1.6	1.5	3.1	6.8	6.9	6.4	8.2	10.0
Gujarat	0.8	0.5	1.5	4.1	3.1	2.4	3.7	4.7
Haryana	3.3	2.2	4.3	6.2	4.8	4.0	5.5	6.9
Himachal Pradesh	4.7	1.8	4.0	5.7	4.0	3.8	4.5	4.9
Jammu & Kashmir	2.6	1.5	4.2	5.6	5.3	4.9	5.3	6.0
Karnataka	1.1	0.7	1.9	6.7	3.1	2.8	3.6	6.0
Kerala	15.8	10.7	15.6	25.6	19.9	15.6	18.0	25.2
Madhya Pradesh	0.7	0.5	2.7	5.6	3.1	2.8	4.4	6.4
Maharashtra	1.5	1.0	4.4	9.3	4.9	3.6	6.4	8.8
Orissa	6.4	5.0	7.4	10.2	14.2	13.4	13.8	15.0
Punjab	5.8	3.8	4.8	9.7	5.6	5.0	6.2	7.5
Rajasthan	1.5	0.7	3.1	4.4	3.4	2.9	4.1	6.1
Tamil Nadu	2.1	1.2	3.0	15.1	3.8	3.5	4.9	8.6
Uttar Pradesh	1.1	0.6	1.9	3.7	3.9	3.3	4.9	6.3
West Bengal	3.8	2.5	5.7	11.2	7.5	6.2	7.5	10.5
All India	**2.5**	**1.7**	**3.9**	**8.2**	**5.3**	**4.5**	**6.0**	**8.3**

Source: *NSS Report No. 515.*

4.5.3 Unemployment and Education

The level of education is an important correlate of unemployment. There is a general belief that levels of education and unemployment rates are inversely related. But, the figures presented in Table-3 convey completely contrasting views. Unemployment rates are higher for the educated workers. This is true for both male and female workers, as well as in rural and urban areas.

Table 4.3: CWS-Unemployment Rate of Labour Force for 15 Years and Above by Level of Education (in per cent)

Levels of education	Rural Male			Rural Female		
	1993-94	1999-00	2004-05	1993-94	1999-00	2004-05
1	2	3	4	5	6	7
Illiterate	1.8	3.0	2.7	2.2	2.7	2.5
Literate & up to primary	1.9	3.0	3.0	2.6	2.6	3.1
Middle	3.8	4.3	3.9	5.3	5.5	5.9
Secondary	6.5	6.5	5.3	14.5	12.1	11.5
Higher secondary	9.0	7.4	6.8	24.3	17.7	20.7
Diploma/certificate course	-	-	9.5	-	-	27.0
Graduate & above	12.2	9.5	8.3	32.0	31.8	29.8
Secondary & above	8.3	7.3	6.5	19.8	16.9	18.2
	Urban Male			Urban Female		
Illiterate	2.2	3.1	2.8	2.2	2.0	2.5
Literate & up to primary	3.5	4.1	3.7	4.8	3.6	4.0
Middle	6.4	6.4	6.2	14.3	10.2	9.9
Secondary	6.6	6.1	5.2	17.6	13.5	15.8
Higher secondary	9.1	8.6	5.7	21.6	18.5	18.5
Diploma/certificate course	-	-	9.8	-	-	18.5
Graduate & above	6.3	6.7	6.4	20.2	16.1	19.0
Secondary & above	7.0	6.9	6.2	19.6	15.8	17.9

Source: Computed from NSS reports on employment-unemployment for various rounds.

Illiterate or workers with low level of education do not have adequate employment options. Therefore, they cannot afford to wait for a better employment opportunity. On the contrary, educated and trained workers prefer to stay unemployed till they get suitable employment of their choice. Therefore, at higher levels of education, the rates of unemployment are also higher. Further, the possibilities of changing jobs are also higher for educated workers. The transition period between the current job and new job is also a spell of unemployment, which may be referred to as frictional unemployment. So what are the causes of the rise in educated unemployment? First, over the years, there has been significant expansion of the education sector. Therefore, the entry of educated workers into the labour force has increased, but the economy has failed to generate corresponding employment opportunities for these workers. In other words, there is a mismatch between the supply of and demand for educated workers. It may also be argued that the existing education system has failed to provide the right kind of skills and technical aptitudes. The skills and expertise of these educated workers do not match the requirements of various kinds of work and activities. For example, in the Indian educational system, most of the workers having ten years of schooling do not acquire any vocational training, and thus are not suitable for any skilled jobs.

4.5.4 Youth Unemployment

Youth unemployment is a very serious problem with many socio-economic ramifications. Unemployment among the youth is not only a social cost in terms of potential loss of skill and training, but also if it is prolonged, it will create unrest among the youth and may lead to family feuds, alcohol and drug abuse, and suicide.

Table 4.4: Rate of Unemployment Youth Labour Force b/w 15-29 Years (in per cent)

Location/ Age		1993-94			1999-00			2004-05		
		15-19	20-24	25-29	15-19	20-24	25-29	15-19	20-24	25-29
1	2	3	4	5	6	7	8	9	10	11
UPS	Rural	4.2	6.0	2.7	5.7	5.8	2.8	7.5	7.0	3.3
	Urban	14.1	16.5	7.8	15.4	15.4	8.2	14.5	15.2	7.6
UPSS	Rural	2.8	4.1	1.9	4.6	4.6	2.2	5.0	5.0	2.3
	Urban	12.0	14.5	6.6	13.8	13.9	7.5	11.7	12.9	6.4
CWS	Rural	5.5	6.8	4.1	9.1	7.9	5.1	8.8	8.4	4.8
	Urban	14.1	16.9	8.4	16.1	16.0	9.0	14.3	15.2	8.8
CDS	Rural	8.8	9.8	7.4	13.0	11.9	8.7	14.1	13.4	9.4
	Urban	16.6	19.2	10.4	19.0	18.5	10.7	18.0	18.1	11.2

Source: *Computed from NSS reports on employment-unemployment for various rounds.*

Table-4 presents unemployment rates for rural and urban workers at varying age-groups. For convenience, in this unit, we have defined 'youth' as persons aged 15 to 29 years. In terms of all the four measures of unemployment, the unemployment rates are highest for persons aged 20 to 24 years. The unemployment rates are higher for urban persons at varying age groups. The

unemployment rates have increased for persons of different age groups during 1993-94/2004-05. Thus, the incidence of youth unemployment has an increasing trend and it is more acute in urban areas. Special employment policies and programmes need to be formulated to address the problem of youth unemployment.

4.5.5 Unemployment and Poverty

Unemployment and poverty are two important problems of developing countries and are interrelated. Unemployment and poverty coexist, but are not always positively associated. But unemployment and underemployment are important causes of poverty and, therefore, the provisioning of gainful employment will be crucial for poverty reduction. Since, in the Indian statistical system, poverty is measured on the basis of Monthly Per Capita Expenditure (MPCE), let us now analyse the behaviour of unemployment rates at varying levels of MPCE in rural and urban India.

Table 4.5: Incidence of CDS unemployment by the level of household MPCE (in rupee): 2004-05

Rural		Urban	
MPCE Class (Rs.)	Unemployment Rate	MPCE Class (Rs.)	Unemployment Rate
1	2	3	4
0-235	11.86	0-335	12.70
235-270	11.11	335-395	10.84
270-320	10.03	395-485	10.43
320-365	8.76	485-580	9.01
365-410	9.09	580-675	9.19
410-455	9.23	675-790	9.97
455-510	7.89	790-930	7.84
510-580	7.92	930-1100	7.71
580-690	7.19	1100-1380	6.40
690-890	6.68	1380-1880	6.48
890-1155	6.11	1880-2450	6.43
1155 & above	6.65	2540 & above	4.08

Source: *Chandra, Sharma and Kumar, 2008*

As per the CDS basis of measurement, there is an inverse relationship between the levels of household MPCE and incidence of unemployment. Table-5 illustrates this feature, both in rural and urban areas. Thus, in terms of CDS measure, the incidence of unemployment rises sharply as the income level (as measured by MPCE) falls.

4.5.6 Underemployment and Working Poor

Let us now discuss the problem of underemployment and working poor. Underemployment problem may take different forms, such as partial lack of

work, low employment income, and underutilization of skills or low productivity. In other words, the underemployed are those persons who seek and are available for alternative work, either because the quantum of current work is not enough, or not remunerative enough. In this section, we will discuss two important features of underemployment, i.e. first, the incidence of working poor by type of employment and broad sector, and second, inadequate availability of work.

The working poor may be described as individuals and families who maintain regular employment but remain in relative poverty due to low levels of wages and earnings. Table-6 shows the proportion working poor by status of employment. Around one-fourth of the total workforce operates at income level, which is below the stipulated levels of MPCE used to define the poverty line in India. It is important to note that the incidence of working poor is highest among the casual workers. The incidence of working poor is also high for the self employed workers. The magnitude of working poor is more in urban areas compared to rural areas for all types of employment.

There are significant variations in the proportion of working poor in broad sectors. A larger proportion of primary sector (i.e., agriculture) workers are poor compared to workers in secondary and tertiary sectors. Again, in urban areas, the incidence of working poor is larger than that of rural areas in all three broad sectors.

Table 4.6: The Proportion of Working Poor (UPSS) in Indian Economy

Employment Status	Rural Persons			Urban Persons		
	1983	1993-94	2004-05	1983	1993-94	2004-05
1	2	3	4	5	6	7
Self-employed	27.76	20.20	16.41	31.52	27.81	24.17
Regular employees	16.87	11.64	9.58	16.03	13.14	11.65
Casual workers	49.44	38.58	31.52	55.63	50.81	45.31
All workers	34.72	26.42	20.83	29.66	25.98	22.21
Sector						
Primary	37.22	28.47	22.39	51.59	48.94	39.08
Secondary	31.05	23.58	20.76	30.33	29.19	26.28
Tertiary	21.08	16.55	12.61	24.49	20.97	17.39

Note: 1). Primary = Agriculture; 2). Secondary = Mining & Quarrying, Manufacturing, Utilities and Construction; 3).Tertiary = Trade, Hotel & Restaurants, Transport, Storage, Communication, etc., Finance, Insurance, Real Estate & Business Services; and, Community, Social and Personal Services.

Source: *Computed from NSS reports on employment-unemployment for various rounds.*

The National Commission for the Enterprises in the Unorganized Sector (NCEUS) has defined the underemployed as persons who worked for 0.5 to 3 days in a week and are unemployed for at least 0.5 days in the given week. Table-7 clearly shows that the rate of underemployment for all persons increased from 1.7 per cent 1999-00 to 2.3 per cent in 2004-05. There is an increasing trend in this rate both for male and female workers and in rural and urban areas as well. In this context, it is important to mention that the employment requirements are likely to be different for different categories of unemployed and underemployed.

Table 4.7: Percentages of CWS Workers with Work (0.5-3.0 days in any given week & reporting 0.5 or more days of unemployment)

	1993-94	1999-00	2004-05
1	**2**	**3**	**4**
Rural Males	1.89 (57.0)	2.07 (54.4)	2.69 (64.4)
Rural Females	1.73 (17.7)	1.76 (16.7)	2.44 (23.6)
Rural Persons	1.84 (34.1)	1.97 (33.2)	2.61 (42.0)
Urban Males	0.95 (55.0)	0.94 (53.4)	1.49 (75.3)
Urban Females	1.36 (18.1)	1.19 (16.2)	1.23 (18.4)
Urban Persons	1.03 (36.0)	0.99 (35.1)	1.44 (49.7)
All Males	1.64 (56.6)	1.75 (54.3)	2.34 (66.3)
All Females	1.67 (17.7)	1.67 (16.7)	2.23 (24.1)
All Persons	1.65 (34.2)	1.72 (33.4)	2.30 (43.0)

***Note*:** Figures in parentheses are percentages of CWS workers who worked for 0.5 to 3.0 days in any given week and reported 0.5 or more days of unemployment to CWS workers. *Source*: Krishnamurty and Ravendran (2008).

Till now, you have studied the causes, measurements, and dimensions of unemployment. Now, answer the questions given in Check Your Progress-2.

Check Your Progress 2

Note: a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the important causes of educated unemployment?

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2) What changes would you like to see to reduce educated unemployment?

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4.6 TRENDS IN UNEMPLOYMENT: DEVELOPED & DEVELOPING COUNTRIES

4.6.1 Unemployment Situation in Developed Countries

Customarily the unemployment experiences in developed countries are not similar to that of developing countries. As we discussed earlier, in developed countries unemployment arises largely due to lack of demand, economic slowdown, and recession. Table-8 gives unemployment rates for a few developed nations. Unemployment rates in developed nations are significantly lower than those of developing countries. It is worth noting that in many developed countries, unemployment insurance, and various kinds of social security measures are quite prevalent and universal. Therefore, in developed countries unemployment does not feature as a serious economic problem as it does in less developed and developing nations.

Table 4.8: Unemployment Rate of Labour Force (in per cent) in selected Developed Countries, 2005

Country	Unemployment rate
1	2
Australia	4.36
Japan	3.88
Korea	3.23
Russian Federation	6.10
Singapore	3.95
Spain	8.26
Sweden	6.07
Switzerland	3.64
United Kingdom	5.23
United States	4.62

Source: *ILO, Key Indicators of Labour Market, (KILM) 5th Edition, CD-ROM Version, ILO, 2007.*

4.6.2 Unemployment in India

It is important now, for you to know about the trends of unemployment in India. In India, the unemployment rates by the four alternative concepts (the usual principal status; the usual principal and subsidiary status; the current weekly status; and, the current daily status) have become available from various rounds of National Sample Survey Organization, since 1972-73.

Before we discuss the trends and the magnitude of unemployment, let us first investigate where India's workforce is employed; which sectors are the largest employers; which sectors offer the potential and scope for increased employment; what types of employment are available in the Indian economy; which sectors are growing, and so on.

If we analyse the structure of employment among three major sectors as depicted in Table-9, there has been a continuous and consistent decline in the primary sector, i.e., agriculture, and increase in the share of secondary and tertiary sector employment in total employment. However, employment diversification has been slow. During these 32 years (as given in Table-9) the share of agriculture has declined from nearly 74.0 per cent in 1972-73 to 56.5 per cent in 2004-05. On the contrary, the share of secondary sector employment has increased from 11.3 to 18.7 per cent during the same period. Similarly, the share of tertiary sector employment has also increased, at a faster rate, especially after 1987-88.

Table 4.9: Percentage Distribution of Workers by Broad Sectors: 1972-73 to 2004-05

	1972-73	1977-78	1983	1987-88	1993-94	1999-00	2004-05
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Primary Sector	73.86	70.98	68.14	64.87	63.98	60.48	56.53
Secondary Sector	11.33	12.51	13.74	17.04	14.99	16.29	18.7
Tertiary Sector	14.76	16.34	17.53	18.09	21.08	23.23	24.8
Non-Agriculture	26.14	29.02	31.86	35.13	36.02	39.52	43.47
Total	100	100	100	100	100	100	100

Note: Primary = agriculture; Secondary = mining & quarrying, manufacturing, utilities and construction; Tertiary = trade, hotel & restaurants, transport, storage, communication etc, finance, insurance, real estate & business services; and community, social and personal services. *Source:* Computed from NSS data on employment-unemployment, various years.

Another important facet of the structure of employment is that of the distribution of workers by their employment status. Even though, there has been a shift of employment from agriculture to non-agriculture, the share of regular wage employees has remained more or less stagnant. More than 50 per cent of the total workforce is self employed (Table-10). The unprecedented rise in self employment and a stagnant share of regular workers raise doubts on the nature and quality of employment available in the economy. In the absence of any direct employer as in the case of self employment, it is difficult to assess the wages and earnings of these workers. Further, it is also important to examine whether the shift towards self employment is out of choice or compulsion.

Self Employed, Regular Employees and Casual Worker

The National Sample Survey Organization (NSSO) characterizes employment as 'self-employed', or 'regular salaried jobs' or 'casual labour'. Persons who operate their own farm or non-farm enterprises, or are engaged independently in a profession/trade on their own, or in partnership are deemed to be self-employed. The essential feature of the self-employed is that they have autonomy (i.e., what, how, where, and when to produce) and economic independence (i.e., market, scale of operation, and money transactions) in carrying out their operations. Persons, who work in others' farms or non-farm enterprises and, in return, receive salary or wages on a regular basis (i.e., not on the basis of daily or periodic renewal of work contract) are defined as 'regular salaried workers'. Finally, a person who is casually engaged in others' farms or non-farm enterprises and, in return, receives wages according to the terms of the daily or periodic work contract, is classified as a 'casual labourer' (NSSO, 2001).

Table 4.10: Distribution of Workers (UPSS) by Employment Status: 1972-73 to 2004-05 (in per cent)

Year	Self Employed	Regular Employees	Casual Labour
1	2	3	4
1972-73	61.4	15.4	23.3
1977-78	58.9	13.9	27.2
1983	57.3	13.8	28.9
1987-88	56.0	14.4	29.6
1993-94	54.7	13.5	31.8
1999-00	52.6	14.7	32.7
2004-05	56.4	15.2	28.3

Source: *Computed from NSS data on employment-unemployment, various years.*

Let us now discuss the sectors which have shown the employment potential to meet the increasing demand for employment opportunities, in the context of a rising labour force, the increasing incidence of underemployment, and the working poor. It is evident from Table-11 that the overall employment witnessed a declining trend. The overall employment has declined from 2.48 per cent during 1972-73/1983 to 1.98 during 1993-94/2004-05. All three broad sectors have witnessed a slowdown in employment growth rates during the above mentioned period. Agriculture, the largest employer, has experienced a steep decline in growth rates. On the contrary, secondary and tertiary sectors have shown significant positive growth rates. But, overall employment growth is largely influenced by agriculture, since its share in total employment is the largest. The decline in job creation in agriculture may be identified as one of the important reasons behind the increasing unemployment in India, which we have discussed below.

Table 4.11: Growth of Employment (UPSS) in Broad Sectors: 1972-73/2004-05

Sector	1972-73/1983	1983/1993-94	1993-94/2004-05
1	2	3	4
Primary Sector	1.68	1.38	0.84
Secondary Sector	4.43	2.84	4.05
Tertiary Sector	4.21	3.81	3.49
All Non-Agricultural	4.48	3.20	3.74
Total	2.48	2.00	1.98

Note: 1) Primary = agriculture; 2) Secondary = mining & quarrying, manufacturing, utilities and construction; 3) Tertiary = trade, hotel & restaurants, transport, storage, communication etc, finance, insurance, real estate & business services; and community, social and personal services.
Source: Computed from NSS data on employment-unemployment, various years.

Table-12 presents incidence of unemployment in terms of four different measures. It clearly reveals that there is an increasing trend in unemployment rates, especially after 1993-94, but with significant variations. Open unemployment as measured

by UPS has increased from 2.60 in 1993-94 to 3.10 per cent in 2004-05, and, according to CWS, from 3.60 to 4.40 per cent during the same period. The CDS measure of unemployment is not only higher than that of UPS, but over the years, it has increased. The differential rates of unemployment clearly indicate that the problem of underemployment is more acute than that of open unemployment.

Table 4.12: Unemployment Rates of Labour Force (in per cent)

Year	UPS	UPSS	CWS	CDS
1	2	3	4	5
1972-73	3.80	1.61	4.32	8.35
1977-78	4.23	2.47	4.48	8.18
1983	2.77	1.90	4.51	8.28
1987-88	3.77	2.62	4.80	6.09
1993-94	2.60	1.90	3.60	6.00
1999-00	2.70	2.20	4.30	7.30
2004-05	3.10	2.30	4.40	8.20

Source: *Computed from NSS data on employment-unemployment, various years.*

Till now you have studied the trends of unemployment, as well as the meaning, types, and dimensions of unemployment. Now answer the questions given in Check Your Progress-3.

Check Your Progress 3

Note: a) Answer the following questions in about 50 words:

b) Check your answer with possible answers given at the end of the unit.

1) What are the alternative measures of unemployment?

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2) Briefly analyze the temporal changes in CDS unemployment rates after 1993-94.

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4.7 POLICIES AND PROGRAMMES TO REDUCE UNEMPLOYMENT IN INDIA

With this background, to solve the problem of unemployment and underemployment following measures are required to be considered seriously. First, there is an urgent need to rethink the pattern of investment and choices of technology. Second, the promotion of micro and small enterprises will be crucial for a labour surplus country like India. Third, there is a need to create small industrial clusters, new growth centres in small towns and villages, which can increase employment opportunities and provide flexibility to the economy. Fourth, reorientation of educational system in terms of its content and quality will also be an important remedy for unemployment problem. Needless to mention that public expenditure on education and skill development should be enhanced. Fifth, the scope and reach of public work programmes need to expand. A balanced blend of active measures (i.e., policies designed to improve the access of the unemployed to the labour market and jobs, job related skills and training to improve their employability) and passive measures (i.e., unemployment insurance and related social security benefits) need to be formulated. However, effective implementation and monitoring these policy changes will be of utmost importance to accomplish the desired outcomes.

Various government schemes have been undertaken in India to tackle the problem of unemployment. But these programmes have multiple objectives comprising the reduction of poverty, generation of employment, and the provisioning of crucial basic services. The employment programmes can broadly be categorized into two types: self employment, and wage employment programmes. Some of the important employment generation programmes are described next.

Integrated Rural Development Programme (October 1980): IRDP is a centrally sponsored scheme providing self employment to the rural poor through the acquisition of productive assets or appropriate skills. Assistance, under this programme, is provided in the form of subsidy and bank credit. The pattern of subsidy was 25 per cent for small farmers, 33 per cent for marginal and agricultural farmers and rural artisans, 50 per cent for scheduled castes, scheduled tribes, and physically handicapped persons.

Training of Rural Youth for Self-Employment (August 1979): is a centrally sponsored programme, supporting component of the IRDP. It aims at providing technical and entrepreneurial skills to rural unemployed youths in the age group, 18-35 years from families below the poverty line, to enable them to take up income generating schemes. It has been merged with SGSY since April 1999.

Employment Assurance Scheme (October 1993): initially it has been launched in selected blocks of drought prone, desert and hill areas, and later, extended to all rural blocks with effect from April 1997. The main objective of EAS is to provide about 100 days of assured casual manual employment during the lean agricultural season, at statutory minimum wages, to all persons above the age of 18 years and below 60 years who need and seek employment on economically productive and labour intensive social and community works.

Jawahar Rojgar Yojana (April 1989): This centrally sponsored scheme was started by merging the National and Rural Employment Programme (NREP)

and Rural Landless Employment Guarantee Programme (RLEGP). The main objective of the programme is the generation of additional gainful employment for unemployment and underemployed persons, both men and women, in rural areas through the creation of rural economic infrastructure, community and social assets with the aim of improving the quality of life of the rural poor.

Swarnajayanti Gram Swarozgar Yojana (April 1999) - this is an integrated self-employment programme to provide assistance to poor families living below the poverty line (BPL). It has focused on the group approach, identification of key activities with desired backward and forward linkages, and developing activity clusters.

Swarna Jayanti Shaheri Rozgar Yozna (December 1997): SJSRY is a unified centrally sponsored scheme, 75:25 between centre and states/UTs, and launched afresh in lieu of the erstwhile Urban Poverty Alleviation Programmes, viz., Nehru Rojgar Yojana (NRY), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) and Urban Basic Services for the Poor (UBSP). Later on, it added women's self help programmes, skill training for employment promotion among the urban poor and urban community development network.

Sampoorna Gramin Rozgar Yojna (September 2001) - it aims to provide gainful wage employment food security to the rural poor, as well as to develop rural infrastructure along the lines of people's aspirations. Under the scheme, 50 per cent is provided through food grains, and remaining 50 per cent by way of the cash component of wages and material costs.

Jawaharlal Nehru National Urban Renewal Mission (December 2005): the objectives of this mission are: (a) economically productive, efficient, equitable, and responsive cities; (b) improved economic and social infrastructure of cities; (c) ensuring basic services to the urban poor including security of tenure at affordable prices; (d) to initiate wide ranging urban sector reforms to eliminate legal, institutional, and financial constraints that have impeded investment in urban infrastructure and services and, (e) to strengthen municipal governments and their functioning in accordance with the provisions of the constitution (seventy-fourth) Amendment Act 1992.

Mahatma Gandhi National Rural Employment Guarantee Scheme (2005): Initially named NREGS now MGNREGS, aims at enhancing the livelihood security of people in rural areas by guaranteeing one hundred days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work.

In view of the fact that, more than 70 per cent of India's population resides in rural areas and a vast majority of them are poor, NREGS was initiated with the objective of boosting rural incomes, stabilizing agricultural production, and reducing population pressure on urban areas by arresting rural migration. Some of the important features of this programme are: i) each and every rural household shall have a right to get at least 100 days of guaranteed employment in a year for at least one adult member; ii) employment shall be provided within a radius of five kilometres of the applicant's residence; if employment is provided outside such a radius, then transport allowances and daily living allowance shall be paid, as per the programme rules; iii) employment will be given within 15 days of

application for work; if not, then daily unemployment allowance as per the Act, has to be paid and liability of payment of unemployment allowance is of the States. iv) wages may be paid in kind, or according to piece rate, or daily rate; v) the State Council will prepare a list of preferred and permissible productive work, based on the economic, social, and environmental benefits of these works, and their impact on social equity and assets creation; vi) if, in a worksite, more than 20 women workers are employed, a provision shall be made for one of them to be deputed to look after any children below the age of six years who may be brought to the worksite; and so on. A detailed description of the various features of NREGS and its implementation design, monitoring and evaluation may be found in The National Rural Employment Guarantee Act, 2005 (NREGA): Operational Guide, Ministry of Rural Development, Government of India, 2008. The coverage of NREGS has now been expanded from 200 backward districts to all the districts of the country.

Table 4.13: A Performance Report of NREGS

Items	2006–07	2008–09
Budgetary Provision	Rs. 118 billion	Rs. 313 billion
Expenditure	Rs. 69.47 billion	Rs. 111.40 billion
Households demanding employment	18.73 million	25.04 million
Household provided employment	18.34 million	24.75 million
Employment generated	729.37 million person days	934.54 million person days
Employment provided per household	40 days	37 days
Employment of women	41% of person days	46.36% of person days
Cost per day	Rs. 93.12	Rs. 119.20
Total works: completed + organizing	668296	2111286
xi. water conservation/harvesting	34%	27%
xii. rural roads/connectivity	22%	25%
xiii. irrigation facility to land owned by the disadvantaged groups	10%	9%
xiv. drought proofing (afforestation/tree plantation)	10%	7%
xv. land development	9%	10%
xvi. renovation of traditional water bodies	6%	11%
xvii. micro-irrigation works (minor canals)	3%	3%
xviii. flood control (drainage etc.)	2%	3%
xix. Others	4%	4%

Source: Computed from raw data available at http://nrega.nic.in/

In terms of a few performance indicators, Table-13 presents a comparative picture of the working of NREGS during 2006-07 and 2008-09. Table-13 also presents the type of work being undertaken under this scheme. It would be interesting to

analyze the state level performance and find the factors responsible for the success or failure of this programme. Transparent and efficient functioning of local institutions including *Panchyati Raj* and people's participation will be crucial for better implementation of NREGS.

In addition, there are large numbers of rural development programmes which also partly address the unemployment problem. Some of these programmes are: Small Farmers Development Agencies (SFDA), Marginal Farmers and Agricultural Labour Development Agencies (NWAL), Drought Prone Areas Programme (DPAP), Jawahar Gram Samridhi Yojana (JGSY), and National Social Assistance Programme (NSAP).

After reading the policies and programmes to reduce unemployment in India, *Check Your Progress 4.*

Check Your Progress 4

Note: a) Answer the following questions in your own words.

b) Check your answer with possible answers given at the end of the unit.

1) Describe the various measures taken to solve unemployment problem in India.

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2) Write a brief note on the features of NREGS.

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4.8 LET US SUM UP

Rising unemployment and underemployment are two crucial problems that many developing economies face. The problem of unemployment has serious socioeconomic implications. While at the individual level, unemployment leads to malnutrition, illness, mental stress, depression, and deterioration of human values, at the level of the economy it implies underutilization of existing human capital. A high incidence of unemployment adversely affects growth, not only via social unrest and political instability, but also through various other means.

This unit has analyzed the types, the trend, and various dimensions of the unemployment problem. Alternative methods of estimation of the magnitude

and pattern of unemployment have also been discussed. We further discussed the unemployment problem in relation to levels of education and the incidence of poverty. Estimation of underemployment and working poor has also been analyzed.

4.9 KEYWORDS

Unemployment : A condition of being unemployed, or without any employment.

An unemployed person : A person who, being an active member of the labour force and able to, and seeking work, but unable to find work during a specified reference period (a week, a month, or a year).

Unemployment rate : The proportion of unemployed persons in the labour force, i.e., Unemployment Rate = Unemployed Labour force (Employed + unemployed) X 100

Underemployment : A situation arising from partial lack of work, low employment income, and underutilization of skills, or low productivity.

Working poor : Those individuals or households, who maintain regular employment, but remain in relative poverty due to low levels of wages and earnings. Their earnings are lower than the income level, on the basis of which a person is categorized as below the poverty line.

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4.11 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by unemployment?

   Answer. It is defined as a condition of being unemployed or without any employment.

2) Define the types of unemployment and give examples for each of these types from your own experience?

   Answer. The following are three important types of unemployment:

   i) Structural unemployment : Unemployment arising due to changes in consumer demand and technology is called structural unemployment. For example, due to the arrival of computer technology, many persons lost their jobs.

   ii) Cyclical unemployment : When there is an economy-wide decline in aggregate demand for goods and services, employment declines and unemployment correspondingly increases. Unemployment arising due to business cycle fluctuation in the economy is called cyclical unemployment of demand deficient unemployment. For instance, during the recent global slowdown, in late 2008, many workers around the globe lost their jobs.

   iii) Frictional unemployment : The transition period between the current to a new job refers to frictional or temporary unemployment.

Check Your Progress 2

1) What are the important causes of educated unemployment?

   Answer. There is an expansion of education sector in India, leading to a large pool of educated persons seeking work and available for employment. But the Indian economy has failed to generate a corresponding level of

employment opportunities. Further, there is a mismatch between the types of skills imparted by the educational system and training requirement in the economy.

2) What changes would you like to see to reduce educated unemployment?

Answer. There is a need to reorient the Indian education system as per the requirement of the economy. The skills and training should be linked with specific job requirements, and vocational training should be given importance to encourage educated persons to undertake self-employment activities in agriculture, industry, and services sector.

Check Your Progress 3

1) What are the alternative measures of unemployment?

Answer. There are four different measure of unemployment; Usual Principal Status unemployment (UPS), Usual Principal and Subsidiary Status unemployment (UPSS), Current Weekly Status unemployment (CWS) and Current Daily Status unemployment (CDS).

2) Briefly analyze the temporal changes in CDS unemployment rates after 1993-94.

Answer. In terms of CDS, the unemployment rate has increased after 1993-94. Many policy changes initiated during the economic reform period since 1991 may be analyzed to explain this increase in unemployment rate during this period.

Check Your Progress 4

1) Describe the various measures taken to solve unemployment problem in India.

Answer. There are a number of employment generation programmes and anti-poverty programmes initiated by state and central government. (see the such programmes in 4.7 and consult for details Economic Survey, Ministry of Finance, Government of India).

2) Write a brief note on one feature of NREGS.

Answer. National Rural Employment Guarantee Scheme (NREGS), launched in 2006, is an important employment generation programme in which each and every rural household shall have a right to get at least 100 days of guaranteed employment in a year, at least for one adult member of the household.

MEDSE-046 Development: Issues and Perspectives (8 Credits)

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3

BASIC ISSUES IN DEVELOPMENT-II

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BLOCK 3 BASIC ISSUES IN DEVELOPMENT-II

Block 3 is "**Basic Issues in Development - II**". It has four units namely Development Dynamics: An Overview; Development Processes, Approaches and Strategies; Social and Cultural Dimensions of Development and Development Agencies.

Unit 1 on '**Social and Cultural Dimensions of Development**' deals with the emerging concepts of social and cultural development, social development theory, social development index, cultural obstacles to economic development, social aspiration in the determinants of development and summary of social development principles.

Unit 2 on '**Development and Disparities'** discusses the basic concepts of development as well as disparity. It describes important indicators of development, and also covers meaning and types of disparity in global and regional contexts.

Unit 3 on **Inclusive Development** deals with the genesis and relevance of inclusive development. It also explains the importance of inclusive development and factors that affect it, besides, the processes and approaches to inclusion.

Unit 4 on **Marginalization** explains how it creates development deprivation. It also delineates the nature and causes of marginalization.

UNIT 1 SOCIAL AND CULTURAL DIMENSIONS OF DEVELOPMENT

Structure

1.1 Introduction
1.2 Social Development: Emerging Concepts
1.3 Social Development Theory – A Perspective
1.4 Social Development Index
1.5 Social Processes of Development
1.6 Social Dynamics of Development
1.7 Culture and Cultural Dynamics
1.8 Cultural Obstacles to Development
1.9 Let Us Sum Up
1.10 References and Selected Readings
1.11 Check Your Progress - Possible Answers

1.1 INTRODUCTION

The aim of this unit is to provide a general introduction to the dimensions of social and cultural development. It is now well understood that historical, institutional, social, cultural, demographic, political, and ecological factors are all of great importance for the analysis of economic development. It is also well known that the concept of development is much broader than that of economic development alone. Development involves a wide range of changes in a variety of social indicators, such as health, education, technology, or life expectancy, which are directly, or, indirectly linked to economic changes, but, which need to be studied in their own right. Although, demographic and human factors play an important role in the primary production process, other social factors such as health, disease, mortality, life expectancy, and education are important as independent aspects of development.

The social and cultural dimensions of development are processes that result in the change of social structure in a manner that improves the capacity of a society to fulfil its aspirations. The aspirations range from a variety of issues including personal security, safety, happiness, nutritional satisfaction, education, and include health issues, hygiene, emotional, and intellectual satisfaction. It can also be summarized as the process of organizing human energies and activities at higher levels to achieve greater results. Development increases the opportunities for greater utilization of human potential, and society develops by consciousness. The process that is subconscious in the society emerges as conscious knowledge in pioneering individuals. Therefore, one can say that development is a process, and not a programme. While, not all social change constitutes development, the term is usually applied to changes that are beneficial to society, it may result in negative side-effects, or, consequences that undermine, or, eliminate existing ways of life that are considered positive. Therefore, the social and cultural dynamics of development are continuous processes of change which are

influenced by development quite substantially, and, they determine the direction of further and future development.

After studying this unit you should be able to:

- Establish relationship between society, change and development
- Explain the basic issues of social transformation
- Analyse various indicators of social and cultural change
- Identify the functional dimensions of society and development, and various problems of social change

1.2 SOCIAL DEVELOPMENT: EMERGING CONCEPTS

Social development is a cross-cutting approach to development that promotes policies and institutions in support of

- greater inclusiveness and equity in access to services, resources, and opportunities
- greater empowerment of poor and marginalized groups to participate in social, economic, and political life
- greater security to cope with the chronic or sudden risks, especially for the poor and marginalized groups and segments

Social development is the capacity of individuals and communities to take upon themselves the direction of their own development. The notion of human resource development becomes central in social development, as individuals collectively form a society. The old formulation that literacy leads to development is quite different from the new notion that literacy is embedded in social practice and has social meanings. Approaching the question of literacy from this perspective is not to consider education as an independent commodity, but to analyse carefully the literate competencies needed in a specific society, and to link education and literacy to the social practices people are involved in. Only by approaching literacy in this manner can adult literacy be seen as integral to the development process.

Social development can be summarized as the process of organizing human energies and activities at higher levels to achieve greater results. The development process increases the stances and opportunities for the utilization of human potential. In the absence of a valid theory in the sphere of social development, the concept of social development remains largely a process of trial and error experimentation. The dismal consequences of transition strategies in most Eastern Europe countries, the very halting progress of many African and Asian countries, the increasing income gap between the most and least developed societies, and the distressing linkage between rising incomes, environmental depletion, crime and violence, reflect the fact that humanity is vigorously pursuing a process without the full knowledge needed to guide and govern it effectively. Social development consists of two interrelated aspects – learning and application. Society discovers better ways to fulfil its aspirations, and it develops organizational mechanisms to express that knowledge to achieve its social and economic goals. The process of discovery expands human consciousness, and the process of application enhances social organization. Society develops in

response to the contact and interaction between human beings and their material, social and intellectual environment.

1.3 SOCIAL DEVELOPMENT THEORY – A PERSPECTIVE

Historically, society has developed by a trial and error process of physical experimentation, not unlike the way children learn through a constant process of physical exploration, testing and even tasting. Physically, this process leads to the acquisition of new physical skills that enable individuals to utilize their energies more efficiently and effectively. Socially, it leads to the learning and mastery of organizational skills, vital attitudes, systems and institutions that enable people to manage their interactions with other people and other societies more effectively. Mentally, it leads to the organization of facts as information and the interpretation of information as thought. The conceptual mind is the highest, most conscious human faculty. Conceptual knowledge is the organization of ideas by the power of the mind. That conceptual knowledge becomes most powerful when it is organized into a system. Theory is a systematic organization of knowledge.

A comprehensive theory of social development would provide a conceptual framework for discovering the underlying principles common to the development process in different fields of activity, countries, and periods. It would also provide a framework for understanding the relationships between the accumulated knowledge generated by many different disciplines. If pursued to its logical conclusions, it would lead to not just a theory of social development, but a unifying theory of knowledge—which does not yet exist in any field of science or art. Historically, advances in our understanding of material and biological process have far outstripped advances in our understanding of social processes. As a result, vast social potential has been created, but society has not yet acquired the capacity to fully utilize it for its own development. A theory of development should aim at a knowledge that will enable society more consciously and effectively to utilize its development potentials.

In most discussions, development has been conceived in terms of a set of desirable results—higher incomes, longer life expectancy, lower infant mortality, and more education. Recently, the emphasis has shifted from results to the enabling conditions, strategies and public policies for achieving those results—peace, democracy, social freedoms, equal access, laws, institutions, markets, infrastructure, education, and technology. But, still little attention has been placed on the underlying social process of development that determines how society formulates, adopts, initiates, and organizes, and few attempts have been made to formulate such a framework.

A very large number of factors and conditions influence the process. In addition to all the variables that influence material and biological processes, social processes involve the interaction of political, social, economic cultural, technological and environmental factors as well. The basic principles of development theory must be as applicable to the development of early tribal societies as they are to the emergence of the post modern global village. Development theory must be a theory of how human society advances through space and time.

However, social development theory remains elusive because the very nature of social learning is a subconscious seeking by the collective that leads ultimately to conscious knowledge. We experience first and understand later. Our mental comprehension perpetually lags behind physical experience and struggles to catch up with it. Our view is that the very intensive, concentrated global experience of the past five decades provides fertile soil for the formulation of a more synthetic conceptual framework for social development. Such a framework can vastly accelerate the transfer and replication of developmental achievements around the world and make possible more conscious and rapid progress even for the most advanced societies in the world.

These observations suggest a starting point for formulation of a comprehensive conceptual framework.

- Social development theory should focus on underlying processes rather than on surface activities and results, since development activities, policies, strategies, programs, and results will always be limited to a specific context and circumstance, whereas social development itself encompasses a potentially infinite field in space and time.
- The theory should recognize the inherent creativity of individuals and of societies in which they fashion instruments and direct their energies to achieve greater results. It should view development as a human creative process, rather than as the product of any combination of external factors, or, objective instruments that are created and utilized as the process unfolds, and whose results are limited to the capacity of the instruments. Society will discover its own creative potentials only when it seeks to know the human being as the real source of those potentials.
- The implication of this view is that even though it may be influenced, aided or opposed by external factors, society develops by its own motive power and in pursuit of its own goals. No external force and agency can develop a society.

1.4 SOCIAL DEVELOPMENT INDEX

The council for social development has enlisted certain indicators for social development, where a composite social development index has been made considering six major indicators of social development. These indicators are: demographic indicators, health indicators, basic amenities indicators, educational attainment indicators, economic deprivation indicators, and, social deprivation related indicators. The index has been constructed at two points of time, namely, 1991 and 2001and separately for each state. In the case of larger states with a population of more than 5 million the indexing exercise was done separately for rural and urban areas, whereas in the smaller states a combined area index was used.

In the Social Development Report 2008, besides the computation of the social development index (SDI) at the state level, the index was extended in two particular directions – capturing the disparity in development of different social groups, and, measuring gender disparity in social development. The SDI also captures social deprivation by developing separate SDIs for SCs, STs and others, on one hand, and for gender differences on the other. A brief description of the indicators and sources of the data used in the computation of the SDI are given below in tabular form.

Indicators	Sources
Demographic Indicators	
Contraceptive Prevalence Rate (CPR)	National Family Health Survey (NFHS) Report-III(2005-06) State-wise Fact Sheets
Total fertility Rate (TFR)	NFHS-III(2005-06) State-wise Fact Sheets
Infant Mortality Rate (IMR)	NFHS-III(2005-06) State-wise Fact Sheets and Sample Registration System (SRS; October 2006) for all smaller States.
Health Indicators	
Percentage of Institutional Delivery	NFHS-III(2005-06) State-wise Fact Sheets
Percentage of Undernourished Children	NFHS-III(2005-06) State-wise Fact Sheets
Basic Amenities Indicators	
Percentage of Households Living in Pucca House	NFHS-III(2005-06) State-wise Fact Sheets
Percentage of Households with Access to Safe Drinking Water	NFHS-III(2005-06) State-wise Fact Sheets
Percentage of Households with Toilet Facility	NFHS-III(2005-06) State-wise Fact Sheets
Percentage of Households with Electricity	NFHS-III(2005-06) State-wise Fact Sheets
Educational Attainment Indicators	
Literacy Rate	National Sample Survey (NSS) 61st Round, Report No.516. (2005-06)
Pupil-Teacher Ratio	7th All India Education Survey (2002)
School Attendance Rate	National Sample Survey (NSS) 61st Round, Report No.516. (2005-06)
Economic Deprivation Indicators	
Unemployment Rate	NSSO and National Sample Survey (NSS) 61st Round, Report No. 515
Gini Ratio for Per Capita Consumption Expenditure	Sachar Committee Report, 2006
Social Deprivation Related Indicators	
Ratio between Literacy of the Scheduled Caste Population and Average Literacy of the Population	NSS 61st Round, Report No.516, Sachar Committee Report 2006 and Office of Registrar General and Census Commissioner of India, 2006
Ratio between Literacy of the Scheduled Tribe Population and Average Literacy of the Population	NSS 61st Round, Report No.516, Sachar Committee Report 2006 and Office of Registrar General and Census Commissioner of India, 2006

Ratio between Monthly Per Capita Consumption Expenditure of Muslims to the Total Population	NSS 61st Round, Report No.516, Sachar Committee Report 2006 and Office of Registrar General and Census Commissioner of India, 2006
Ratio between Literacy of Female Population and Average Literacy of Total Population	NSS 61st Round, Report No.516, Sachar Committee Report 2006 and Office of Registrar General and Census Commissioner of India, 2006
Ratio between Female Unemployment Rates to Total Unemployment Rates	NSS 61st Round, Report No.516, Sachar Committee Report 2006 and Office of Registrar General and Census Commissioner of India, 2006
Child Sex Ratio	NSS 61st Round, Report No.516, Sachar Committee Report 2006 and Office of Registrar General and Census Commissioner of India, 2006

Source: http://www.csdindia.org/social-development-report/social-development-index

1.5 SOCIAL PROCESSES OF DEVELOPMENT

We have described social development as the release and channelling of social energies through more complex social organization to enhance productive capacity and achieve greater results. This process depends upon mechanisms to direct and channel the collective energies of the society into new and more productive forms of activity. We can identify four distinctly different levels, or, types of mechanisms that serve this function: social aspirations, government authority, socio-cultural structure, and social know-how, in the form of science, technology, and productive skills.

i) Social Aspiration

Economically, development occurs when productivity rises, enabling people to produce more, earn more, and consume more. To do so, they have to be motivated to learn new skills, adapt to new work processes, and, to adopt new technology, changes which, in past ages, have met with considerable resistance. The driving force behind the whole movement is psychological. At the deepest level, the energies of society are directed by the collective's subconscious aspirations. Society's self-conception of what it wants to become releases an aspiration of the collective for accomplishment. That aspiration exerts a powerful influence on the activities of the society. India's twin revolutions were spurred by a growing aspiration of Indian society for security, prosperity, and enjoyment. A similar aspiration spurs middle class Americans, today, to invest their savings in the stock market.

We have traced the evolution of social aspirations in India from pre-Independence to the present day. The earliest expression was an aspiration for political freedom and self-determination. After Independence this aspiration evolved into an urge for self-sufficiency, a willingness to try new things and take risks. More recently it has matured into a movement of rising expectations permeating all levels of Indian society.

ii) Role of Government authority

Like social aspirations, the authority of the government has the capacity to direct the flow of social energies through the instruments of law, public policies, administrative procedures, controls, incentives, and fear of punishment. Here, too, there is a graded hierarchy of stages through which government influences the development process. Monarchy is a highly centralized form of government organization with a significant capacity to restrict freedom and prevent unwanted activities, but with very limited power to promote social development because of its limited power to positively motivate and direct human initiative. Modern authoritarian states have augmented the power of government to compel and control by evolving complex organizational mechanisms to reach out into every field of social activity. Its members submit, by necessity, to the power of the state, but continuously seek ways around the strictures and demands it places upon them. As the 20th century experiments in Eastern Europe amply demonstrate, its power as an instrument for development is severely limited. Countries with authoritarian governments that have succeeded in releasing social initiative for economic development, such as China, Taiwan and South Korea, have done so by loosening social control over economic activities, while retaining it over political activities.

Modern forms of democracy greatly enhance the development capabilities of society. They are not only capable of enforcing a rule of law which, to a large extent, the population willingly accepts as being in its own interest. They also promote far greater development of individual aspirations, thought, capacity, skill, and initiative. The accountability of a democratically elected government necessitates that it continuously institute measures perceived as beneficial to the electorate. Working through decentralized self governing structures, it empowers more and more centres of activity in society, leading to greater creativity and innovation. The basic human rights it endorses elevate aspirations and release human energies for higher accomplishment.

The impact of democracy on development was illustrated by the Nobel laureate economist, Amartya Sen (1999), when he observed that no democratic country with a free press and independent judiciary has suffered a famine in this century. India's Green Revolution is a powerful testament to the power of governmental authority, though, in this, and every other instance, government's role cannot substitute for social readiness and social initiative, it can only aid in preparing that readiness, releasing that initiative, and organizing the new activities.

iii) Socio-cultural authority

Government exercises authority over its citizens through law, administration, and enforcement. Society exercises a far more persuasive authority over its members through its ideas, attitudes, customs, and values. Different societies may develop at very different rates and in different directions under very similar forms of government, due to differences in social and cultural authority. Modern societies are far more free and tolerant than those of previous centuries, yet, they continue to exert a very powerful force on their members; only, the character of that force has changed. From being predominantly negative in the form of prohibitions and strictures, now the

force of social authority acts far more as a spur to initiative, than a bar. The pressure felt by middle and working class families to 'keep up with the Joneses' has become pervasive throughout the world. The bold initiative of a poor farmer in rural India to dig a bore well and become prosperous could act as stimulus for the rapid development of ten surrounding villages because the competitive pressure of social authority would compel his neighbours to keep up with his level of accomplishment.

The spread of education tends to enhance this tendency. Apart from the practical knowledge and skills it imparts, modern education also instils a greater sense of individual self respect and social rights that impel an individual to seek and maintain his, or, her status in society. Here, we include the complete range of capacities that determine the ability of the people to physically direct their energies to achieve productive results. The most important of these are scientific knowledge, technology, and productive skills. These may appear very different in nature and action from social aspirations, government, and social authority, but the character of their influence on development is quite similar. They provide the direction for the efficient organization of mental, social, and material energies. Each of them carries with it an inherent authority, and, imposes a certain discipline on the expression of social energies. This authority usually takes the form of an impersonal authority of standards, rules, and systems, such as the rules for maintaining an orderly flow of air traffic.

Adopting a higher level of technology, whether it involves the cultivation of hybrid wheat, space travel, or electronic commerce requires adherence to more stringent procedures and greater organization, without which, it does not work. The Internet is a recent example of a technology that promotes freer and easier commercial and personal transactions, but accomplishes it by imposing rigorous standards of discipline on users in the form of a common computer language for communication.

Up till now, you have read about the social development index, social development theory, and the determinants of development. Now, answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Describe the role of the individual in the process of value creation.

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2) Describe the role of a democratic government as a determinant of development.

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3) Explain, in brief, the conceptual framework of social development theory.

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1.6 SOCIAL DYNAMICS OF DEVELOPMENT

After reading the meaning and indicators of social development, let us now discuss various social dynamics of development. The various social dynamics of development are as follows:

- We define social development, in its broadest social terms, as an upward directional movement of society from lesser to greater levels of energy, efficiency, quality, productivity, complexity, comprehension, creativity, choice, mastery, enjoyment, and accomplishment. The development of individuals and societies results in increasing freedom of choice, and an increasing capacity to fulfil its choices by its own capacity and initiative.

- Growth and development usually go together, but they are different phenomena subject to different laws. Growth involves a horizontal or quantitative expansion and multiplication of existing types and forms of activities. Development involves a vertical or qualitative enhancement of the level of organization.

- Social development is driven by the subconscious aspirations and will of society for advancement. The social will seeks progressive fulfilment of a prioritized hierarchy of needs – security of borders, law and order, self sufficiency in food and shelter, organization for peace and prosperity, expression of excess energy in entertainment, leisure and enjoyment, knowledge, and artistic creativity.

- The development of society occurs only in fields where that collective will is sufficiently strong and seeking expression. Development strategies are most effective when they focus on identifying areas where the social will is mature, and when they provide better means for the awakened social energy to express itself. Only those initiatives that are in concordance with this subconscious urge will gain momentum and multiply. The development of the collective is subconscious. It starts with physical experience which

eventually leads to conscious comprehension of the process. Conscious development that is based on conceptual knowledge of the social process accelerates development, and minimizes errors and imbalances.

- Society is the field of organized relationships and interactions between individuals. Only a small portion of human activity is organized for utilization by society, so only a small portion of development potential (of technology, knowledge, information, skills, systems) is tapped.

- Every society possesses a huge reservoir of potential human energy that is absorbed and held static in its organized foundations—its cultural values, physical security, social beliefs, and political structures. At times of transition, crises, and opportunities, those energies are released and expressed in action. Policies, strategies, and programs that tap this latent energy and channel it into constructive activities can stir an entire nation to action and rapid advancement.

- The act is the basic unit of social organization. The evolution of more complex and productive activities woven together by people to form systems, organizations, institutions, and cultural values constitute the fabric or web of social organization.

- The essential nature of the development process is the progressive development of social organizations and institutions that harness and direct the society's energies for higher levels of accomplishment. Society develops by organizing all the knowledge, human energies, and material resources at its disposal to fulfil its aspirations.

- The process of forming organizations takes place simultaneously at several levels: the organization of peace and physical security in society; the organization of physical activities and infrastructure; the organization of productive processes through the application of skills and technology in agriculture, industry and services; the organization of social processes we call systems, laws, institutions and administrative agencies; the organization of data as useful information; the organization of knowledge through education and science; and, the organization of higher social and cultural values that channel human energy into higher forms of expression. Each of these levels of organization admits of unlimited development. Each of these levels of organization depends upon, and, interacts with the others. Elevating the organization at any of these levels increases the utilization of resources and opportunities and accelerates development.

- Development requires an enormous investment of energy to break existing patterns of social behaviour and form new ones. Development takes place when surplus social energies accumulate beyond the level required for functioning at the present level. The social energy may be released in response to the opening up of a new opportunity, or, confrontation by a severe challenge. Where different cultures meet and blend, explosive energies for social evolution are released. The expression of surplus energy through existing forms of activity may result in growth — a quantitative expansion of society at the existing level of organization. Channelling the surplus energy into more complex and effective forms of organized activity leads to development — a qualitative enhancement in the capabilities of the society. The fresh initiatives that lead to this qualitative enhancement usually occur

first in the unorganized activities of society that are not constrained and encumbered by the inertia of the status quo.

- The rate and extent of development is determined by prevalent social attitudes which control the flow of social energies. Where attitudes are not conducive, development strategies will not yield results. In this case the emphasis should be placed on strategies to bring about a change in social attitudes — such as public education, demonstration, and encouragement of successful pioneers.

- Development proceeds rapidly in those areas where the society becomes aware of opportunities and challenges and has the will to respond to them. Increasing awareness accelerates the process.

- Social progress is stimulated by pioneering individuals who first become conscious of new opportunities and initiate new behaviours and activities to take advantage of them. Pioneers are the lever, or, spearhead for collective advancement. Pioneers give conscious expression to the subconscious urges and readiness of the collective. Development occurs when pioneering individual initiatives are imitated by others, multiplied and actively supported by the society. Society, then, actively organizes the new activity by establishing supportive laws, systems and institutions. At the next stage, it integrates the new activity with other fields of activity and assimilates it into its educational system. The activity has become fully assimilated as part of the culture when it is passed on to the next generation as values through the family.

- Development is a process, not a program. Development is an activity of a society as a whole. It can be stimulated, directed, or assisted by government policies, laws, and special programs, but it cannot be compelled, or, carried out by administrative or, external agencies on behalf of the population. Development strategy should aim to release people's initiative, not to substitute for it.

- All resources are the creation of the human mind. Something becomes a resource when human beings recognize a productive or, a more productive use for it. Since there are no inherent limits to human inventiveness and resourcefulness, the potential productivity of any resource is unlimited. Human beings are the ultimate resource and the ultimate determinant of the development process. It is a process of people becoming more aware of their own creative potentials and taking initiatives to realize those potentials. Human awareness, aspiration, and attitudes determine society's response to circumstances. Development occurs only at the points where humanity recognizes its power to determine results.

- The development of social organizations takes place within a larger evolutionary context in which the consciousness of humanity is evolving along a continuum from physical to vital to mental. This evolution is expressed as a progressive shift in emphasis from material resources to technological and information resources; from the social importance of land to the importance of money and knowledge; from the hereditary rights of the elite to fundamental rights for all human beings; from reliance on physical forms of authority to laws and shared values. As society advances along this continuum, development becomes more conscious and more rapid.

1.7 CULTURE AND CULTURAL DYNAMICS

Culture is a bond that ties the people of a region or community together. It is that one common bond which brings the people of a community together. The customs and traditions that the people of a community follow, the festivals they celebrate, the kind of clothing they wear, the food they eat, and most importantly, the cultural values they adhere to, bind them together. Culture is seen as a system of social control, wherein people shape their standards and behaviour behaviour. The cultural values form the founding principles of one's life. They influence one's principles and philosophies of life. They influence one's way of living and, thus, impact social life. The importance of culture lies in the fact that it is a link between people and their value systems.

Culture refers to the pattern of human activity and the symbols which give significance to this activity. Culture is represented through the art, literature, costumes, customs, and traditions of a community. Different cultures exist in different parts of the world. The natural environment greatly affects the lifestyle of the people of that region, thus, shaping their culture. The diversity in the cultures around the world is also a result of the mindsets of people inhabiting different regions of the world. The cultural values of a community give it an identity of its own. A community gains a character and a personality of its own, because of the culture of its people. Culture is shared by the members of a community. It is learned and passed from the older generations to the newer ones. For an effective transfer of culture from one generation to another, it has to be translated into symbols. Language, art and religion serve as the symbolic means of transfer of cultural values between generations. In this sense, culture primarily refers to characteristic mental maps and values shared by members of a group or society. It excludes the material objects and artefacts that are produced by members of a culture. On the other hand, it also excludes institutions which structure human behaviour. There is a tendency to think of cultures as homogenous patterns.

It should also be kept in mind that there are contradictions and conflicts within every culture. There are cultural universals, which apply to all members of a social community, and cultural alternatives, which do not. There are cultural specialties, elements that are specific to certain subgroups in a community. In every society, there are a variety of groups with their own subcultures. Some of these are dominant insider groups, others are outsiders. Elements of cultural pattern may even be in conflict with each other. Cultures, as well as countries, are formed by the emergence of value systems (social stages) in response to life conditions. Such complex adaptive intelligences form the clue that bonds a group together, defines who they are as a people, and reflects the place on the planet they inhabit. These cultural waves, much like the Russian dolls (a doll embedded within a doll, which is again embedded within a doll) have formed, over time, into unique mixtures and blends of instructional and survival codes, myths of origin, artistic forms, life styles, and senses of community. While they are all legitimate expressions of the human experience, they are not equal in their capacities to deal with complex problems in society. Cultures should not be seen as rigid types, having permanent traits. Instead, they are core adaptive intelligences that ebb and flow, progress and regress, with the capacity to lay on new levels of complexity, or, value systems, when conditions warrant. Much like an onion,

they form layers on layers on layers. There is no final state, no ultimate destination, and no utopian paradise. Each stage is but a prelude to the next, then the next, then the next.

1.8 CULTURAL OBSTACLES TO DEVELOPMENT

The debate about cultural obstacles to development is done after a universal assumption that people across the world agree on the content and goals of development. It is well accepted that development is inevitably a highly value-laden concept, but that one can indeed identify the contours of a development concept, including increased welfare, productivity, health, education, and, an extension of political and social freedoms. If one looks at the dynamics of socioeconomic development from a macro perspective, the differences in dynamics in different parts of the world would be obvious. Some of the selected examples of the possible impacts of culture on development follow.

i) The caste system

In traditional Hindu societies in India, the caste system acts as an obstacle to the most efficient use of human capabilities and talents in the economic process. The caste system defines a religiously legitimized hierarchy of social estates, which are restricted in their interactions with each other. The groups also differ in political influence, landholding, and so forth. In the caste system, physical labour is typically a low caste activity, with correspondingly low status. Though caste has now been rejected as an organizing system in modern India, it still is deeply embedded in social life. According to Lal (1988), the caste system itself is the prime cause of slow economic growth in post independence India. In his view, the slow rate of growth between 1950 and 1990 is primarily due to inappropriate policies.

ii) The low status of physical work and efforts

In many cultures there are negative attitudes towards physical labour and effort. In African societies, the heaviest physical work in food production is usually left to the women, while men engage in activities that are associated with higher status. Another example of differences in work ethic is provided by Malaysia. The indigenous Malay population tends to look down on physical labour as something suitable for Chinese coolie labourers who were imported in the nineteenth century to work in mines and plantations.

iii) Gender discrimination

Inequality between the sexes and discrimination against women is embedded, in different degrees, in most world religions and cultures. Like the caste system, occupational discrimination by sex is a potential obstacle to the optimal use and allocation of human talents. In a great many societies, women have less access to paid jobs, health services, and, in particular, education. In some of the most orthodox Islamic societies, women are prohibited from engaging in education and paid work outside the house.

iv) The mysterious role of ethnic minorities in economic development

The economic role of the ethnic minorities is a dilemma and a puzzle of development. The Chinese have been extremely successful as entrepreneurs

all across East and Southeast Asia where they are minorities, likewise, the Palestinians in the Arab world, and Indians and Pakistanis, who dominate business activities in East Africa. In Europe, Jews have played a prominent role in finance, business, culture, and in intellectual pursuits. The interesting thing about these successful minorities is that they often originated from rather traditional cultures, and from societies that had long been economically stagnant. In spite of their economic success, or, perhaps because of it, these groups have usually been discriminated against.

v) Traditional versus modern cultures

Modernization theorists posited a dichotomy between traditional and modern societies. The economic core of modernization is industrialization, which requires a measure of congruence between economic development and the social and cultural environment. The dichotomy between modern and traditional societies involves changes in a number of cultural and institutional dimensions. Some of the most frequently mentioned dichotomies are given below.

a) Modernisation theory: dichotomies between modern and traditional societies

- *Achievement versus ascription*. In modern societies, social positions are assigned to individuals on the basis of achievement - meritocratic criteria. In traditional societies, social positions are assigned on the basis of birth, social origin, and other ascription, or arrangement into classes or categories.

- *Mobility versus hierarchy*. Modern societies are characterized by increased upward and downward social mobility in comparison with traditional static hierarchical societies.

- *Rational versus traditional behaviour behaviour*. Modern societies are characterized by rational thinking about ends and means. In pre-modern societies traditionally defined patterns of behaviour behaviour predominate.

- *Future orientation versus fatalism*. In modern societies, people believe that their actions influence their future. They are willing to make long term investments in a better future for themselves and their children. Traditional societies are characterized by fatalism and a short term horizon.

- *Nuclear families versus extended families.* It is argued that extended families and kinship relationships act as a break on economic development, because of the strong pressure towards redistribution amongst the extended family impedes capital accumulation. Modernization involves the breakdown of extended families and the emergence of nuclear families.

- *Increased role for civil society.* Modernisation implies an increased role for unions, parties, political pressure groups, and other associations of civil society.

- *Single- stranded versus multi-stranded social relationships*. Many transactions in modern markets and modern bureaucracies are

anonymous and specialized (single-stranded). In traditional societies, relationships are more personal and involve many dimensions. There are a variety of economic and financial exchanges, relationships of kin and tribe, friendship, relationships of authority and dependence in traditional societies.

- *Individual orientation versus collectivist, or, communal orientation*. In traditional societies, social obligations are more important than in modern societies, where people feel free to pursue their individual interests.

b) Reaction to Western penetration and cultural disruption

Reactions to Western cultural dominance and to modernization and economic change in general have taken a variety of forms, including traditional opposition movements; modern nationalist movements; Marxist and social movements. Some of the changes that have affected traditional communities' world over are given below.

- The accelerated rate of change implicit in the development process.
- Demographic growth, urbanization, education, and marginalization of traditional economic activities.
- The break up of traditional units of community, such as village and extended family.
- The overwhelming impact of Western culture, which is frequently transferred only in the rudimentary form of consumption oriented-behaviour behaviour and technology.
- The impact of mass communications, especially through radio and television.
- Homogenizing efforts at building national identity through mass media, political organizations and the school system, which conflict with geographic, tribal and kinship lines of affiliation.
- Inadequate adaptation of education and training to the opportunities of employment and the needs of self employment.
- Rapid loss of authentic traditional cultural legacies, which are primarily orally transmitted, due to increased mobility and perceived lack of short term relevance for the young.

vi) The role of the individual and the process of value creation

Society has no direct means to give conscious expression to its subconscious collective aspirations and urges. That essential role is played by pioneering conscious individuals–visionary intellectuals, political leaders, entrepreneurs, artists and spiritual seekers who are inspired to express and achieve what the collective subconsciously aspires to, and is prepared for. Where the aspirations and actions of leaders do not reflect the will of the collective, it is ignored or rejected. Where it gives expression to a deeply felt collective urge, it is endorsed, imitated, supported, and systematically propagated. This is most evident in times of war, social revolution, or communal conflict.

India's early freedom fighters consciously advocated the goal of freedom from British rule long before that goal had become a conscious aspiration of the masses. The leaders spent decades urging a reluctant population to conceive of itself as a free nation, and to aspire to achieve that dream. When, finally, the collective endorsed this conception, no foreign nation had the power to impose its will on the Indian people.

During the World Academy of Art & Science's meeting on development theory in Washington DC in May 1999, there was a broad consensus of participants that the formation of values was a critical aspect of the development process. Here, we propose to re-examine the process of development as a process of value formation. If gross physical actions are the most visible and tangible form of human initiative, the creation of values is the most subtle and intangible. Yet human existence is powerfully determined by the nature of its values. Physical skills, vital attitudes, mental opinions, and values represent a gradation of internal organizing principles that direct human energies, and determine the course of individual and social development.

All human creative processes release and harness human energy and convert it into results. The process of skill formation involves acquiring mastery over our physical-nervous energies so that we can direct our physical movements in a precisely controlled manner. In the absence of skill, physical movements are clumsy, inefficient, and unproductive, like the stumbling efforts of a child learning to walk. Human beings acquire social behaviour behaviours in a similar manner. Here, apart from the physical skills required for communication and interaction with other people, vital attitudes are centrally important. Each, social behaviour expresses not just a movement, but an attitude and intention of the person. Acquiring social behaviours requires gaining control over our psychological energies and channelling them into acceptable forms of behaviour. The developmental achievements of modern society are founded upon such intangible social attitudes as confidence in the government, trust in other people, tolerance, and cooperation. Without such attitudes, our money would become valueless paper and our institutions would cease to function.

The same process takes place at the mental level. The mind's energy naturally flows as thought in many different directions without any structure to contain, or, organize it. The acquisition of knowledge involves construction of a mental structure of understanding that is analogous to the structure of skills and attitudes that govern the expression of our physical and vital energy. It forms an organizational framework for learning, and application of what is learned. Human values are formed by a similar process and act in a similar manner. Although the word is commonly used with reference to ethical and cultural principles, values are of many types. They may be physical (cleanliness, punctuality), organizational (communication, coordination), psychological (courage, generosity), mental (objectivity, sincerity), or spiritual (harmony, love, self-giving). Values are central organizing principles or ideas that govern and determine human behaviour.

Unlike the skill or attitude that may be specific to a particular physical activity, or, social context, values tend to be more universal in their application. They are expressed in everything we do. Values can be described as the essence of the knowledge gained by humanity from past experiences, distilled from its local circumstances and specific contexts to extract the fundamental wisdom of life derived from these experiences. Values give direction to our thought processes,

sentiments, emotional energies, preferences, and actions. Centuries of experience have been distilled by society into essential principles. Values such as hard work, responsibility, integrity in human relations, tolerance, and respect for others, are not just noble ideas or ideals. They are pragmatic principles for accomplishment which society has learned and transmitted to successive generations as a psychological foundation for its further advancement. The values of a society are a crucial aspect of its people's self-conception of who they want to become.

Because values are intangible to our senses, and their formation is the result of a very long process, we tend to overlook their central role in development. Social values constitute the cultural infrastructure on which all further social development is based. In this sense, values are the ultimate product of past development and the ultimate determinant of its future course.

By now you are familiar with the emerging concepts of culture and development. Now, answer the questions in Check Your Progress 2.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Explain, in brief, the emergence of culture.

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2) How is gender discrimination a cultural obstacle to economic development?

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1.9 LET US SUM UP

There are enormous issues linked with the social and cultural dynamics of development, and in this section we have discussed the concepts, dynamics, meanings, and broad issues involved in social development. We have seen that the social and cultural dynamics of development are a continuous process of changes which are substantially influenced by development, and that the process also determines the direction of further and future development. We have covered the emerging concepts of social and cultural development, social development theory, social development index, cultural obstacles to economic development, and determinants of development: social aspiration, and, lastly, a summary of social development principles.

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1.11 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) Describe the role of individual in the process of value creation.

   Answer: That essential role is played by pioneering, conscious individuals – visionary intellectuals, political leaders, entrepreneurs, artists, and spiritual seekers who are inspired to express and achieve what the collective subconsciously aspires to, and is prepared for. Where the aspirations and actions of leaders do not reflect the will of the collective, it is ignored or rejected. Where it gives expression to a deeply felt collective urge, it is endorsed, imitated, supported, and systematically propagated. This is most evident at times of war, social revolution, or communal conflict.

2) Describe the role of a democratic government as a determinant of development.

   Answer: Modern forms of democracy greatly enhance the development capabilities of society. They are not only capable of enforcing a rule of law, which, to a large extent, the population willingly accepts as in its own interest, they also promote far greater development of individual aspirations, thought,

capacity, skill, and initiative. The accountability of a democratically elected government necessitates that it continuously institute measures perceived as beneficial to the electorate. Working through decentralized self governing structures, it empowers more and more centres of activity in the society, leading to greater creativity and innovation. The basic human rights it endorses elevates aspirations and releases human energies for higher accomplishment.

3) Explain, in brief, the conceptual framework of social development theory.

Answer: The following observations suggest a starting point for the formulation of a comprehensive conceptual framework.

- Social development theory should focus on underlying processes rather than on surface activities and results, since development activities, policies, strategies, programs, and results will always be limited to a specific context and circumstance, whereas social development itself encompasses a potentially infinite field in space and time.
- The theory should recognize the inherent creativity of individuals and of societies, by which they fashion instruments and direct their energies to achieve greater results.
- The implication of this view is that even though it may be influenced, aided, or opposed by external factors, society develops by its own motive power, and in pursuit of its own goals. No external force and agency can develop a society.

Check Your Progress 2

1) Explain, in brief, the emergence of culture.

Answer: Cultures, as well as countries, are formed by the emergence of value systems (social stages) in response to life conditions. Such complex adaptive intelligences form the glue that bonds a group together, defines who they are as a people, and reflects the place on the planet they inhabit. These cultural waves, much like the Russian dolls (a doll embedded within a doll, which is again embedded within a doll) have formed, over time, into unique mixtures and blends of instructional and survival codes, myths of origin, artistic forms, life styles, and senses of community.

2) How is gender discrimination a cultural obstacle to economic development?

Answer: Inequality between the sexes and discrimination against women is embedded, to different degrees, in most world religions and cultures. Like the caste system, occupational discrimination by sex is a potential obstacle to the optimal use and allocation of human talents. In a great many societies, women have less access to paid jobs, health services, and in particular education. In some of the most orthodox religious societies, women are prohibited from engaging in education and paid work outside the house.

UNIT 2 DEVELOPMENT AND DISPARITIES

Structure

2.1 Introduction
2.2 Development and its Indicators
2.3 The Meaning of Disparity
2.4 Types of Disparities
2.5 Causes of Disparity
2.6 Measures to Overcome Disparity
2.7 Programmes for Overcoming Disparities in India
2.8 Let Us Sum Up
2.9 References and Selected Readings
2.10 Check Your Progress – Possible Answers

2.1 INTRODUCTION

This unit discusses the basic concepts of development, as well as disparity. Despite development, disparity remains a grave concern. For example, in the community where you live, you will find that some households have high quality material possessions such as cars, refrigerators, microwaves, and furniture, while many others might not have even sufficient accommodation for living. This is an example of economic disparity. Besides covering a few important indicators of development, this unit also covers, in detail, the meaning of the term disparity, and the types of disparity. It examines the types of disparity in the global and the regional context, and also examines disparity in the interstate and the intrastate contexts. It also discusses the rural-urban disparity. In addition, it discusses the contexts, social, as well as economic, in which disparities take place. Finally, the unit discusses the causes of disparity, and the measures to overcome disparity.

After going through this unit, you should be able to:

- explain the indicators of development;
- describe types of disparities, and their meaning; and
- discuss the causes of disparities, and the measures to overcome them.

2.2 DEVELOPMENT AND ITS INDICATORS

The concept of development and its indicators**,** as a reminder to you, the meaning of development has been already covered in Unit: 1, Block 1 of Course 1. Here, in this section, we discuss some important indicators of development, specifically.

Development has no precise definition**.** There are, however, a few identified indicators: economic, social, psychological, cultural, and political, on the basis of which development is said to have taken place. Among the economic indicators of development are: income, expenditure, growth – industrial as well as agricultural. Some indicators of social development are literacy, health. Among

the psychological indicators are, the feeling of wellbeing (satisfaction), change in attitude. The cultural indicators include modern and traditional cultures which tend to influence other cultures. Lastly, the political indicators also play an important role in defining development because political situations within a country may influence the policies of other countries.

Let us begin with the economic indicators. It is said that development of a country, state or a region has taken place if the per capita income or per capita expenditure has increased. This means that people have more income, as a result of which, their purchasing power has gone up, and their expenditure patterns have gone up. This is an indicator that development has taken place. If the annual growth rate in the industrial sector, or in the agricultural sector has increased, or even if the overall growth rate has increased, then, again, it can be said that the country has moved from one stage of development to the other.

The social indicators of development include, among others, literacy and health. If the percentage of literates in a country has increased from, say, 65 per cent to 90 per cent, it can be said that the country has developed. Similarly, if the per capita expenditure on health has increased, or the infant mortality rate (i.e., the number of children who have died before completing one year, per one thousand live births) has declined from, say, 65 per 1000 live births, to, 45 per 1000 live births, it can be said that the country has moved from one stage of development to the next. Similarly, if malnutrition has been reduced from, say, 30 per cent, to 15 per cent, this, also, indicates that the country has developed.

The psychological indicators of development include a behavioural change in people's attitude, or a feeling of satisfaction, or wellbeing among people. If the country experiences a behavioural change in the attitude of people in matters of health, hygiene, cleanliness, etc., then we can easily conclude that the country is developing.

Similarly, if people are happy about things and express their satisfaction about the state of affairs in the country, then, again, it can be said the country has moved from one stage of development to another.

The cultural indicators of development include the practices of modern and traditional cultures that tend to influence other cultures. If India is able to influence the world through its cultures, then India can be said to be moving from one stage of development to the other. Mahatma Gandhi's philosophy of life, which has had a major impact on the world, was based on certain Indian traditions, customs, and values to which he strictly adhered, and which helped him bring about changes in the world's thinking on several issues pertaining to life. This is an aspect of cultural development.

2.3 THE MEANING OF DISPARITY

After studying the indicators of development, you will know the meaning of disparities.

Disparity means the condition, or fact, of being unequal, as in age, rank, or degree

- Age disparity: young, middle–aged, old
- Rank disparity: *chaprasi*, clerk, officer

- Degree: poor, average, excellent (as in the condition of a car) or developed, developing, underdeveloped (as in status of a country)

We talk of disparity for the simple reason that we have to make comparisons between equals, and if there is a disparity in a group among which comparisons are made, such comparisons are not justifiable. Let us take the example of a school which has conducted an essay competition on the importance of Independence Day for children belonging to class VII to class XII. Children from these classes would belong to ages ranging from eleven years to eighteen years. It is natural that children in the lower age group will have less knowledge about Independence Day, compared to children in the upper age group. Even if their knowledge levels are the same, the level of comprehension would differ among children belonging to different age groups. Older children would be able to perform better, based on their experiences, compared to younger children. Such a competition would not be fair from the point of view of younger children.

Similarly, it is not justifiable to evaluate the performance of a *chaprasi*, a clerk and an officer serving in an organization, with the same yardstick, as their levels of understanding, their levels of intelligence, their knowledge base, etc., differs from each other. An officer's performance would be judged on the basis of certain yardsticks which would be different from that of a clerk, or, a *chaprasi.*

Countries may not be new and old, but they are at different levels of development. Some countries like the U.S.A., Norway, and Sweden are at a much higher stage of development compared to countries such as Bangladesh, Nepal or some African countries. Comparisons between such countries may not be justifiable. So, if disparity between the status of various countries exist, they cannot be compared in terms of their levels of development.

Disparity and development are two sides of a coin. Disparity creates bottlenecks to development. The less the disparity, the greater will be the chances of development; and, the greater the disparity, the less will be the chances that development takes place. Countries such as the U.S.A., Norway, and Sweden have fewer disparities in terms of per capita income, per capita consumption and the availability of resources for the rich and the poor, compared to countries like India, Bangladesh, and Nepal, where disparities are higher between the rich and the poor.

Now, you have some idea of the meaning of development and disparities. Do the exercises given in *Check Your Progress 1.*

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What do you mean by development? Is it a multidimensional concept? Explain?

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2) Disparities are of different types. Illustrate, with examples.

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2.4 TYPES OF DISPARITIES

Having explained disparities, it is time to examine various types of disparities. A few important types of disparities are as follow

- Global Disparity
- Interstate Disparity (Disparity between States)
- Intrastate Disparity (Disparity within States)
- Rural-Urban Disparity

i) Global Disparity

The term global disparity describes the disparities that exist between the nations. Commonly, one hears that America is much more developed than India.

For example, socioeconomic disparity exists at the global level, and that is why countries are classified into two categories: developed and underdeveloped. There are countries which are in the process of developing, and such countries are referred to as developing countries. Each country is at a different level of development, which causes disparity between countries. Some countries have been endowed with resources in abundance, while there are countries that are extremely poor in resources.

Resources are of various types: material resources, manpower resources, natural resources, and financial resources. Differences in the availability of resources, by and large, cause disparity between countries, and put them at different levels of development.

Table 1 shows the level of global socio-economic disparity that exists between a group of developed, as well as a group of underdeveloped and developing countries.

Table 1: Socio-economic Indicators of a Few Countries

Countries	Socio-Economic Indicators Reflecting Global Disparity				
	Gross Domestic Product per Capita in US Dollars (2006)	Human Poverty Index (2006)	Life Expectancy at birth in years (2006)	Infant Mortality Rate (2006)	Adult Literacy %, 15 year & above (2006)
Group A					
Bangladesh	1,155	36.9	63.5	52	52.5
India	2,489	28.5	64.1	57	65.2
Nepal	999	33.3	63.0	46	55.2
Pakistan	2361	33.6	64.9	78	54.2
Sri Lanka	3896	16.9	71.9	11	90.8
Group B					
Japan	31,951	-	82.4	3	-
Norway	51,862	-	79.9	3	-
Sweden	34,059	-	80.7	3	-
UK	32,654	-	79.2	5	-
USA	43,968	-	78.0	6	-

Sources: Human Development Report, UNDP, 2008 and State of the World's Children, UNICEF, 2008

It is quite evident from the Table-1 that global disparity exists, and that some countries are much more developed compared to others. If we look at the Human Development Index (HDI) of each of the countries in this table, we find that the rank ranges from no.2 for Norway to no. 147 for Bangladesh. If we look at the second column which gives figures for the Gross Domestic Product per Capita, the figures vary widely between the two groups of countries.

In the first group (Group A) are those which have GDP per capita as low as 999 USD for Nepal, and as high as 3896 USD for Sri Lanka. On the hand, we have countries in Group B where the GDP per capita is as low as 31,951 USD for Japan, and as high as 51,862 USD for Norway, for the year 2006.

Column 3 of the table gives figures for the Human Poverty Index (HPI). As we can see, the countries of Group B are all highly developed, and the figures for these countries for the Human Poverty Index have not been calculated. However, for countries belonging to Group A, the Human Poverty Index have been calculated as poverty exists in all these countries. Even within the Group A countries, we find differences in values of HPI, ranging from as low as 104 for Sri Lanka to as high as 147 for Bangladesh.

The Life Expectancy at Birth, given in the next column of the table shows a difference of up to 20 years between the Group A and Group B countries. The table shows that life expectancy at birth is the lowest in Nepal (63 years) belonging to Group A, compared to the highest in Japan (82.4 years), belonging to Group B. The average difference in life expectancy at birth between the two groups of countries would be about 15 years, which is a huge difference.

There is a marked difference in Infant Mortality Rates (number of deaths occurring in the age group of up to one year, per thousand live births) between countries belonging to the two groups. In group A, the average IMR is 48.8, while in Group B, the average is 4. If we exclude Sri Lanka from Group A, which has a low IMR of 11, the average IMR in Group A would go up to 58.2.

In Group B, the literacy figures have not been calculated, as there is hardly any illiteracy in countries belonging to this group. However, in Group A, the literacy rate is around 57-58%, except for Sri Lanka, where the literacy rate is over 90%.

ii) Interstate Disparity

Like global disparities, there are also exists disparities between the states in India. In conversations with people around you, some people will say that Punjab and Haryana are more developed than Orissa and Bihar. If you check, the statistics will confirm that the percentages of people living below the poverty line in the latter two states are higher than the former two States.

Widening socioeconomic disparities across the Indian states exist even today, as they existed even 50 years ago. One of the principal justifications for the introduction of the Five Year Plans, and the establishment of the Planning Commission was to ensure a process of regionally balanced and socially equitable development. Through public and directed private investments, as well as various other interventions and public policies, balanced development across regions was pursued during the first four decades of planning. As such policies were not completely successful, a measure of regional balance in development was maintained.

The role of government in general, and the central government in particular, in the economic activities of the nation changed substantially after the economic reforms in 1991. The private sector, which was controlled and contained in various ways, has since then been encouraged to play a more important role. Market forces, rather than government directions, would decide the investment decisions – where to invest, what to produce, whom to sell to, and so on. The locations and priorities were to be market-determined rather than government-determined. The government would have to be a facilitator for private initiatives, and would be expected to restrict its economic activities to areas that are purely in the domain of the government.

The experience of a decade of economic reforms clearly indicates that one of its major victims has been balanced regional growth. Private investments have increasingly gone to relatively developed regions that have better social, economic and physical infrastructure and better governance, especially in terms of speedy decision-making processes. Five major states, namely, Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh, and Karnataka which, together, account for less than one-third of the population of the country, accounted for almost two-thirds

of the private investment proposals over the last 10 years, since August 1991. The same set of states benefited from over 60% of the commercial bank credit and financial flows from national level financial institutions such as the Industrial Development Bank of India (IDBI), and the Industrial Finance Corporation of India (IFCI). In contrast, another set of seven major states, namely, Uttar Pradesh, Bihar, West Bengal, Madhya Pradesh, Rajasthan, Orissa, and Assam, together accounting for 55% of the population, received less than 30% of the private investment proposals, and a similar share of bank credit and other institutional finances during the last decade.

A recent ranking of all districts in the country by the National Population Commission (NCP), on the basis of a composite index of socio demographic progress clearly brings out the wide socioeconomic disparities among major Indian states. Out of the 569 districts covered by the report, 190 belonged to the forward group of states consisting of eight major ones, which included the five economically better performing states, plus Punjab, Haryana, and Kerala. Another 299 districts belonged to the group of backward states, which consisted of the seven economically backward states. A reflection of interstate disparity can also be noticed through the Planning Commission data on poverty (Uniform Reference Period), and the Economic Survey data on literacy. Table 2 gives an account of states which are below the national average, in terms of percentage of people below the poverty line, and states which are above the national average.

Table 2: Percentage of Population Living below the Poverty Line

Inter-State Disparity in Terms of Percentage of People below the Poverty Line	
States **Poverty Line (2004-05)**	**Percentage of people below the**
States with less than 15% population below the poverty line	
Haryana	14.0
Himachal Pradesh	10.0
Jammu and Kashmir	5.4
Mizoram	12.6
Punjab	8.4
Chandigarh	7.1
Daman & Diu	10.5
ALL INDIA	**27.5**

States with more than 30% population below the poverty line	
Bihar	41.4
Chhatisgarh	40.9
Jharkhand	40.3
Madhya Pradesh	38.3
Orissa	46.4
Uttarakhand	39.6
Dadra & Nagar Haveli	33.2

Source: Planning Commission, Government of India;
Website: http://www.planningcommission.nic.in

This table shows that seven states have a poverty ratio of less than 15per cent, and seven with poverty ratios of more than 30 per cent. The table reflects the wide interstate disparity in poverty ratios. Table 3 gives data on the literacy rates for states, showing disparity between states. Six states above the national average and six states below the national average have been identified in the table.

Table 3: Percentage of Literacy in Different States

Inter-State Disparity in Terms of Percentage of Literates (Census 2001)	
States	**Percentage of Literates**
States with literacy percentage above all India literacy rate	
Delhi	81.67
Goa	82.01
Kerala	90.86
Lakshadweep	86.66
Mizoram	88.80
Puducherry	81.24
ALL INDIA	**64.84**
States with literacy percentage below all India literacy rate	
Arunachal Pradesh	54.34
Bihar	47.00
Jammu & Kashmir	55.52
Jharkhand	53.56
Rajasthan	60.41
Uttar Pradesh	56.27

Source: Economic Survey, 2007-08

The table shows that there is acute interstate disparity in terms of literacy rates, with the first group of states having an average literacy rate of around 85 per cent compared to the second group of states where the literacy rate happens to be around 55 per cent.

iii) Intra-state Disparity

As with the interstate disparities, you can recall that in your state some of the districts are better developed as compared to other districts. For example, if you are a student from Orissa and Madhya Pradesh, then you may know that in Orissa , Kalahandi district is less developed as compared to Cuttack district, and Bastar district in Madhya Pradesh, is less developed than Bhopal.

Intrastate disparity refers to disparity within the state. Let us take the example of intrastate disparity in rural poverty in the state of Uttar Pradesh. Table 4 shows that districts within the state have various levels of disparity, ranging from the high of 74.65 per cent in Kaushambi district, to the low 6.6 per cent in Bagpat district, in terms of percentage of people below the poverty line in the rural areas of Uttar Pradesh.

Table 4: BPL (rural) in different Districts of Uttar Pradesh

Intrastate Disparity Reflected through the Proportion of Rural Population Below Poverty Line (%)							
Very High (Above 50%)		High (40% To 50 %)		Moderate (20% To 40%)		Low (Below 20%)	
Distric	**%**	**District**	**%**	**District**	**%**	**District**	**%**
Kaushambi	74.65	Kanpur (Nagar)	49.93	Gonda	36.95	Moradabad	19.77
Hardoi	74.00	Pratapgarh	49.09	Kannauj	35.85	Agra	19.43
Bahraich	72.11	Lucknow	49.06	Balrampur	35.69	Gautam Budh Nagar	19.00
Mirzapur	68.38	Ghazipur	48.50	Azamgarh	32.87	Hathras	17.91
Sonbhadra	64.53	Jalaun (Orai)	48.34	Farukkhabad	32.64	Etah	17.26
Kanpur Dehat	60.87	Faizabad	48.22	Rampur	31.83	Mathura	16.24
Shravasti	60.53	Basti	47.64	Maharajganj	30.76	Aligarh	14.64
Unnao	59.51	Etawah	46.34	Lalitpur	30.47	Firozabad	13.61
Ambedkar Nagar	59.15	Barabanki	46.15	Jhansi	29.19	Budaun	12.24
Rae Bareli Nagar	57.78	Sant Kabir	45.99	Gorakhpur	28.24	Muzaffar Nagar	11.68
Sitapur	57.46	Hamirpur	45.32	Allahabad	28.17	Deoria	11.67
Chitrakoot	55.13	Pilibhit	45.23	Bareilly	27.50	Bulandshahar	10.34
Sultanpur	54.62	Jaunpur	43.65	Saharanpur	24.56	Meerut	8.38
Shahjahan pur	54.11	Mau	43.34	Jyotiba Phulle Nagar	24.45	Ghaziabad	7.12

Conti.....

Ballia	51.55	Orraiya	43.23	Varanasi	24.24	Baghpat	6.66
Lakhimpur Kheri	51.01	Chandauli	43.10	Bijnor Sant Ravidas	23.67		
		Fatehpur	42.77	Nagar	22.74		
		Siddharth Nagar	42.74	Mahoba	21.33		
		Kushi Nagar	42.66				
		Mainpuri	42.52				
		Banda	40.85				

Source: Ministry of Rural Development, Government of India, BPL Survey 2002

As with poverty, disparities in terms of literacy and health indicators also prevail across the districts of different states.

iv) Rural-urban disparity

You have studied the disparities among the districts, but you are well aware of disparities exists between rural and urban areas.

Rural-urban disparity has been prevalent in India for ages. Rural areas are considered to be backward areas in terms of availability of basic infrastructure – roads, electricity, water and sanitation facilities, schools and hospitals, etc.

In contrast, these facilities are mostly available in urban areas. It is because of the absence of such facilities that rural areas lag behind urban areas in terms of the basic indicators of development – poverty, illiteracy, unemployment, etc. Table 5 gives an indication of the extent of rural-urban disparity prevalent in the country.

Table 5: Disparities indicators in Rural and Urban areas of India

Rural-Urban Disparity in Selected Socio- Economic Indicators		
Indicators	**Areas**	
	Rural	**Urban**
Percentage of people below the poverty line	28.3	25.7
Percentage of literates	53.0	74.0
Percentage of regular wage-employers	7.0	41.0
Average earning per day in Rs.	48.63	62.64
Percentage of self-employed	59.5	43.0
Unemployment rates* (usual status**)	23.0	53.0

**No. of persons (or person days) unemployed per 1000 persons (or person days)*

*** Usual status means unemployed on an average in the reference year*

Source: Planning Commission, Government of India;
Website: http://www.planningcommission.nic.in

National Sample Survey Organization, 60th Round (2004-05)
National Sample Survey Organization, 62nd Round (2005-06)

Table 5 shows that both poverty and illiteracy are higher in rural areas compared to urban areas. The percentage of regular wage employers is also lower in rural areas, vis-à-vis the urban areas. There is marked difference between the average earnings per day in rural areas compared to urban areas. It is for this reason that more people in urban areas are self-employed (59.5 per cent in rural areas compared to 43 per cent in urban areas). The higher degree of self employment also results in low unemployment rates in rural areas (23.0 per cent) compared to those in urban areas (53.0 per cent).

Now you have some idea about the various types of disparities. Do the exercises given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What is global disparity? Explain, with examples.

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2) What are the various types of disparity?

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2.5 CAUSES OF DISPARITY

Up to now, you have studied the meaning and types of disparities, now in this section, we will explain to you the causes of disparities. Some of the root causes of disparity are as follow

- The attitude of the government: for example, people who belong to scheduled castes and tribes (SC/ST categories) are given less attention in development compared to the most other people.
- The attitude of people: for example, living in urban areas is considered superior compared to living in rural areas; girls are considered less deserving than boys, and are given less attention.
- Historically some areas or regions have been endowed with better resources. For example, irrigation facilities were available in Punjab during pre-British times, making the state agriculturally more prosperous, compared to other states.

- Preferential treatment for a few states, in terms of private sector investments, for example, Gujarat and Karnataka are given more attention compared to backward states like Bihar, Madhya Pradesh, and Rajasthan.

i) The Attitude of the Government

There is a gap between the people belonging to Scheduled Castes and Scheduled Tribes and the rest of the population with respect to the availability of basic civic amenities, such as electricity, housing, water supply, and toilet facilities. Access to, and benefits from the public health system have been uneven between the general population and those who belong to the SC/ST categories. The cumulative impact of the disparities is reflected in high levels of poverty - about 36 per cent among SCs in rural areas, and 39.2 per cent in urban areas. The STs fare even worse than the SCs with 47.3 per cent of them living in poverty in rural areas, and 33.3 per cent in urban areas.

The National Sample Survey data, 2004-2005, revealed that the literacy rate was the lowest (52 per cent) among the STs, followed by 57 per cent among the SCs, and 64 per cent among other backward classes (OBCs). The health status of both SCs and STs was far worse compared to the general population. The National Family Health Survey (NFHS)-3 found that children from the SC and ST category were at a greater risk of dying compared to other children. The Infant Mortality Rate (IMR) for STs was 62; for SCs it was 66, and for the general population it was much lower (57). The under-five mortality rate was higher among STs (96) than among SCs (88) as against 74 for the general population. Overall, the under five mortality rate was 23 per cent higher among the Other Backward Castes (OBCs), compared to the population in the general category.

Although the enrolment trends among SC and ST children are encouraging, compared to 2005, their pace of progress is much slower compared to the general population because teachers pay less attention to them, especially in government schools. The *anganwadi* workers are also reported to be ill- treating children belonging to the SC and ST categories.

Despite all this evidence, the government's attitude towards the SC and ST population has not changed. The resources allocated for the welfare of the SCs and STs are not in proportion to their needs. The policies and programmes specifically formulated for these categories of population have also not been effectively implemented. Thus, discrimination against the SC and ST population continues, even after six decades of independence.

ii) The Attitude of People

The attitude of people, in general, reflects their preference for urban living compared to life in the rural areas. Serving the village population is a difficult proposition for doctors, teachers and other civil servants. Since life is more comfortable in urban areas, people have a liking for things that are urban. The development of cities and towns are considered are given a higher priority compared to development of villages, by most people.

The attitude of people towards the girls has always been one of indifference. A girl is considered a liability, as her marriage, in India, is an expensive affair, carrying with it the unlawful tradition of dowry. Girls are not sent to school by many families beyond a certain age as they are supposed to manage household

chores, and are also supposed to take care of their younger siblings. Girls are discriminated against in matters of food, clothes, schooling, and provision of basic health services. This is the general attitude of people towards the girls. This attitude and preference leads to disparities.

iii) Resource Rich States

Certain states are endowed with abundant natural resources, which has have placed them at a preferred level compared to others. For example, Gujarat is better endowed with resources that are used in textile industries, and Punjab has better irrigation facilities making it agriculturally more advanced compared to other states. However, there are states extremely rich in mineral resources like Jharkhand, or extremely rich in forest resources like Chhattisgarh, but they have not been able to make optimal use of their resources, because of the government's neglect, or because of poor of capital formation.

iv) Private Sector Investments

Some states receive more attention in the form of repeated investment from private companies since they see a lot of growth potential in these states. Karnataka, and Gujarat, for example, receive preferential treatment from private companies, compared to many other states like Bihar, Madhya Pradesh, and Rajasthan. Since the government's control, after liberalization, has markedly declined, private sector investments largely governed by market forces are coming up in a big way in some states. This will further increase interstate disparity.

2.6 MEASURES TO OVERCOME DISPARITY

Now that we have discussed the causes of disparities, it is time to see about the measures that can be taken to overcome disparities. Some of these important measures are

- Change the attitudes of people, to get rid of caste and class prejudice.
- Give preferential treatment to backward regions, states, areas, etc.
- Provide good governance to remove interregional, interstate, and intrastate disparity.
- Provide transparency in governance –the Right to Information Act, legal literacy, etc.
- Promote people's participation in development starting at the *panchayat* level.
- Being accountable to people.

i) Changed Attitudes of People

If disparity is to be removed, there needs to be a transformation in the attitudes of people. People who consider factors like class, caste, gender, age, etc., important for development are actually creating hindrances in development by perpetuating disparity. It is very important for the people to realize that factors like these create serious bottlenecks in the development process, and are factors that affect certain sections of society. If development is to take place, it is important that all sections of society participate in the development process, and reap the fruits of development.

ii) Preferential Treatment to Backward Areas and Regions

It is important for the government and the private sector to realise that disparity can be removed only if greater attention is given to areas which are backward, which means more investments need to be made in backward regions by private companies, and increased allocations need to be made by the government in backward regions. It is also important to formulate special policies and programmes for the backward regions, like the ones that presently exists for the North- Eastern region. These investments may not give adequate returns initially, but may, in the long run remove disparities.

iii) Good Governance

Good governance is an art .Governance means managing the affairs of a country, a state, or even a block, or, a village. Good governance refers to effective planning, management and monitoring of activities in order to bring about effective improvement in the affairs of the country, or, a state, and making equitable distribution of the gains of development. It also refers to providing equal access to basic services to all sections of the population, and equal opportunities for individual growth. Thus, the better the governance, the les would be the disparity.

iv) Transparency

Transparency is absolutely essential to check disparity and to ensure that development takes place. Transparency can be ensured if people have access to information. This is possible through the provision of information about various legislations to citizens, such as the Right to Information Act, legal literacy, etc. If systems are not working in an organisation, it is because of lack of accountability and transparency. Since people are not aware of their right to information, they are not able acquire knowledge about the system's failure within an organization, and to raise their voice against non-functioning systems within an organization. The more the transparency in an organization, the greater would be the growth of the organization. If all organizations in a country, for example, have adequate systems in place, there would be no disparity.

v) People's Participation in Development

It is very important that people's participation is ensured at all stages of development, and at all levels, right from the top level to the grassroots level. When people are participating in the development process, it is in their interest to ensure that all sections of the society benefit equally from the process. If only a small section of the population benefits from the development process, it means that over a period of time disparity would crop up. In villages, where discrimination, on the basis of caste and class and gender, is extremely pronounced, the Panchayati Raj system can play a major role through people's involvement in the development process.

vi) Accountability

It is also important to ensure that people are made accountable for the non-functioning of systems within the government. This can be done if people are involved at every stage of development, right from the stage of planning a programme, to its execution, monitoring and evaluation. It is important for the

people to realise that programmes are meant for people and that they need to be executed, and monitored by them. The concept of ownership of a programme, or scheme should vest with the people, and only then would they feel accountable. If a road, for example, is in a bad shape, making life difficult for commuters, it is the people, the road users, themselves, who need to be accountable. That is why we have good roads and bad roads in the same city, causing disparity in the availability of services. Good roads are for those road users who are willing to take the onus of accountability. Bad roads are for those road users who are not.

vii) Programmes for Overcoming Disparities in India

In this part, you will read about the measures that the government of India has taken to reduce disparities in India. Since Independence, the government has identified several constituency and policy measures to reduce in interstate, intercaste, and gender disparities.

2.7 PROGRAMMES FOR OVERCOMING DISPARITIES IN INDIA

Here in this section you will read about the measures that government of India has taken for reduction of disparities in India. Since Independence, Government of India has taken several policy and programme measures to reduce disparities. Customarily, they are for reduction of inter-state, rural urban, inter-caste and gender disparities. Let us now discuss them one by one.

Some of the measures undertaken for the reduction of inter-state disparities are as follows

i) Programmes for the Development of Backward Areas

Programmes targeting disadvantaged areas, comprising the states of Arunachal Pradesh, Bihar, Himachal Pradesh, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttar Pradesh, etc., to counter rising inter-state disparity in development were mainly initiated during the 4th Five Year Plan (1969-74). With the exception of the hill area development programme, identified towards the later half of the 3rd Five year plan, most of the other such programmes were identified during the fourth Plan. The Indo-China war in 1962 made our planners and policy makers sensitive to the development of hill areas in North and North eastern India with an eye on national security.

Industrially backward areas in the country were identified in 1969. Areas characterised as ‘structurally impoverished’, such as drought prone areas were identified in 1972. Areas dominantly inhabited by the socially backward tribal communities were identified in 1974 for the Tribal Sub Plan projects.

Chronology of the Backward Area Development Programme

Plan period	Name of the programme	Year of starting
Fourth Plan (1969-74)	Industrially Backward Area North East Drought Prone area	1970 1972 1973
Fifth Plan (1974-79)	Tribal areas Hill Area Development including the Western Ghats Desert Development	1974 1974 1977
Seventh Plan (1985-90)	Border Area Development	1987
Tenth Five Year Plan	Rashtriya Sam Vikas Yojana	2002-03
Eleventh Five Year Plan	Backward Region Grant Fund	2005-06

Source: *Planning Commission and Central Ministries, Government of India.*

The Planning Commission of India implements the area programmes such as the Hill Area Development Programme, including the Western Ghats, the Border Area Development, the North East and the Desert Development Programmes. Tribal Development Programme is with the Ministry of Tribal Affairs. The Drought Prone Area Programme (DPAP) is the responsibility of the Ministry of Rural Development. The Desert Development Programme is now the dual responsibility of the Planning Commission and Ministry of Rural Development. The Ministry of Industry is assigned the responsibility of the Industrially Backward Area Development Programme.

Some of schemes launched to overcome disparities are narrated before.

1) Accelerated Development of Western Ghats

The Western Ghats Development Programme (WGDP), comprising the states of Karnataka, Kerala, Maharashtra and Tamil Nadu, has got two key components namely, improved natural resources management and improved access to tribal hamlets through footbridges. The management of natural resources will be carried out in a participatory mode with the involvement of Village Panchayats and NGOs with appropriate support from Research & Development institutions. The main focus of the WGDP has been integrated development of watersheds keeping in view the overriding priorities of eco-restoration and eco-preservation. In addition to the projects on natural resource management, the schemes for livelihood support system and productive system management are also included.

2) Special Area Development

The objective of the scheme of special area development, comprising the states of Jammu & Kashmir, Himachal Pradesh, Sikkim, Manipur, Meghalaya, Nagaland, Tripura, Arunachal Pradesh and Mizoram, is to develop the coastal regions of the country in an integrated manner. In order to prepare an action plan for the coastal areas, it is necessary to bring together resources and services of departments like fisheries, harbour engineering, ports, health, education, and civil society organisations as well as local

governments together, so that convergence happens. The projects will be implemented with the support of local governments, Government of India, National Coastal Development Centre, financial institutions and state governments.

3) Backward Region Grant Fund (BRGF)

The Backward Region Grant Fund is a new initiative of the Government of India. It primarily covers the states of Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. The scheme was launched in 2005-06, by merging the Rashtriya Sam Vikas Yojana, which was initiated in 2002-03 by the Planning Commission in Mizoram. The scheme is monitored by the state level steering committee chaired by the Vice Chairman, State Planning Board and at the district level, District Collectors are coordinating the project.

4) Programmes for the Development of the North Eastern Region

In order to implement programmes for the development of the North Eastern region, and reduce inter-state disparity, a Ministry of Development of North Eastern Region (DONER) was set up in September 2001, to act as the nodal department of the Central Government to deal with matters pertaining to the socio-economic development of the eight States of North East, i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim.

ii) Measures to Overcome Rural-Urban Disparity

Some of the important measures aimed at reducing rural-urban disparities are as follows

1) Primary Self-Employment Programme for Rural Areas

The Swarnjayanti Gram Swarojgar Yojana (SGSY), the primary self-employment programme for rural areas, has the objective of bringing assisted poor rural families above the poverty line by providing them income generating assets through a mix of bank credit and Governmental subsidy. A certain percentage of the physical and financial targets under the SGSY will be earmarked for beneficiaries belonging to the minority communities living below the poverty line in rural areas.

2) The Sampurna Grameen Rozgar Yojana (SGRY)

The Sampurna Grameen Rozgar Yojana (SGRY) is aimed at providing additional wage employment in rural areas alongside the creation of durable community, social and economic infrastructure. Since the National Rural Employment Guarantee Programme (NREGP) has been launched in 200 districts, and SGRY has been merged with NREGP in these districts, in the remaining districts, a certain percentage of the allocation under SGRY will be earmarked for beneficiaries belonging to the minority communities living below the poverty line till these districts are taken up under NREGP. Simultaneously, a certain percentage of the allocation will be earmarked for the creation of infrastructure in such villages, which have a substantial population of minorities.

3) National Rural Employment Guarantee Programme

The National Rural Employment Guarantee Programme (NREGP) is being implemented through the the National Rural Employment Guarantee Act (NREGA), enacted through legislation on August 25, 2005. NREGA is a employment guarantee scheme which provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do unskilled manual work at the minimum wage rate of Rs.100 per day and as fixed by the state government from time to time. The Central government outlay for the NREGP is Rs. 39,100 crores in the financial year 2009-10. This act was introduced with the aim of improving the purchasing power of the rural people, primarily engaged in semi or un-skilled work, living in rural areas. The government has renamed it as Mahatma Gandhi Natinal Rural Employment Guarantee Programme (MNREGS)

iii) Measures to Overcome Inter-Community Disparity

Some of the important measures aimed at reducing rural-urban disparities are as follows

1) Integrated Child Development Services (ICDS)

The ICDS is being implemented in backward rural areas, tribal areas and urban slums. Of the 6,118 ICDS projects sanctioned in the country up to 31st March 2006, 809 were in areas predominantly inhabited by the Scheduled Tribes. As on 31st June 2007, under 5,889 operationalised ICDS projects, the outreach of the services is being extended to 73.6 million pregnant and lactating mothers and children below 6 years of age, majority of whom belong to the Scheduled Caste and Scheduled Tribe population.

2) Draft National Tribal Policy 2006

The Ministry of Tribal Affairs prepared a draft policy to address issues of STs concerning lower human development indicators, poor development infrastructure, diminishing control over the natural resource base, persistent threats of eviction from their natural habitat, exclusion from mainstream society, inequality in the distribution of wealth and opportunities, non-empowerment and inadequate implementation of Constitutional provisions. The draft policy specifically addresses the alienation of tribal land; tribal-forest interface; displacement, resettlement and rehabilitation; enhancement of HDI; creation of critical infrastructure; violent manifestations; conservation and development of particularly vulnerable primitive tribal groups; adoption of Tribal Sub-Plan (TSP) strategy; empowerment; gender equity; enlisting support of NGOs; preserving tribal culture and knowledge; administration of tribal areas; the regulatory and protective regime; scheduling and de-scheduling of tribes, etc.

3) Central Sector Scheme for the Exclusive Development of Primitive Tribal Groups (PTGs)

Primitive Tribal Groups (PTGs) are tribal communities with a declining or stagnant population, primitive agricultural technology, low levels of literacy and are economically backward. There are 75 PTGs identified in 17 states/ UTs. They live in remote habitats, with poor administrative and infrastructure

back up. In 1998-99, a separate 100% central sector scheme for the exclusive development of PTGs was introduced by the Ministry of Tribal Affairs, Government of India, which continues to provide for housing, land distribution, agricultural development, cattle development, income generation programmes, health facilities, infrastructure development, insurance, etc. During the year 2004-05, the Ministry decided to provide insurance cover to the earning member of each PTG family throughout the country under the 'Janshree Beema Yojana" of the Life Insurance Corporation of India. The number of PTG families covered under the Janshree Beema Yojana increased from 0.1 million in 2004-05 to double the number in the subsequent year and remained more or less the same for the period 2006-07 compared to the previous year.

4) Sarva Shikhya Abhiyan

The aim of the SSA is to provide useful and relevant elementary education for all children in the 6-14 age-group by 2010. One of the objectives of the SSA is to bridge social, regional and gender gap with active participation of the community in the management of the school. Further, one of the norms of the SSA is to distribute free text books to all girls/SCs/STs children at primary and upper primary level within the upper limit of Rupees 150 per child. The Programme was launched in Ninth Five Year Plan with 75:25 sharing of fund between the central and state government.

iv) Measures to Overcome Gender Disparity

Some of the important measures aimed at reducing rural-urban disparities are as follows

1) Initiatives taken by the government during the 9th and 10th Five Year Plan for empowerment of women

The Ninth Plan (1997-2002) made two significant changes in the conceptual strategy of planning for women. Firstly, 'Empowerment of Women' became one of the nine primary objectives of the Ninth Plan. The 9th Plan adopted the Life Cycle approach for empowerment of women which categorized women into 5 distinct sub-groups (population as projected for 2001). They included:

- Girl children in the age-group 0-14 years who account for 171.50 million (34.6 percent), deserve special attention because of the gender bias and discrimination they suffer from at such a tender age;
- Adolescent girls in the age-group 15-19 years who account for 52.14 million (10.5 per cent) are very sensitive from the viewpoint of planning because of the preparatory stage for their future productive and reproductive roles in the society and family, respectively;
- Women in the reproductive age-group 15-44 years numbering 233.72 million (47.1 per cent) need special care and attention because of their reproductive needs;
- Women in the economically active age group 15-59 years, who account for 289.40 million (58.4 per cent), have different demands like those of education/ training, employment, income generation and participation in the developmental process, decision making etc.;

- The elderly women in the age-group 60+years numbering 34.87 million (7.0 percent), have limited needs mainly relating to health, financial and emotional support.

The 10th Five Year Plan (2002-2007) also carried forward the commitments made in the earlier Plans and the 11th Plan (2007-2012) further reitertates these commitments. While organising women into Self-Help Groups marks the beginning of a major process of empowering women, the institutions thus developed intend to provide a permanent forum for articulating their needs and contributing their perspectives to development. Recognising the fact that women have been socialized only to take a back seat in public life, affirmative action through deliberate strategies will be initiated to provide equal access to and control over factors contributing to such empowerment, particularly in the areas of health, education, information, life-long learning for self development, vocational skills, employment and income generating opportunities, land and other forms of property including through inheritance, common property resources, credit, technology and markets, etc. To this effect, the newly elected women members and the women Chairpersons of Panchayats and the Local Bodies will be sensitized through the recently launched special training package to take the lead in ensuring that adequate funds/benefits flow towards the empowerment of women and the girl child.

2) The Kishori Shakti Yojana (KSY) and Nutrition Programme for Adolescent Girls (NPAG)

These two schemes are being implemented for the development of adolescent girls using the existing infrastructure of the Integrated Child Development Scheme (ICDS). KSY promotes self-development, nutrition and health status, literacy, numerical and vocational skills among girls in the 11-18 years age group. A new unified National Programme on Adolescent Girls, replacing the existing KSY and NPAG will be launched shortly by the government of India.

3) The National Program for Education of Girls at the Elementary Level (NPEGEL)

The NPEGEL, under the Sarva Shiksha Abhiyan (Education for All), provides additional components for education of girls from underprivileged/ disadvantaged sections of society. It is being implemented in Educationally Backward Blocks (EBBs) where the level of rural female literacy is less than the national average and the gender gap is above the national average, as well as in blocks that have at least 5% SC/ST population and where SC/ ST female literacy is below 10%.

4) The Shiksha Karmi Project (SKP)

The Shiksha Karmi Project aims at universalisation and qualitative improvement of primary education in remote, arid and socio-economically backward villages of Rajasthan, with primary attention to girls. In SKPs, most of the students are from SCs, STs and OBCs.

5) The National Plan of Action for the Girl Child

The National Plan of Action for the Girl Child has been merged into the National Plan of Action for Children, 2005, which includes goals, objectives

and strategies for the girl child. The emphasis is on creating an enabling environment, increasing choices and promoting development through special opportunities. Equal rights in succession and inheritance, addressing persistent gender stereotyping and strengthening girls' self esteem are important strategies. Besides ensuring equal opportunity for free and compulsory elementary education to all girls, it specifically seeks prohibition of sex selective, female foeticide and infanticide, elimination of child marriages, security and protection from abuse, exploitation, victimization and all other forms of violence, deprivation and neglect in the home, community and in access to services.

After reading about the causes and measures of poverty, you should be able to answer a few questions relating to these two aspects, which is given in *Check Your Progress 3.*

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What are the root causes of disparity in India? Is it humanly created?

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2) What possible measures can be taken to overcome disparity?

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2.8 LET US SUM UP

We have discussed several concepts and issues related to development and disparity in this unit. It is now important for us to sum up what we have discussed so far. This will help us to get a better understanding of the subject matter of this unit, and also help us to review our own understanding of the subject matter.

We started the unit with the meaning of development. Next, we discussed the meaning and types of disparities. Disparities create bottlenecks to development. The less the disparity, the greater the chances of development; and the greater the disparity, the less will be the chances that development takes place. Later on, we discussed different types of disparities – global, regional, interstate, intrastate, and rural-urban disparity.

Then, the next section was devoted to the causes of disparity. It was pointed out that disparity was caused due to the indifferent attitude of the government towards the SC and ST population, among others; and, that disparity is also due to the indifferent attitude of people towards issues of class, caste, gender, and age discrimination. It was also mentioned that disparity exists because certain states have abundant resources, which have placed them at a higher level compared to others. In the last section in this unit, we discussed the measures that need to be taken to overcome disparity, and some measures that have been taken by the Government of India for reduction of disparities.

2.9 REFERENCES AND SELECTED READINGS

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2.10 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) **What do you mean by development? Is it a multi-dimensional concept? Explain**

   Answer. Development has no precise definition**.** There are a few identified indicators: economic, social, psychological, cultural, and political, on the basis of which development is said to have taken place. Among the economic indicators of development are: income, expenditure, growth, both industrial as well as agricultural. Social indicators of development constitute literacy, health, etc. The cultural indicators include moderntraditional cultures which tend to influence other cultures.

2) **Disparities are of different types. Illustrate, with examples.**

   Answer. *Global disparity:* some countries are much more developed compared to others. In terms of GDP per capita, some countries have higher Gross Domestic Product per capita, life expectancy at birth, or, low infant mortality.

   Regional disparity can be seen to exist at two levels, global and national. At the global level, certain regions like the sub Saharan and African regions are poor in resources, compared to, regions in the Middle East, and Europe.

At the national level, private investments have increasingly gone to relatively developed regions that have better social, economic, physical infrastructure, and better governance, especially in terms of speedy decision-making processes.

Check Your Progress 2

1) What is global disparity? Explain, with an example.

Answer. Simply put, the term, global disparity, describes disparities that exists between nations. For example, one often hears that America is much more developed than India.

Socioeconomic disparity exists at the global level, and that is why countries are classified into two categories: developed and underdeveloped. There are countries which are in the process of developing, and such countries are referred to as developing countries. Each country is at a different level of development, which causes disparity between countries. Some countries have been endowed with resources in abundance, while others are extremely poor in resources.

2) What are the various types of disparity?

Answer. The various types of disparities are**:** global disparity,interstate disparity,intrastate disparity,rural-urban disparity.

Check Your Progress 3

1) What are the root causes of disparity in India? Is it humanly created?

Answer. The root causes of disparity are:

Attitude of the government: for example, SCs and STs are given less attention in development work compared to the larger, better off population that belongs to the general category. Attitude of people: for example - urban living is considered superior compared to living in rural areas; girls are considered less deserving than boys, and are given less attention. Preferential treatment is given to some states in terms of private sector investments, for example, states like Gujarat and Karnataka, receive more attention than backward states like Bihar, Madhya Pradesh, and Rajasthan.

The root causes of disparity are many a times humanly created.

2) What possible measures can be taken to overcome disparity?

Answer. The possible measures include:

Changing the attitude of people – to get rid of caste and class considerations; giving preferential treatment to backward regions, states, areas; providing good governance to remove interregional, interstate, and intrastate disparity; bringing transparency to governance – providing awareness and knowledge about the Right to Information Act, legal literacy; encouraging people's participation in development from the Panchayat level, upward; accountability to the people.

UNIT 3 INCLUSIVE DEVELOPMENT

Structure

3.1 Introduction
3.2 Inclusive Development: Meaning and Importance
3.3 The Processes of Inclusion
3.4 Approaches to Inclusion
3.5 Factors Affecting Inclusive Development
3.6 Inclusive Development Policy Measures
3.7 Let Us Sum Up
3.8 References and Selected Readings
3.9 Check Your Progress - Possible Answers

3.1 INTRODUCTION

In the preceeding unit, you studied development disparities. There is yet another important concept that has captured the attention of social scientists who study the dynamics of development. It is termed inclusive development. Today, it is understood that development cannot be possible without the empowerment and participation of every individual, especially the poor and excluded who constitute the majority of population. The failure of the market forces to bring equity-based development is already being experienced by many countries. The world has witnessed disparities and inequalities despite the opulence and progress showcased by a few, at the cost of masses. Recent development thinking which is, now based on inclusiveness takes into account a holistic approach, termed inclusive development.

After studying this unit, you should be able to:

- define inclusive development and explain the importance of inclusive development;
- explain various processes and approaches to inclusion;
- describe factors that affect inclusive development; and
- discuss inclusive development policy measures.

3.2 INCLUSIVE DEVELOPMENT: MEANING AND IMPORTANCE

Etymologically, 'Inclusive Development' is a combination of two words, 'inclusive', and 'development'. Inclusive means a sense of belonging: feeling respected, valued for who you are; feeling a level of supportive energy and commitment from others so that you can do your best work. The process of inclusion engages each individual and makes people feel valued, which is essential for the development of, not only, the individual but for the entire community in which they live. The concept of inclusive development, though a catchphrase in recent policy and political domains across the globe, has its roots in almost all major ancient civilizations, across different parts of the world.

You might have heard the word "Vasudhaiva Kutumbakam" (from *vasudha*, the earth; *eva*, emphasizer, and; *kutumbakam*, family), a Sanskrit phrase which means that the whole world is one single family. The idea originates in ancient Indian texts called the *Upanishads,* and is considered an integral part of the Hindu philosophy. Here, inclusion means a broader interrelationship among people, across the society. The analogy of family signifies that the relationships among people are encompassing and that there is togetherness.

Inclusive development has been a practice in ancient Indian civilization. Evidence found in the Indus Valley civilization shows that this culture spread across hundreds of kilometres, and provided facilities for all, i.e., roads, bathrooms, transport, and storage facilities. Similarly, the village republic, or, the *gram panchayat*, which has existed in India for centuries, is a form of inclusive development.

Vasudhaiva Kutumbakam is similar to ancient African concepts, such as Ubuntu. It is an ethic, or humanist philosophy, focusing on people's allegiances and relations with each other.

Ubuntu

Archbishop Desmond Tutu explains Ubuntu in the following manner (2008):

"One of the sayings in our country is Ubuntu - the essence of being human. Ubuntu speaks particularly about the fact that you can't exist as a human being in isolation. It speaks about our interconnectedness. You can't be human all by yourself, and when you have this quality - Ubuntu - you are known for your generosity.

We think of ourselves far too frequently as just individuals, separated from one another, whereas you are connected and what you do affects the whole world. When you do well, it spreads out; it is for the whole of humanity.

Ubuntu according to Nelson Mandela:

"A traveller through a country would stop at a village and he didn't have to ask for food, or, for water. Once he stops, the people give him food, entertain him. That is one aspect of Ubuntu, but it will have various aspects. Ubuntu does not mean that people should not address themselves. The question therefore is: Are you going to do so in order to enable the community around you to be able to improve?

Confucius (551-479 BC), the Chinese thinker and social philosopher, whose teachings and philosophy have deeply influenced Chinese, Korean, Japanese, Taiwanese, and Vietnamese thought and life, mentioned that, "In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of". Inclusive development is a very much part of the Chinese thinking, from ancient to modern times. The concept of *xiaokang* is described in the box below.

Xiaokang

Being Well Off (All Inclusive)

Xiaokang (Chinese: pinyin: xiaokang) is a term that describes a society basically "well-off" whereby the people are able to live relatively comfortably. The term was first used in the Classic of Poetry written as early as 3000 years ago.

The concept evolved over the years. The Chinese leader Deng Xiaoping used the term Xiaokang society in 1979 as the eventual goal of Chinese modernization. The concept was further emphasized in mainland China in the 1990s under Jiang Zemin, in which many in China felt was focusing too much on the newly rich, and not enough on mainland China's rural poor. Furthermore there was a fear in some circles that Chinese society was becoming too materialistic, placing material wealth above all other social needs.

In recent years, *xiaokang* has taken on a broader meaning. In 2002, the Sixteenth National Congress of the Communist Party of China established the objective of building an 'all-inclusive' society. This concept also underpins Premier Wen Jinbao's statement that China's development strategy should be in accordance with the five-balances: balancing urban and rural development, balancing development among regions, balancing economic and social development, balancing man and nature, and balancing domestic development and opening to the world. In this context, infrastructure has a central role to play in the balancing act, to create the *xiaokang* society.

In the eighteenth century, Adam Smith, the Scottish moral philosopher and a pioneer of political economy in his treatise, *Wealth of Nations*, mentioned "No society can surely be flourishing and happy of which by far the greater part of the numbers are poor and miserable". Mahatma Gandhi, the Father of the Nation, and a great visionary of the twentieth century also observed "No culture can live if it attempts to be exclusive".

There has been also better and wider understanding about inclusive development. The philosophical understanding of development has undergone massive change in the last few decades. Interdisciplinary approaches hailing from philosophy to spiritualism are gaining space in the newer form of development thinking that takes into account the entire globe. A body of alternative thinking has developed in recent years, e.g., development as freedom (Amartya Sen), development in terms of Gross National Happiness (in Bhutan), Mahbub ul Haq, Founder of the Human Development Report, Muhammad Younus who popularized the Gramin Bank in Bangladesh, Joseph Stieglitz et.al. all which furthers the philosophy of inclusive development.

It is now widely understood that real and sustained social and economic progress cannot truly occur if a large segment of society is marginalized. This is the reason why inclusive development, as a strategy for all-round development, seems to have wide appeal among all the stakeholders - government, non-governmental organizations, intellectuals, and civil society organizations.

In recent years, the inclusive development approach is the thrust area of the United Nations (UN), the World Bank (WB), and the Asian Development Bank (ADB). The Economic and Social Council of the United Nations, in its Forty-

Sixth Session (February 2008), focused on integrating women and the disabled into the development process by addressing the causes of discrimination. The UNDP's inclusive development approach integrates the standards and principles of human rights: participation, non-discrimination, and accountability. The four inclusive development approaches of the UNDP, to achieve the Millennium Development Goals (MDGs) are

1) creating productive and gainful employment

2) building effective and efficient social safety nets to protect those who cannot work, or, who earn too little

3) enhancing public services by building schools and hospitals, training teachers and doctors, and providing access to water, sanitation and transportation, all of which requires public spending

4) executing well designed fiscal policies – the way a government collects and spends public resources can play a major role in stimulating growth and reducing poverty.

Inclusive development is one of the important policy initiatives of the World Bank and the Asian Development Bank, and it covers a wide range of issues such as disability, gender, regional disparities, and environment.

Importance of Inclusive Development

We all aspire to live in a developed human society where human beings lead long and healthy lives, to be knowledgeable, to have access to resources for a decent standard of living, and to be able to participate in the life of the community. Development is possible only by mass participation, which can be possible through the process of inclusion. According to Amartya Sen, "Human development is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. People are the real wealth of nations. Development is, thus, about expanding the choices people have to lead lives that they value. And, it is, thus, about much more than economic growth, which is only a means - if a very important one - of enlarging people's choices".

On the other hand, the exclusion of individuals and groups can become a major threat to social cohesion and dangerously affect the humanity. Today, the world is witnessing severe ethnic problem, insurgencies, caste violence, social unrest, unemployment, poverty, malnutrition, etc., which severely affect the peaceful existence of human beings. These exclusions are not simple, but, a complex phenomena.

There are multiple and varied sources of exclusion

- Structural/economic (iniquitous economic conditions, low wages, dual and segregated labour markets, etc.)
- Historical oppression (colonialism)
- Discrimination
- The absence of legal/political recognition
- Institutional/civic non acceptance.

Now the major challenge is to create an inclusive society to provide the opportunity to all, to join in the path of development. In the current scenario, the disparities and exclusions are also alarming. During this phase of intense globalization, we are simultaneously witnessing growing dissent among various groups, castes, regions, as well as nations around the globe. Today, we live in a world of unprecedented opulence which is monopolized by a microscopic few. We also have a large section of people living in deprivation and without human dignity. This contradiction between opulence and deprivation is, perhaps, one of the important characteristics of today, and, the key development challenge is how to overcome this.

Since the last decade, there has been growing realization among development thinkers about the need for sustainable and long term development that includes equity for humanity. Hence, there is now greater emphasis on the wider perspectives that include, not only the economic, but political, cultural, social, and psychological aspects of human beings. This development is in harmony with equity and social justice. Inclusive development, in this context, is a counter force to such undesirable and unequal development. Inclusive development promotes human wellbeing by imparting a sense of belonging and respect, and by building capability, enhancing choices, and freedom. It is based on the premises of equity. Thus, it is desirable for development of every society.

In this section you studied the meaning and importance of inclusive development for holistic development. Now, you should be able to answer some questions relating to this section given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What is inclusive development?

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2) What does Ubuntu mean?

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3.3 THE PROCESSES OF INCLUSION

In the earlier section you studied the meaning and importance of inclusive development. In this section you will study the process of inclusion. The three distinct processes of inclusion are: (i) social inclusion, (ii) economic inclusion, and (iii) political inclusion. Let us discuss them one by one.

i) Social Inclusion

Social inclusion is an overarching framework for addressing various social policy issues, including income inequality, skill levels, education, health inequalities, housing affordability, and work-life balance. Social inclusion is now a part of the framework of laws of the European Union, Asian, African and several countries in other parts of the world. The United Kingdom's National Action Plan on Social Inclusion states, "Poverty and social exclusion are complex and multidimensional problems. While household income clearly has an important impact on well-being, there are many other factors that help or hinder efforts to transform the lives of those suffering from poverty. Housing, health, education, and employment status may all have a role to play. And, people are influenced by what sort of neighborhood they live in, and whether they feel safe from crime or anti-social behavior."

Social inclusion promotes more active participation of people living in communities. The Canadian Council on Social Development, drawing on the work of Amartya Sen, sees an inclusive society as characterized by a widely shared social experience and active participation, by a broad equality of opportunities and life chances for individuals, and by the achievement of a basic level of wellbeing for all citizens. It is one of the most important aspects of inclusive development.

The term, 'social', in social inclusion, has been adopted by governments as a moral, and indeed legal, imperative to foster development. Yet, it is one of the most complex notions, characterized by a lack of shared understanding about what it means to be socially included, and about the necessary conditions to achieve social inclusion. A key barrier to understanding arises from the fragmentation of policy in relation to different arenas of inclusion/exclusion. So, for example, race/ethnicity, gender and disability are all addressed in different ways, by different government departments, with different solutions, and with varying degrees of ineffectiveness. Joined-up working has been a much-used cliché which has not been accompanied by connected thinking about the different groups who are at risk of exclusion.

ii) Economic Inclusion

There has recently been a rapid growth of international literature and research on the links between economic growth and social capability, and their impact on wellbeing. The relationship between a productive economy and a society that enjoys high levels of participation, connection and cohesion, and their combined impact on peoples' wellbeing is well appreciated by scholars in recent times. It is their view that an inclusive economy improves the wellbeing of people by directing policy to ensure that there are broad based opportunities to participate in society and the economy. India's 11th Five Year Plan emphasies inclusive growth.

Grameen Model in Bangladesh

A Case of Economic Inclusion

A very successful case of economic inclusion is the Grameen model, introduced in Bangladesh by Muhammad Yunus, the Nobel laureate. The Grameen Model started in the late 1980s when it started attending to unutilized or underutilized fishing ponds, as well as irrigation pumps like deep tubewells. Gradually, these diversified interests started growing into separate organizations, as the fisheries project became Grameen Motsho (Grameen Fisheries Foundation), and the irrigation project became Grameen Krishi (Grameen Agriculture Foundation). Over time, the Grameen initiative has grown into a multi-faceted group of profitable and non-profit ventures, including major projects like the Grameen Trust and the Grameen Fund, which runs equity projects such as Grameen Software Limited, Grameen Cyber Net Limited, and Grameen Knitwear Limited, as well as Grameen Telecom, which has a stake in Grameenphone (GP), the biggest private sector phone company in Bangladesh.

The success of the Grameen model of microfinancing has inspired similar efforts in a hundred countries throughout the developing world, and even in industrialized nations, including the United States.

iii) Political Inclusion

Inclusiveness in the political sphere is vital for social development. A democratic and participatory political organization empowers people to raise their voices against injustices and deprivation. Since independence, the Indian constitution guarantees the participation of all section in the political process. Indeed, two relatively new types of participatory practices (allowing an interaction between people and the government without the recourse to political parties) have been used particularly by urban middle classes: legal provisions that encourage the interpellation of the government by civil society organizations, or even by individuals, such as the Public Interest Litigation, and the Right to Information Act; and schemes aiming at promoting local participation through neighbourhood associations.

The political inclusion has two main avenues of inclusion: quotas and caste base in political parties. Quotas were enshrined in the Constitution of independent India, making it a pioneer in policies of affirmative action, or 'compensatory discrimination'; in 1950, these quotas had two categories, the Scheduled Castes (SCs) and the Scheduled Tribes (STs); and three fields, public employment, institutions of higher education, and political representation. Seats were reserved in Parliament and in State Assemblies in proportion to the demographic weight of SCs and STs, i.e., 15per cent and 7.5per cent, respectively. Over the years, quotas were extended to Other Backward Classes (OBCs), but only in the fields of public employment and higher education. Lately, electoral quotas - at the local level – have been introduced for a fourth category: women.

The ambitious (but disparately implemented) decentralization policy passed in 1992 is an important element of these two dimensions of democratic renewal. On one hand, it provides for substantial quotas in local assemblies for women (33per cent), SCs, STs and, in some states, for OBCs (in proportion to the local demographic weight of each category), at all three levels of local self-government:

village, block, and district (or municipality in urban areas). On the other hand, it provides for the creation of Wards Committees where elected representatives and representatives of civil society can meet and jointly manage local affairs.

In this section you studied the processes of inclusion. Now answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) How is social inclusion important for development?

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2) Write a note on economic inclusion.

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3.4 APPROACHES TO INCLUSION

In this section, you will study various approaches to inclusion. Inclusion and exclusion are very deeply rooted in society and it exist both economic, as well as non economic factors, such as norms, culture, belief system, and historical legacy. The political system influences the level of inclusion/exclusion. Thus, the approach towards inclusive development varies from situation, country, culture, history, and political economy. Several developing countries, especially Asian countries, have their own approaches to inclusive development.

Ironically, it is only recently that development experts, international organizations and governments have acknowledged that the very notion of development necessitates inclusiveness. Michael Chibba has narrated the approaches to inclusion by giving the examples of USSR and USA in the following quote: "The impetus to this perspective resulted from the fall of the Soviet Union in 1991 (and with it, the communist ideology) and the subsequent rise, led especially by the United States, of the neo-liberal ideology which has included, *inter alia*, emphasis on governance matters, the vision of relegating the state's role to the provision of an enabling environment for development, and elevating the role of markets to be central to economic and social progress. Within this context, the neo liberal model includes an emphasis on democracy and market

fundamentalism, or the *laissez-faire* approach to capitalism, which upholds the principle of non intervention by government in economic affairs. One of the recent policy thrusts associated with this neo liberal model has been an inclusive development approach, including pro poor growth, or, essentially, growth that focuses on the poor in terms of equity"

Michael Chibba (2008) identified various possible approaches to address inclusive development

- Inclusive and sustainable growth requires, *inter alia*, good governance, progressive politics, effective management, and successful engagement in the global economy – indeed, an inclusive growth approach is the preferred one in Asia.
- Inclusive development requires addressing issues of structural transformation, especially economic, social, and demographic aspects.
- A multipronged policy and programme mix is indispensable to an inclusive development agenda, and this includes sensible macroeconomic policies, sound institutions, public–private sector development, effective economic policy management, consensus building on public policies and programmes, and policies and interventions, tempered to socioeconomic and cultural factors.

In the context of developing countries, El-Erian and Spence observe that, "inclusive and sustainable growth entails immense challenges that are economic, political and social. Yet, the record shows that only 12 countries in the world (eight of which are Asian) have achieved sustained high growth – that is, annual growth rates of 7%, or more, over a period of two, or more, decades (data from the Commission on Growth and Development 2008). On the one hand, such a record is not encouraging for the majority of developing countries in the world.

While the probability of success of achieving high, sustainable and inclusive growth in any given developing country is evidently impossible to foresee with certainty, it nevertheless is achievable".

The Asian Development Bank have proposed that inclusive growth should focus on two specific areas to address extreme poverty and rising inequalities in Asian countries: creating economic opportunities, and broadening the access to opportunities to support social inclusion.

Research conducted at the Institute of Development Studies at the University of Sussex takes a different approach to the subject, as 'Asian paths to development have often challenged received wisdom on development'. Beginning with the observation that rapid economic growth often threatens social stability and cohesion, Cook's (2006) treatise has the premise that growth alone is not a sufficient condition to work towards sustained poverty reduction and inclusive development. The strength of her inclusive development approach lies in her focus on structural transformations associated with rapid economic growth and their implications for inclusive development. On this point alone, her treatise deserves special mention as an incremental inclusive development approach.

Now that you have studied the approaches to inclusive development, answer the questions given in *Check Your Progress 3.*

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) Why do we need inclusive development?

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2) Outline Key approaches for inclusive development.

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3.5 FACTORS AFFECTING INCLUSIVE DEVELOPMENT

This section will highlight some of the major factors that affect inclusive development. Though there are several complex factors, yet some of the major factors are important to mention here. This section has a brief discussion on factors such as inequity, social exclusion, deprivation, disparity, and displacement affecting inclusive development. It is also important to note that all these factors are not distinct from each other; rather they are interrelated and affect each other in a number of ways.

i) Inequity

One cannot ignore the fundamental inequalities in society, many of which cannot be explained by differences in individual aptitude or inclination. The socioeconomic and political structure plays a significant role in sustaining those inequities, and, consequently hinders development.

Inclusive development is based on the premise of equity. As has already been discussed above, growing inequity in the wake of rapid globalization brings new and multiple challenges to the inclusive process.

Internationally, equity groups are those who have been historically excluded, under-served, and include Blacks, Latinos, Asian/Pacific Islanders, American Indians, women, persons with disabilities, and the economically disadvantaged. Now, there is an enlarged list of groups that include other groups, most prominently gays, lesbians, and bisexuals, who are frequent targets of harassment and discrimination.

Now, there is growing concern on how to bring sustainable development with equity. One of the pioneering thinkers on equity and sustainable development is Amarya Sen. He is probably best known for his work on the causes of famine, which has considerably influenced the academic field of development studies, as well as the policies of the UNDP. The central argument in his book ***Poverty and Famines*** is that famine is not caused by a negative (Malthusian) relationship between population and food supply, but by the inability of famine-prone individuals to access food in times of great need, even when food supplies are adequate. Hence, hunger and famine can be the result of a food demand problem, but, due to a human-made inequitable distribution system of food, and not necessarily a supply problem, as is often presented.

Inequity, thus, is a serious problem, causing human deprivation. Amartya Sen advocates the principle of equality which is based on the capability to functioning. According to Sen, capability to functioning is of two kinds: elementary ones such as being in good health, nourished, sheltered, and examples of the more complex, social ones are having self respect, taking part in the life of the community, etc. The achievement of an individual is the set of these realized functioning. Inequalities related to class, gender, and communities deprive human freedom and decrease our capability to function.

ii) Social Exclusion

The concept of inclusion or exclusion is complex, and intertwined with the very psychic and social life of the individual. The concept of social inclusion has the

advantage of situating individuals in a social and relational context instead of situating in individual characteristics. The social structure itself promotes inequality and excludes people from participating in the social life. The practices of patriarchy, caste and various other forms also exclude many in the society, creating a hindrance to progressive and developed social living. There is no easy strategy to overcome inequality and promote inclusiveness in all aspects of socio-cultural and economic life.

Social inclusion is an affirmative action to change the circumstances and habits that lead to (or, have led to) social exclusion. Social inclusion is a strategy to combat social exclusion, but it is not making reparations or amends for past wrongs as in affirmative action. It is a coordinated response to the very complex system of problems that are known as social exclusion. The notion of social inclusion can vary according to the type of strategies organizations adopted.

The problem of social exclusion is usually tied to the problem of equal opportunity, as some people are more subject to such exclusion than others. The marginalization of certain groups is a problem even in many economically more developed countries, including the United Kingdom and the United States, where the majority of the population enjoys considerable economic and social opportunities.

Social structure plays a very pivotal role in creating exclusion and inclusion. Countries like India that have citizens who are from multiethnic, multireligious and multicultural backgrounds create a state with amazing diversity. At the same time this often poses a great challenge to the harmony of the country. The constitutional democracy guarantees the equality of all citizens before the law, and promotes affirmative action to all sections that are under represented in social spheres.

iii) Poverty

The impact of exclusion is felt predominantly by the poor. The more profound the exclusion — that is the more ways in which an individual or a community experiences multiple exclusions, the more devastating the impacts. Poverty poses a serious challenges to inclusive development which must be tackled in a systematic manner. According to the UNDP (1998) "Human poverty is deprivation in multiple dimensions, not just income". To quote the World Bank, "Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school, and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom". The poor rarely take part in decision-making that affects their lives, and, as a consequence, they cannot claim a share of development; development passes them by. The poor are vulnerable to societal or personal calamities, and to harassment and exploitation by more powerful groups in society. In short, the poor are trapped in a vicious circle of poverty from which it is extremely difficult to escape.

Through inclusion, the poor will develop enhanced capability and be able to expand ability to become more productive and earn higher income. Giving the example of inclusive education and health care, Amartya Sen says, "The more inclusive the reach of basic education and healthcare, the more likely it is that even the potentially poor would have a better chance of overcoming penury".

iv) Disparity

Wide spread disparities in terms of region, gender, caste, and class are evident in different parts of the world. Disparities are the result of a set of factors, such as natural differences, socio-cultural conditions and policy decisions. Natural factors, such as differences in the colour and race of a person, agro-climatic conditions, where they live in, endowment with natural resources or geographical location, such as distance to a seaport or a centre of commerce, determine the potential for economic development of an area, or a region. Some conditions, such as climate and natural endowments, are largely invariable, while others can be improved through such infrastructure as roads to overcome isolation, and irrigation to overcome arid conditions. Socio-cultural factors, such as values and traditions that encourage or discourage social and economic mobility, innovation and entrepreneurship, form a second set of factors.

Policy decisions undertaken by the ruling class or government to impact development. The government policies often promote disparities due to biased and vested interest. For example, favoring large corporate at the cost of the masses, rural *vs*. urban, regional favoritism, are very much prevalent across the world, at both, the national and international level. Inclusive development will address these disparities in a manner that promotes equity.

v) Displacement

By their high frequency, cumulative magnitude, and destructive socio-economic and cultural effects, forced displacements have come to be recognized as a antipathy to development. These processes give rise to massive socio-economic losses, to pain and suffering, to growing resistance movements.

As many as 26 million people are seriously affected and denied the benefit of development due to the displacement. Out of these, women and children and senior citizens are the most disadvantaged group affected by the displacement.

Table 1: Internal Displaced Persons (IDPs) as a Percentage of Country's Population

Country	IDPs as percentage of population
Cyprus	Up to 23%
Somalia	13%
Sudan	12.4%
Iraq	9.6%
Colombia	5.7% – 9.3%
Zimbabwe	4.2% – 7.4%
Azerbaijan	6.7% – 7.1%
Georgia	5.7% – 6.3%
Lebanon	2% – 9%

Source: "Internal Displacement: Global Overview of Trends and Development 2008", *A Report by Internal Displacement Monitoring Centre,* Norwegian Refugee Council Chemin de Balexert 7–9, CH-1219 Châtelaine (Geneva), Switzerland, www.internal-displacement.org.

Quite a substantial number of people as proportion to the national population are affected by internal displacement in above countries given in Table-1. This displacement poses potential risk to the development process. Cernea has identified eight interlinked potential risks intrinsic to displacement.

1) Landlessness- Expropriation of land removes the main foundation upon which people's productive systems, commercial activities, and livelihoods are constructed.

2) Joblessness- The risk of losing wage employment is very high both in urban and rural displacements for those employed in enterprises, services or agriculture. Yet creating new jobs is difficult and requires substantial investment.

3) Homelessness - Loss of shelter tends to be only temporary for many people being resettled; but, for some, homelessness, or a worsening in their housing standards remains a lingering condition. In a broader cultural sense, loss of a family's individual home and the loss of a group's cultural space tend to result in alienation and status deprivation.

4) Marginalization - Marginalization occurs when families lose economic power and spiral on a downward mobility path. Many individuals cannot use their earlier acquired skills at the new location; human capital is lost or rendered inactive or obsolete. Economic marginalization is often accompanied by social and psychological marginalization.

5) Food Insecurity - Forced uprooting increases the risk that people will fall into temporary or chronic undernourishment, defined as calorie-protein intake levels below the minimum necessary for normal growth and work.

6) Increased Morbidity and Mortality - Displacement-induced social stress and psychological trauma, the use of unsafe water supply and improvised sewage systems, increased vulnerability to epidemics and chronic diarrhoea, dysentery, or particularly parasitic and vector-borne diseases.

7) Loss of Access to Common Property - For poor people, loss of access to the common property assets that belonged to relocated communities (pastures, forest lands, water bodies, burial grounds, quarries, and so on) result in significant deterioration in income and livelihood levels.

8) Social Disintegration - Displacement causes a profound unraveling of existing patterns of social organization. This unraveling occurs at many levels. When people are forcibly moved, production systems, life sustaining informal networks, trade linkages, etc., are dismantled.

Thus, there is an urgent requirement for an inclusive approach to integrate displaced people into the mainstream development.

In this section, you studied the factors that influence inclusive development. Now, answer the questions in *Check Your Progress 4.*

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) How does inequity affect inclusive development?

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2) Why is displacement a serious concern for human development?

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3.6 INCLUSIVE DEVELOPMENT POLICY MEASURES

Many countries, especially democracies around the world, responded to the inequalities in the society by enacting legislations and incorporating equality clauses in their constitutions. Policies such as compensatory discrimination or, protective discrimination are intended to include members of groups whose members have relatively limited access to social and economic advancement.

Inclusive development has been promoted in many countries through affirmative action. Affirmative action is a part of inclusiveness and has evolved over time since the U.S. President John F. Kennedy first used the term in 1961. Affirmative action policies ensure that no person is denied opportunities simply because of the group that she or he happen to born into. Affirmative action assures equality of opportunity to all Americans, and an end to discrimination against members of groups that have historically been exposed to a great deal of discrimination-mostly African American.

The United Kingdom has taken several measures to promote inclusive development. The post war state strategy was to build good race relations since the 1970s. The UK enacted measures, such as the Sex Discrimination Act in 1975, and the Race Relations Act in 1976. During this time, the UK also promoted positive discrimination to overcome disadvantage through training, education and the provision of facilities.

Similar examples are also found in African and Asian countries. The South African National Congress (ANC) Government of Nelson Mandela inherited a legacy of

apartheid and racial disparity between the majority of Africans and minority whites. In 1994, a multiracial democratic election brought the majority of Africans (75 per cent of the total population) to political power, even though most of them were economically marginalized. The ANC led government asked the assembly to pass the Employment Equity Bill on August 21, 1998, to facilitate disadvantaged people, specifically the Africans. The Employment Equity Bill requires all companies with 50 employees or more, to implement the quota based Affirmative Action Policy. The designated groups are Blacks (including African, Indian, and other coloured minorities), women, and the disabled. If a company fails to meet the quotas, the department of Labour will impose a fine of between US $80,000 and $150,000. The company that is in violation of the requirements of the bill will also be denied government contracts and subsidies.

Asian countries like Malaysia and Sri Lanka have their respective inclusive development strategies.

Inclusive Development Policy Measures in India

A few important inclusive development policy measures taken by the government of India are discussed below.

The India constitution has inclusive clauses in order to prevent discrimination. Article 15 of the constitution of India prohibits discrimination on the ground of religion, race, caste, sex, or place of birth. Article 16 which lays emphasis on equal opportunities reads, "No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect or, any employment or office under the State.". Moreover, Article 16(4) of the constitution also proclaims that, "Nothing in this article shall prevent the State from making any provision for reservation in matters of promotion to any class or classes of posts in the services under the State in favour of the Scheduled Castes and the Scheduled Tribes which, in the opinion of the State, are not adequately represented in the services under the State."

The government of India consciously admits that there are millions of displaced persons, and has drafted the National Rehabilitation Policy in 1994 for formulating welfare measures for the displaced.

Many commissions and organizations such as the formation of the National Commission for Women (NCM), the National Council for Empowerment of Women, the National Policy for Empowerment of Women, and the National Resource Centre for Women have been set up by the government of India for the empowerment of women. Besides, the reservation of seats in the Local Self Government Institutions is a step for gender inclusiveness.

There is reservation for the Scheduled Castes, Scheduled Tribes, and Other Backward Castes (OBCs) in admission to government educational institutions, and in government jobs, too. This is an inclusive measure taken by the government. The reservation of seats in the Parliament and State Assemblies for the SCs and STs is another example of political inclusion.

The government of India has also constituted Minority Commissions from time to time to suggest measures for the welfare of the minority.

The Eleventh Five Year Plan provides a comprehensive strategy for inclusive development, building on the growing strength of the economy, while also addressing weaknesses that have surfaced. The 11th Plan vision focuses on faster, more broad-based and inclusive growth, and is designed to reduce poverty. It bridges the various divides that continue to fragment the society. A key element of the strategy for inclusive growth identifies the provisioning of access to basic facilities, such as health, education, and clean drinking water. It does not go simply by a rise in per capita income. It says that better health and education are the necessary pre-conditions for sustained long term growth.

The government of India launched NREGS (National Rural Employment Guarantee Scheme, now, Mahatma Gandhi Rural Employment Guarantee Scheme) in 2005 to provide a minimum guaranteed wage employment of 100 days in every financial year to rural households with unemployed members who are prepared to do unskilled manual work. One of the inclusive features of the scheme is that a minimum of 33 percent reservation is made for women, where the number of applicant is very large. Further, one of the works identified in the scheme is the provision of irrigation facility to land owned by households belonging to the Scheduled Castes and Scheduled Tribes. Several studies have found that the large numbers of beneficiaries of the scheme are the Scheduled Castes, Scheduled Tribes, and women.

3.7 LET US SUM UP

There are enormous challenges to development. Inclusiveness is one of the major policy options available for promoting development. In this section we have discussed the concepts, meanings and broad issues in inclusive development, as well as the key approaches followed by various countries across the globe. Factors that affect inclusive development, such as inequity, exclusion, poverty, disparity, displacement are discussed. Major inclusive policies such as social inclusion, economic inclusion, political inclusion that are undertaken by various countries are also highlighted.

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3.9 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) What is inclusive development?

Answer: Inclusive development refers to development with a sense of belonging. It benefits the masses by making them feel valued, empowers them and enables them to participate in the development process. Inclusive development goes against the spirit of discrimination and exclusion. Rather, it encourages people to play an active part in the development by using their full potential.

2) What does *Ubuntu mean* ?

Answer: *Ubuntu* is a concept that refers to a broad vision which sees humanity in terms of interconnectedness and belonging-ness. It is an expression of generosity and cooperation to fellow human being which is essential for a shared development goal. Ubuntu enables people and communities to be part of development by contributing positively, and helping each other.

Check Your Progress 2

1) How is social inclusion important for development?

Answer: Social inclusion is an overarching framework for addressing a various social policy issues, including income inequality, skill levels, education, health inequalities, housing affordability, and work-life balance. Social inclusion promotes more active participation of people living in the community. The 'social' of inclusion has been adopted by governments as a moral, and indeed legal, imperative to foster development.

2) Write a note on economic inclusion.

Answer: Economic inclusion is vital for development as it ensures every individual's productive participation in the economy. The relationship

between a productive economy and a society that enjoys high levels of participation, connection and cohesion, and their combined impact on peoples' well-being is well appreciated by scholars in recent times. They see that inclusive economy improves the well-being of people by directing policy to ensure that there are broad based opportunities to participate in the economy.

Check Your Progress 3

1) Why do we need inclusive development?

Answer: Human development is about creating an environment in which people can develop their full potential, and lead productive, creative lives in accord with their needs and interests. People are the real wealth of nations. Inclusive development promotes human wellbeing through a sense of belonging and feeling respected, building capability, enhancing choices and freedom. It is based on the premises of equity. Thus it is desirable for every society. On the other hand, the exclusion of individuals and groups can become a major threat to social cohesion and dangerously affect the humanity.

2) Outline key approaches for inclusive development.

Answer: The approach towards inclusive development varies from situation, country, culture, history and political economy. Several developing countries especially Asian countries have their own approaches to inclusive development. The three key approaches include: (1) Good governance (progressive politics, effective management and successful engagement in the global economy; (2) Structural transformation, (economic, social and demographic), and; (3) Multi-pronged policy and programme mix (macroeconomic policies, sound institutions, public–private sector development, effective economic policy management).

Check Your Progress 4

1) How does inequity affect inclusive development?

Answer: Inequity is a serious problem causing human deprivation. Inequity is related to class, gender, and communities. Inequity deprives people of human freedom and decreases the capability to function. This hinders the participation of people in development work. Inequity also causes dissent and takes the form of social unrest and strife, and widens the gap between rich and poor, various castes and communities.

2) Why is displacement a serious concern for human development?

Answer: Displacement is considered as an antipathy to development. These processes give rise to massive socio-economic losses, to pain and suffering, to growing resistance movements. About 26 million people are seriously affected and denied the benefit of development due to the displacement. Of these, women and children, and senior citizens are the most disadvantaged group affected by the displacement. There are many ways displacement affects development, e.g., creating landlessness, joblessness, homelessness, marginalization, food insecurity, increased morbidity and mortality, psychological stress and trauma, loss of access to common property and social disintegration.

UNIT 4 MARGINALIZATION

Structure

4.1 Introduction

4.2 The Meaning and Nature of Marginalization

4.3 The Types of Marginalization

4.4 Causes of Marginalization

4.5 Levels of Marginalization

4.6 Marginalized Groups

4.7 Let Us Sum Up

4.8 References and Selected Readings

4.9 Check Your Progress - Possible Answers

4.1 INTRODUCTION

Marginality is an experience that affects millions of people throughout the world. People who are marginalized have relatively little control over their lives, and the resources available to them. This results in making them handicapped in delving contribution to society. A vicious circle is set up whereby their lack of positive and supportive relationships means that they are prevented from participating in local life, which in turn leads to further isolation. This has a tremendous impact on development of human beings, as well as on society at large. As the objective of development is to create an enabling environment for people to enjoy a productive, healthy, and creative life, it is important to address the issue of marginalization. This unit deals, in detail, the various aspects of marginalization.

After reading this unit, you will be able to:

- define marginalization;
- explain how marginalization creates development deprivation;
- delineate the nature and causes of marginalization;
- discuss the various types of marginalization; and
- explain the effects of marginalization.

4.2 THE MEANING AND NATURE OF MARGINALIZATION

In general, the term 'marginalization' describes the overt actions or tendencies of human societies, where people who they perceive to undesirabile, or without useful function are excluded, i.e., marginalized. The people who are marginalized are outside the existing systems of protection and integration. This limits their opportunities and means for survival. The term has been defined in the following ways:

Peter Leonard defines marginality as, "…being outside the mainstream of productive activity and/or social reproductive activity".

The Encyclopedia of Public Health defines marginalization as, "To be marginalized is to be placed in the margins, and thus excluded from the privilege and power found at the center".

Laitin observes that, "'Marginality' is so thoroughly demeaning, for economic well-being, for human dignity, as well as for physical security. Marginal peoples can always be identified by members of dominant society, and will face irrevocable discrimination."

Merriam-Webster's online dictionary definition of the term, marginalize, is "to relegate to an unimportant, or powerless position within a society or group"

Ghana S. Gurung and Michael Kollmair mention that the concept of marginality is generally used to analyse socioeconomic, political, and cultural spheres, where disadvantaged people struggle to gain access to resources and full participation in social life. In other words, marginalized people might be socially, economically, politically and legally ignored, excluded, or neglected, and, therefore vulnerable to livelihood change.

According to Sommers *et. al*., "Socio-economic marginality is a condition of socio-spatial structure and process in which components of society and space in a territorial unit are observed to lag behind an expected level of performance in economic, political and social well being, compared with average conditions in the territory as a whole"

These definitions are mentioned in different contexts, and show that marginalization is a slippery and multilayered concept. To further clarify the meaning and concept let us discuss certain features of marginalization:

- Sometimes, whole societies can be marginalized at national and global levels, while classes and communities can be marginalized from the dominant social order within the local level. In some other contexts, the same community can be marginalized in certain country (Jews in Germany or Russia) whereas they are not marginalized in another country (Jews in the U.S.A.).

- Marginalization also increases or decreases at certain stages of life cycle. For example, the marginalized status of children and youth may decrease as they get older; the marginalized status of adults may increase as they become older; the marginalized status of single mother may change as their children grow up.

- Individuals or groups might enjoy high social status at some point of time, but as social change takes place, they may lose this status and become marginalized.

Thus, marginalization is a complex as well as shifting phenomenon linked to social status.

4.2.1 Nature of Marginalization

Marginalization is a multidimensional, multicausal, historical phenomenon. There are no general laws to understand and comprehend the complex nature of marginalization. The analytical tools that can be used in most cases include class, in relation to specific social, cultural, economic and political conditions, as well

as ideological systems, social awareness, and human action. The nature of marginalization varies in different settings. For example, the marginalization of women in Iraq is not the same as in India, though they broadly share some features. The religious, ideological system, patriarchy, political economy of a country, and the overall social system have an impact on the marginalization of specific groups or an individual.

The nature of marginalization also varies in relation to elderly people living in different countries and cultures. In some societies, the elderly are given more respect compared to other and, hence, are subject to less marginalization. The strong and supportive traditional family system in some cultures often provides better respect and care to elders than the public aided system available in others.

Similarly, the level of awareness among the marginalized groups plays very important role, and the nature of marginalization varies accordingly. Organized communities who are aware of their rights, demand more justice than unorganized communities. This also depends upon the political- economy of the country where they live in. For example, physically challenged people form organizations in the U.S. and Europe more effectively than in other countries, and demand justice easily. This cannot always happen if the political-economic system is not supportive. Usually, democratic institutions are favorable for most of the disadvantaged groups.

In this section, you have studied the meaning and nature of marginalization. Now, answer the questions in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What do you mean by marginalization?

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2) Write a note on the nature of marginalization.

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4.3 TYPES OF MARGINALIZATION

In the previous section, you studied the meaning and nature of marginalization. In this section, you will study the types of marginalization.

To be marginalized is to be distanced from power and resources that enable self determination in economic, political and social settings. Though there are various types of marginalization, we identify some broad types, such as social, economic, and political marginalization.

i) Social Marginalization

Marginality is both ascribed and acquired in a social setting. The experience of marginality arises in a number of ways. For some people, those severely impaired from birth, or those born into marginal groupings (e.g., lower castes in India, members of ethnic groups that suffer discrimination - the Romans in Europe, indigenous people in Australasia, and on the American continent, African Caribbean people in Britain), this marginality is typically life long and greatly determines their lived experience. For others, marginality is acquired by later disablement or by changes in the social and economic system. As global capitalism extends its reach, bringing more and more people into its system, more communities are dispossessed of lands, livelihoods, or systems of social support.

People who are socially marginalized are largely deprived of social opportunities. They may become stigmatised and are often at the receiving end of negative public attitudes. Their opportunities to make social contributions may be limited, and they may develop low self confidence and self esteem. Social policies and practices may mean that they have relatively limited access to valued social resources such as education and health services, housing, income, leisure activities, and work. The impact of marginalization, in terms of social exclusion, is similar, whatever the origins and processes of marginalization, irrespective of whether these are located in social attitudes such as, towards impairment, sexuality, ethnicity, and so on or, social circumstance such as closure of workplaces, absence of affordable housing, and so on. Different people will react differently to marginalization depending on the personal and social resources available to them.

Another problem is that people born in a marginalized community lack the required social and cultural capital to participate in mainstream development processes. Their social networks are weak and vulnerable. Lack of social capital deprives an individual of access to resources, such as, economic, educational and cultural and other support systems. This creates social isolation and limits their participation in the development process.

ii) Economic Marginalization

Economic marginalization as a process relates to economic structures, in particular, to the structure of markets and their integration. To the extent in the markets that some individuals or groups engage in are segmented from the others in general, these individuals can be said to be marginalized from the rest of the economy. Segmentation and exclusion may, however, have non-economic and non-financial origins, for example in discrimination by gender, caste, or ethnicity. Here, integration takes on a broader meaning. People who are experiencing

marginalization are likely to have tenuous involvement in the economy. The sources of their income will vary. These experiences affect men and women differently and vary with age. Poverty and economic marginalization have both direct and indirect impacts on people's health and wellbeing.

iii) Political Marginalization

Political marginalization does not allow the group to participate democratically in decision making, and, hence, they lose their right to every social, economic, and political benefit. Political empowerment is one of the most important tools for accessing other social and economic privileges.

In every society, lack of political empowerment affects large sections of people, including women, ethnic minorities, migrants, disabled persons, elderly, etc. So far as gender is concerned, we find that participation by women is minimized across the globe. It is men who hold power and lead politics around the world. This is true at all levels of power in politics, whether it is party leadership, elected offices, appointed offices, or at policy making levels. This is a particularly acute problem in third world countries, where women's participation in political affairs is mostly linked with the dominant, male-oriented social cultural and religious environment. This kind of marginalization is also felt by ethnic minorities, migrants, disabled persons, elderly, etc.

In this section, you studied various types of marginalization. Now, answer the questions given in *Check Your Progress 2*

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What are the different types of marginalization?

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2) What do you mean by political marginalization?

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4.4 CAUSES OF MARGINALIZATION

Frank Herbert remarked "All men are not created equal, and that is the root of social evil". In this section we will discuss about the causes of marginalization. Through marginalization, a majority of people are deprived across the globe. It is a complex problem, and there are many factors that cause marginalization. Some of the important factors that are responsible for marginalization discussed below are: exclusion, globalization, displacement, disaster – natural, and unnatural.

i) Exclusion

Marginalization is a process that denies opportunities and outcomes to those 'living on the margins', while enhancing the opportunities and outcomes for those who are 'at the centre'. Marginalization combines discrimination and social exclusion. It offends human dignity, and it denies human rights, especially, the right to live effectively, as equal citizens. Caste and class prejudice, in many societies across the globe, exclude many groups and communities, and hinder their productive participation in economic and social development. For further discussion on exclusion please refer to the unit titled, Inclusive Development.

ii) Globalization

Globalization is a controversial and much debated topic, and the responses are both positive and negative, in the context of development. As far as marginalization is concerned, globalization played a certain role. Increased openness has promoted development at the cost of equity. It is viewed that it has enhanced the gap between haves and have-nots and thus boosted marginalization. Globalization in the post-1980 period has marginalized much of the third world and low income, developing countries. Apart from East and South Asia, all the world's less developed regions grew faster during the relatively less globalized era of the 1950s and 1960s. Yet, all regions have expanded their exposure to international trade. While it is true that some middle income developing countries, as well as the most populous countries, India and China, are gaining out of globalization, yet the impact is not equally universal for all nations of South Asia (Table 1).

The era of globalization is a cause of concern for many underdeveloped countries. In the case of Africa, Latin America, and some parts of Asia, the human development indicators have been declining. Simultaneously, the gaps between the rich and poorer nations have been also increasing (Table-1).

Table 1: Human Development Index of SAARC Countries

Countries	HDI	Rank	Categories
Bangladesh	.509	138	Medium Human Development
Bhutan	.536	134	Medium Human Development
India	.595	127	Medium Human Development
Maldives	.752	84	Medium Human Development
Nepal	.540	140	Medium Human Development
Pakistan	.497	142	Low Human Development
Srilanka	.740	96	Medium Human Development

Source: Human Development Report – 2004, UNDP

iii) Displacement

The forced population displacement is caused by development programmes implemented by the government of various nation states. The government of India admits that there are 15.5 million displaced persons when it drafted the National Rehabilitation Policy in 1994. The increasing construction of development projects consistently displaced a massive number of tribal, poor, and weaker sections. This resulted in further marginalization of already marginalized people. The ultimate gainer are the contractors, businessmen, industrialists, politically and economically well ups and the real poor are the underdog. As a consequence, we find social unrest, resistance, and disharmony in many parts of the globe. More details about displacement and its impact are discussed in the unit titled, "Inclusive Development".

iv) Disaster- Natural and Unnatural

Disasters are global phenomena and a serious challenge to development (Table 2). Vulnerability is linked to broader social issues, such as poverty, and to social exclusion, conflict, and marginalization. There are three broad classification of disaster and their combined impact on development is staggering

- Natural: earthquake, volcanic eruption, hurricane, tornado, ice storm, flood, flashflood, landslide, wildfire, insect infestation, and disease outbreaks. These disasters may be further sub classified as meteorological, oceanographic (tsunami or sea storm), hydrological, or biological events.
- Technological: Associated with technological advances, i.e., explosives, unexploded ordinance, toxic spills, emissions of radio-isotopes, and transportation accidents. It also includes hazmat (hazardous materials) incidents involving carcinogens, mutagens, or heavy metals; dangers such as structural failure of devices and machines or installations, and plants, such as bridges, dams, mines, power plants, pipelines, high rise buildings, vehicles, and trains.
- Social**:** These include incidents primarily involving social unrest, such as hijacking, riots, demonstrations, crowd rushes, and stampedes, terrorist incidents, as well as bombings, shootings, and hostage taking.

Table 2: People affected by Disasters in Different Regions of the World

Types/Region	Africa	America	Asia	Europe	Oceania
People killed by disaster	77852	9354	46353	3124	108
People affected by disaster	11894585	3803731	126092412	13161	1008274
People made homeless by disaster	284534	330317	4139208	72076	14220
People injured by disaster	20937	10555	53964	3960	634

Source: World Disaster Report, 1998, Oxford University Press, 1998.

Throughout human history, these disasters have played a major role in retarding the economic development and affecting survival of humanity. The extent of damage caused by these disasters is clearly connected to a country's socioeconomic condition. The impact of both natural and unnatural disasters are closely related to poverty, education, quality of health, gender related issues, and changing policy scenarios in relation to global socioeconomic characteristics and stakeholder partnerships. Poorer, illiterate and women are more vulnerable to these disasters and their preparedness is weak during and after disasters where they are pushed further into marginalization.

In this section, you studied the causes of marginalization. Now, answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What are the important factors responsible for marginalization?

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2) How does disaster cause marginalization?

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4.5 LEVELS OF MARGINALIZATION

Marginalization happens simultaneously at the micro and macro levels. Often they intersect each other in many ways. The following section will discuss how marginalization occurs at different levels, i.e., individual, group, community, and global.

i) Individual

Marginalization at the individual level results in an individual's exclusion from meaningful participation in society. An individual can face discrimination across different social institutions, such as family, schools and neighbourhood, at work places, or places of worship. Single parents, persons with disability, homosexuals, the elderly, are marginalized individually, as most of them have little association with communities (not in an organized form).

Another example of individual marginalization is the exclusion of individuals with disabilities from the labour force. Employers view individuals with disabilities as people who potentially jeopardize productivity, increase the rate of absenteeism, and create accidents in the workplace. Employers are often concerned about what they consider the excessive cost of accommodating people with disabilities. The marginalization of individuals with disabilities is prevalent today across the globe despite legislative protection, the Employment Equity Act, academic achievements, and skills and training.

ii) Communities

Many communities experience marginalization. The example that we will look at in this section is on aboriginal communities and women in many countries of the world. The marginalization of aboriginal communities is a product of colonization. As a result of colonialism, aboriginal communities lost their land, were forced into destitute areas, lost their sources of income, and were excluded from the labour market. Additionally, aboriginal communities lost their culture and values through forced assimilation, and lost their rights in society. Today various communities continue to be marginalized from society due to the development of practices, policies and programs that "met the needs of white people and not the needs of the marginalized groups themselves".

A second example is the marginalization of women. Moosa - Mitha discusses the feminist movement as a direct reaction to the marginalization of white women in society. Women were excluded from the labour force, and their work in the home was not valued. Feminists argued that men and women should equally participate in the labour force, in the public and private sector, and in the home. They also focused on labour laws that increase access to employment, as well as laws that recognize childrearing as a valuable form of labour. Today, women are still marginalized from executive positions, and continue to earn less then men in upper management positions. Once Mahatma Gandhi said "women is described as man's better half as long as she has not the same rights in law as man; as long as the birth of the girl does not receive the same welcome as that of a boy, so long, we should know that India is suffering from partial analysis. Suppression of women is denial of *Ahimsa*"

iii) Global

Earlier, we discussed the impact of globalization and the increasing gap between rich and poor nations. Globalization (global capitalism), immigration, social welfare, and policy are broader social structures that have the potential to contribute negatively to the access to resources and services. This results in marginalization of individuals and groups, as well as nations. Globalization, or, the influx of capitalism, information technology, company outsourcing / job insecurity, and the widening gap between the rich and the poor, impacts the lives of individuals and groups in many capacities.

In this section, you studied the different levels of marginalization. Now answer the questions given in *Check Your Progress 4.*

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) Discuss how marginalization occurs at various levels.

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2) How does globalization marginalize poorer nations?

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4.6 MARGINALIZED GROUPS

As mentioned earlier, marginalization can occur simultaneously at various levels, i.e., at international, national, regions, groups, etc. In this section we will discuss the most vulnerable marginalized groups in almost every society.

i) Women

Under different economic conditions, and under the influence of specific historical, cultural, legal and religious factors, marginalization is one of the manifestations of gender inequality.

In other words, women may be excluded from certain jobs and occupations, incorporated into certain others, and marginalized in others. In general they are always marginalized relative to men, in every country and culture. Women (or, men) don't present a homogeneous category where members have common interests, abilities, or practices. Women belonging to lower classes, lower castes, illiterate, and the poorest region have different levels of marginalization than their better off counterparts.

ii) People with disabilities

People with disabilities have had to battle against centuries of biased assumptions, harmful stereotypes, and irrational fears. The stigmatization of disability resulted in the social and economic marginalization of generations with disabilities, and, like many other oppressed minorities, this has left people with disabilities in a severe state of impoverishment for centuries.

iii) Ethnic Minority

The term, ethnic minority, refers to marginalized people of the same race or nationality who share a distinctive culture. A minority is a sociological group that does not constitute a politically dominant voting majority of the total population of a given society. A sociological minority is not necessarily a numerical minority. It may include any group that is subnormal with respect to a dominant group, in terms of social status, education, employment, wealth, and political power.

Usually a minority group has the following characteristics

1) It suffers from discrimination and subordination.
2) They have physical and/or cultural traits that set them apart, and which are disapproved of, by a dominant group.
3) They share a sense of collective identity and common burdens.
4) They have shared social rules about who belongs, and who does not.
5) They have a tendency to marry within the group.

Every large society contains ethnic minorities. They may be migrant, indigenous or landless nomadic communities. In some places, subordinate ethnic groups may constitute a numerical majority, such as Blacks in South Africa under Apartheid. International criminal law can protect the rights of racial or ethnic minorities in a number of ways. The right to self determination is a key issue.

Persons belonging to religious minorities have a different faith from the majority. Most countries have religious minorities. It is now widely accepted in the West that people should have the freedom to choose their own religion, including not having any religion (atheism, or agnosticism), and that this includes the right to convert from one religion to another. However, in many countries, this freedom is constricted. For example in Egypt, a new system of identity cards requires all citizens to state their religion, and the only choices are Islam, Christianity, or Judaism (See Egyptian identification card controversy).

iv) Elderly

Ageing is an inevitable and inexorable process in life. A notable aspect of the global ageing process is the progressive demographic ageing of the older population itself. For most nations, regardless of their geographic location or developmental stage, the 80 year olds, or over-age group is growing faster than any younger segment of the older population.

The UN Report (2002) on *World Population Ageing 1950-2050* reveals that people 80 or older currently constitute more than 3 per cent of the population of Northern America, and almost 3 per cent of the population of Europe, compared with less than 0.9 per cent in Asia, Latin America, and the Caribbean, and less than 0.4 per cent in Africa. A regional difference is projected to persist over the next 50 years. By 2050, about 1 in 10 individuals will be aged 80 or older in the more developed regions, while the corresponding ratio will be 1 in 30 in the less developed regions. In the least developed countries, only 1 in 100 persons will be 80, or over. By 2050, 19 countries, mostly in Europe, are projected to have at least 10 per cent of their population aged 80 years or over.

The demographic composition is changing in many countries, i.e., in Eastern and Northern Europe, women currently outnumber men by more than 5 to 3 among the population aged 60 or over, thus adding not just elderly but also the elderly women as the majority of marginalized groups among them.

In the modern world, it is seen that the elderly care the most neglected group of population. Children of elderly in many families consider expenditure on care for elderly such as on their health and nutrition as wasteful investment. The stereo types, that the old age people are usually subject to such kind of illness, add further to their neglect. Therefore, most of them are found dejected and emotionally shaken and some even leave home when the act of neglect cross the limit.

In this section, you studied different marginalized groups. Now answer the questions given in *Check Your Progress 5.*

Check Your Progress 5

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) What are the major marginalized groups in India?

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2) How does marginalization affect women?

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4.7 LET US SUM UP

Development is always broadly conceived in terms of mass participation. Marginalization deprives a large majority of people across the globe from participating in the development. It is a complex problem, and there are many factors that cause marginalization. This complex and serious problem need to be addressed at the policy level.

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4.9 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by marginalization?

Answer. In general, the term 'marginalization' describes the overt actions or tendencies of human societies, where people who they perceive to undesirabile, or without useful function are excluded, i.e., marginalized. The people who are marginalized are outside the existing systems of protection and integration. In simple term it is the process of exclusion from the privilege and power found at the centre or mainstream enjoyed by the privileged section.

2) Write a note on the nature of marginalization.

Answer. Marginalization is a multidimensional, multicausal, historical phenomenon. There are no general laws to understand and comprehend the complex nature of marginalization. The nature of marginalization varies in different settings. For example, the marginalization of women in Iraq is not same as in India, though, broadly, they share some features. The religious ideological system, patriarchy, political-economy of a country, and the overall social system have impact on the marginalization of a specific group or individual.

Check Your Progress 2

1) What are the different types of marginalization?

Answer. The phenomenon of marginalization cannot be categorized into any definitive types. There are numerous ways that marginalization can be typified, and some broad categories include socioeconomic, political, cultural, and geographical types. Marginalization is also both ascribed and acquired in a social setting.

2) What do you mean by political marginalization?

Answer. Political marginalization does not allow a marginalized group to participate democratically in decision-making, and thus, they lose their right to social, economic and political benefits.

Check Your Progress 3

1) **What are the important factors responsible for marginalization?**

Answer. Marginalization is a process that systematically denies opportunities and outcomes to those 'living on the margins', and enhances the opportunities and outcomes of those who are 'at the centre'. There are many factors that cause marginalization. Some of the important factors that are responsible for marginalization are exclusion, globalization, and displacement, disaster - natural and unnatural.

2) **How does disaster cause marginalization?**

Answer. Disaster causes marginalization in multiple ways. Vulnerability is linked to broader social issues, such as poverty, but also social exclusion, conflict and marginalization. There are three broad classification of disaster and their combined impact is on development is staggering. The classifications are: (1) Natural: earthquake, flood, flashflood, landslide; (2) Technological: associated with technological advances, i.e., explosives, unexploded ordnance, toxic spills, emissions of radio-isotopes; (3) Social**:** incidents primarily involving social unrest, hijacking, riots, demonstrations, crowd rushes and stampedes, terrorist incidents as well as bombings, shootings, and hostage taking. Throughout human history, these disasters have played a major role in the economic development and survival of humanity.

Check Your Progress 4

1) **Discuss how marginalization occurs at various levels.**

Answer. Marginalization happens simultaneously at micro and macro levels. The micro and macro levels often intersect each other in many ways. Marginalization occurs at individual, group, community, and global levels. Marginalization at the individual level results in an individual's exclusion from meaningful participation in society. Marginalization occurs at the community level where a community experiences exclusion from the mainstream as a result of the development of practices, policies, and programs. And certain global forces directly contribute to marginalization. Globalization (global capitalism), immigration, social welfare, and policy are broader social structures that have the potential to contribute negatively to one's access to resources and services, and result in marginalization of individuals and groups, as well as nations.

2) **How does globalization marginalize poorer nations?**

Answer. Globalization especially marginalized much of the third world and low income, developing countries. Globalization (global capitalism), immigration, social welfare, and policy are broader social structures that have the potential to contribute negatively to one's access to resources and services, resulting in the marginalization of individuals and groups, as well as nations. Globalization impacts the lives of individuals and groups in many capacities with the influx of capitalism, information technology, company outsourcing, job insecurity, and the widening gap between the rich and the poor.

Check Your Progress 5

1) What are the major marginalized groups in India?

Answer. India being a poor country, it has a substantial number of marginalized groups. Under different economic conditions, the influence of specific historical, cultural, legal and religious factors, marginalization changes in different countries for specific groups. Generally marginalized groups in India include women, *dalits,* persons with disabilities, elderly, children, etc.

2) How does marginalization affect women?

Answer. Marginalization causes gender discrimination whereby women are excluded from certain jobs and occupations, incorporated into certain others and marginalized in others. In general women are always marginalized relative to men, in every country and culture. The marginalization in case of women belonging to lower class, lower castes, illiterate and poorest region has a deeper impact in their life.

MEDSE-046 Development: Issues and Perspectives (8 Credits)

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SECTORAL ISSUES IN DEVELOPMENT-I

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BLOCK 4 SECTORAL ISSUES IN DEVELOPMENT-I

Block 2 on **'Sectoral Issues in Development-I'** with four units deal with agriculture, industry, infrastructure services issues in development.

Unit 1 on **'Agriculture'** gives an account of the importance of agriculture in development and the major issues in agricultural development. It also discusses the concepts of sustainable agriculture and briefly reviews the various factors responsible for the global food crisis. It gives a brief account of the agricultural development in India.

Unit 2 on **'Industry'** discusses the concept of industrialization and economic growth. It discussed the nexus between agriculture and industry. It gives a brief account of industrialization in the world and India's experience pre and post independence. It discusses the Causes and Implications of standstill in industrial development in India.

Unit 3 on **'Infrastructure'** deals with the problems and issues in different sub-sectors of infrastructure development, characteristics of infrastructure development and measurement of infrastructure development.

Unit 4 on **'Services'** discusses the basic characteristic of this sector, i.e., is production of services instead of end products. This sector includes retails, banks, hotels, real estate, education, health, social work, transport, recreation, media, communication, gas and water supply etc.

UNIT 1 AGRICULTURE

Structure

1.1 Introduction
1.2 Importance of Agriculture in Development
1.3 Performance of Agriculture
1.4 Major Issues in Agricultural development
1.5 Sustainable Agriculture
1.6 Global Food Crisis
1.7 Agricultural Development in India
1.8 Let Us Sum Up
1.9 References and Selected Readings
1.10 Check Your Progress -Possible Answers

1.1 INTRODUCTION

Agriculture contributes a large share of national output and employs majority of labour force in most developing countries. It plays an important role in development. Productivity gains in agriculture have a positive impact on the overall development of an economy. This unit discusses the importance of agriculture in the development of an economy and the major issues in the development of agriculture. Green Revolution has played an important role in moving India from the status of dependency to self sufficiency and even surplus. This unit discusses the various aspects as well as the critics of Green Revolution. We will also be familiarized with the concept of sustainable agriculture.

After reading this unit, you will be able to

- explain the importance of agriculture in the development of an economy.
- discuss the major issues in the development of agriculture.
- narrate the process and problems of agricultural development in india
- explain the concepts of sustainable agriculture
- discuss the causes and remedies of the current food crisis at national and global level

1.2 IMPORTANCE OF AGRICULTURE IN DEVELOPMENT

Agriculture is vital to the development because of the fact that a large percentage of world's population live in rural areas and depend directly or indirectly on agriculture. Agriculture is an engine of growth, and productivity gains in agriculture would have a positive impact on overall development of the economy. The classical economists believe that agricultural progress contributes to greater productivity. Greater productivity and output further lead to economic development. Meier (1995) has noted four different ways of how agriculture can contribute to development. Those are as follows:

- By supplying foodstuffs and raw materials to other expanding sectors in the economy;
- By providing an "investable surplus" of savings and taxes to support investment in other expanding sectors;
- By selling a "marketable surplus' for cash, which will raise the demand of the rural population for products of other expanding sector; and
- By relaxing the foreign exchange constraints, by earning foreign exchange through exports or by saving foreign exchange through import substitution.

The old paradigm of development believes that an economy, to take-off, must have productivity gain in agriculture. First, the surplus in agriculture sector will not only raise farmer's income and their demand for industrial product, but also free some labour from the agriculture sector to be employed in industrial sector and other activities. Second, increase in productivity in agriculture will also improve food security of a nation. Third, the rise in agricultural productivity will lead to the rise of industrial sector.

The problem arises in recent years, when many countries are experiencing an increasing productivity but a declining share of agriculture in GDP. In other words, the share of agriculture in GDP goes down in fast growing economies. China and India are the two illustrious examples. Therefore, the new paradigm sees agriculture not so much as a key sector of development. It considers that agriculture development is a necessary but not sufficient condition for development. Their view is much connected to globalization. For them old paradigm is more applicable to close economy rather than to open economy. For example, in Singapore, which is an open economy, agriculture has little to do with the successful development of Singapore. Thus globalization and free trade has affected the relationship between agriculture particularly in developing countries and growing economies. Yet, agriculture has a critical role to play from the point of view of food security, and still the food insecurity remains a key issue in many developing nations. The World Development Report 2008 on "Agriculture for Development" highlights that in much of the Sub-Saharan Africa, agriculture is a strong option for spurring growth, overcoming poverty and enhancing food security. In Asia, the focus of agriculture will be to generate rural jobs by diversifying into labour-intensive, high-value agriculture linked to a dynamic rural non-farm sector. The report considers that in the 21st century, agriculture continues to be a fundamental instrument for sustainable development and poverty reduction.

World Development Report-2008 addresses three main questions, which is critical from the standpoint of agriculture and development. Those are:

i) What can agriculture do for development?

Agriculture has served as a basis for growth and reduced poverty in many countries, but more countries could be benefited, if governments and donors were to reverse years of policy neglect and remedy their underinvestment and mis-investment in agriculture.

ii) What are effective instruments in using agriculture for development?

Top priorities are to increase the assets of poor households, make smallholders and agriculture in general- more productive and create opportunities in the rural non-farm economy that the rural poor can seize.

iii) How can agriculture-for-development agendas best be implemented?

By designing policies and decision processes most suited to each country's economic and social conditions, by mobilizing political support, and by improving the governance of agriculture.

The agriculture promotes development in the following ways:

i) **Important economic activity**: Agriculture is an important economic activity. The promotion of public private partnership in agriculture has promoted private investment in agriculture. Most of the private sector investors are investing in agriculture, and contract farming promoted through the private company is one of the illustrious examples of private investment in agriculture. According to the World Development Report-2008, agriculture based countries generate on an average 29 percent of gross domestic product (GDP), and employ 65 percent of the labour force. Still in many developing countries agriculture is the main source of livelihood.

ii) **Food Security**: Agriculture production is important for food security. It is a major source of income of the rural people. Agriculture is one of the important sector which has been fighting with the poverty and hunger in the developing countries.

iii) **Environmental Services**: Agriculture is a good source of environmental promotion. The judicious use of water sources, water harvesting, and preserving bio-diversity would lead to environmental promotion. Therefore, managing the connections between agriculture, natural resource conservation, and environment must be an integral part of using agriculture for development.

iv) **Agriculture can reduce poverty and unemployment**: Agriculture is playing an important role in reducing poverty in both developed and developing countries. In China, aggregate growth generating from agriculture is 3.5 times effective in reducing poverty than growth outside agriculture. In India agriculturally advanced states have lesser percentage of population living below the poverty line as compared to their counter parts. According to the World Development Report 2008, in Ghana, rural households accounted for a large share of a steep decline in poverty, partially induced by growth of agriculture.

v) **Agricultural Development Promotes Industrial Development:** The agricultural sector plays an important role in providing market for the products of industrial sector. Thus the speed of industrial sector depends on how rapidly agricultural income are rising. The rising income in the agricultural sector will enable the rural people to buy not only agriculture related technology but also the lighter industrial products like radios, television, motorcycles, refrigerators, etc. Thus the development of agriculture and industry are interrelated.

Dear learner, in this section we discussed about the importance of agriculture in development. Now try and answer the following question in *Check your progress-1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Explain briefly how agriculture promotes development of any economy.

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1.3 PERFORMANCE OF AGRICULTURE

The performance of agriculture as noted down in the World Development Report-2008 are:

- From 1980-2004, the GDP of agriculture expanded globally by an average of 2.4 percent a year, more than the population growth of 1.6 percent a year.
- Developing countries achieved much faster agricultural growth (2.6 percent a year) than industrial countries (0.9 percent a year) in 1980-2004.
- Developing countries accounted for an impressive 79 percent of overall agriculture growth during the period (1980-2004).
- The major contributor to growth of agriculture in Asian and developing world in general was productivity gains rather than expansion of land devoted to agriculture.
- Since the 1960s, rising cereal yields have been driven by widespread use of irrigation, improved crop varieties and fertilizers.
- Livestock expansion has also contributed to the high agricultural growth rates. Livestock is one the fastest growing sub-sectors in developing countries, where it already accounted for a third of agricultural GDP.

1.3.1 Contribution of Agriculture to GDP, Workforce and Income

While agriculture accounts for around 2% of GDP, and less than 4% of employment in developed countries, its share in the GDP of low-income countries is as high as 24%. Agriculture provides over 60% of total employment in South Asia and sub-Saharan Africa (Pal, 2006). Agriculture thus plays an extremely important role in developing countries, in providing livelihood and rural development. In most developing countries, agriculture is dominated by small and marginal farmers who are engaged in subsistence farming. Agriculture plays a major role in providing food security for the bottom level of the population. Developing countries consider domestic self-sufficiency in foodgrain as an important element of food security. For all these reasons, sustained growth in agriculture is considered essential for ensuring food security and alleviating poverty.

Table 1.1: Region-wise Percentage of Adults Employed in Agriculture

	Sub Saharan Africa	South Asia	East Asia & Pacific	Middle East & North Africa	Europe & Central Asia	Central Africa & Carribean
MEN						
Self Employed	56.6	33.1	46.8	24.6	8.5	38.4
Wage Earner	4.0	21.8	9.4	9.4	10.1	20.9
WOMEN						
Self Employed	53.5	12.7	38.4	38.6	6.9	22.8
Wage Earner	1.4	11.4	5.7	1.0	5.4	2.3

Source: World Development Report 2008

Table 1.1 gives a clear picture of the adults employed in agriculture in different parts of the world. The table shows that a large number of men and women in different parts of the world and more specifically in the developing and less developed countries are employed in agriculture. In all the regions except Middle East and North Africa, more number of men are employed in agriculture as compared to women.

In this section you have read about the performance of agriculture and its contribution to the economy. Now try and answer the questions in *Check your progress-2.*

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Discuss the contribution of agriculture to the GDP of any economy.

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1.4 MAJOR ISSUES IN AGRICULTURAL DEVELOPMENT

Some of the major issues in agricultural development are discussed as under.

i) Land Issues

Indian agriculture is dominated by small and marginal holders. Such small holdings are not only uneconomical but also the root cause of many difficulties in the way of agricultural development. Unregistered cultivators, tenants and tribal cultivators who do not have land titles face difficulties in

accessing institutional credit and other facilities. This calls for registration of actual cultivators, tenants and women cultivators on priority basis. There is also a need to free the lease market to ensure availability of land for cultivation to the marginal and small farmers. The land rights of tribals should also be protected. There is ample scope for further redistribution of land when waste and cultivable lands are taken into account. Considering the fact that about 42 percent of the agricultural workers are female, the future assignment of land should take women into consideration while making land redistribution. Two major considerations for any land reform are i) security of tenure for tenants for the period of contract and the right of the land owner to resume land after the period of contract is over.

ii) Subsidies and Investment

Though subsidies are effective in pushing agricultural growth to a certain extent, it is important to make sure that they do not become a permanent feature of any economy. The availability of subsidized inputs during the Green Revolution period has led to indiscriminate use of inputs. This in turn has led to degradation of land, and water, adverse NPK ratio in soil, wasteful use of water, soil salinity, pollution, excessive use of electricity, etc. Moreover, the benefits of such subsidies have been reaped mainly by the farmers of irrigated area leading to large regional disparities. The present system of fertilizer subsidy is irrational, and has become counter-productive. Fertilizer is sold at almost the same controlled price throughout the country. However, because nitrogenous fertilizers are subsidized more than potassic and phosphatic fertilizers, the subsidy tends to benefit more the crops and regions which require higher use of nitrogenous fertilizer as compared to the crops and regions which require higher application of potassic and phosphatic fertilizers. The imbalance in the use of nitrogen–phosphorus–potassium (NPK) brought about by distortions in price ratio in favour of nitrogenous fertilizer is creating serious problem of soil degradation and adversely affecting productivity.

The public investment in agriculture has declined in the past two decades which in turn has slowed down the pace of technological change, adversely affecting productivity. Since the early 1980s public investment in agriculture has experienced a secular decline, while input subsidies (on fertilizers, power, and canal irrigation) have been rising. In the early years of economic reforms, an attempt was made to arrest and reverse these trends, but this effort could not be sustained. As a result the gap between investments and subsidies kept widening. Today input subsidies, together with food subsidies, amount to roughly five to six times the public investment in agriculture.

iii) Irrigation and Water Management

Water is the main input in agriculture. India is endowed with abundant water resources and the second largest irrigated area in the world, however, the contribution of water towards productivity in agriculture is very low. To cite a single example, cotton farmers in Tamil Nadu consume approximately seven times as much water and generate about 1/5th the yield as their counterparts using extensive cultivation and furrow irrigation methods in

California. That means that the productivity of each litre of water used for cotton cultivation in California is 35 times higher than in Tamil Nadu.

In India around 40 percent of the country's cultivated area is irrigated. The irrigation potential of the country has not been exploited fully. Rain-fed areas constitute about 60 percent of the net sown area of the country. The decline in the public investment in irrigation is an important reason for not being able to use the irrigation potential to its full capacity. Capacity utilization of ground water resources also depends on the availability of electric power for pumping water. Rain-fed agriculture is characterized by low productivity due to low input use. Majority of the rural poor live in the rain-fed areas.

Considering the importance of water in farming, conservation of surface and groundwater for appropriate recharging of groundwater has become imperative.

iv) Agricultural Credit

Agricultural credit plays an important role in augmenting use of agricultural law for cultivation, adoption of technology in agriculture and also use of HYV seeds. Ironically, informal credit which is too costly to repay still occupies an important place than the institutional credit. One of the reasons for rural indebtedness and farmers suicide is credit from money lenders.

The public policies for agricultural credit should aim to reduce the role of informal sector credit. Some of the problems in expanding credit in rural areas include

i) Narrowing of branch network in rural areas.

ii) Fall in credit deposit ratios in rural areas.

iii) Disproportionate decline in agricultural credit to vulnerable groups specially small and marginal farmers.

iv) Political interference like loan wavers leading to sickness of some of the formal credit institutions.

In India, a multiagency approach comprising of co-operative banks, scheduled commercial banks and RRBs have been followed for supplying credit to agricultural sector. The progress of agricultural credit system in terms of scale and outreach of institutional framework for agricultural credit has been commendable. After the nationalization of banks, the public sector banks have made commendable progress in terms of putting in place a wide banking network as the offices of public sector banks increased from 8262 in 1969 to 68355 in 2005. Another important achievement has been the decline in the role of non-institutional sources in the disbursement of agricultural credit. The share of non-institutional credit declined from around 93 percent in 1951 to 31 percent in 1991. However, figures in the beginning of this decade show that the share of non-institutional credit has taken a reverse swing (Table 1.2).

Table 1.2: Source wise share of borrowings of cultivator households

Sources of credit	1951	1961	1971	1981	1991	2002
Non-Institutional credit	**92.7**	**81.3**	**68.3**	**36.8**	**30.6**	**38.9**
i) Money Lenders	69.7	49.2	36.1	16.1	17.5	26.8
Institutional credit	**7.3**	**18.7**	**31.7**	**63.2**	**66.3**	**61.1**
i) Co-operative societies/Banks	3.3	2.6	22.0	29.8	23.6	30.2
ii) Commercial Banks	0.9	0.6	2.4	28.8	35.2	26.3
Unspecified	**-**	**-**	**-**	**-**	**3.1**	**-**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: *All India Debt and Investment Survey and NSSO*

Inspite of the vast network of rural financial institutions, one of the major impediments in the adoption of new technological practices, land improvements and building up of irrigation and marketing infrastructure has been the inadequacy of farm investment capital. Farmers in India seem to borrow short term credit to maintain the continuity in agricultural operations.

The flow of investment credit to agriculture is constrained by host of factors such as high transaction costs, structural deficiencies in the rural credit delivery system, issues relating to credit worthiness, lack of collaterals in view of low asset base of farmers, low volume of loans with associated higher risks, high manpower requirements etc.,

Another cause of concern is the growing disparity in the credit disbursement among marginal, small and large farmers. This may be mainly because the bankers have a risk aversion tendency towards small and marginal farmers as compared to large farmers, who are better placed in offering collaterals.

v) Risk and Insurance in Agriculture

Farmers are generally exposed to two types of risk – yield risk and price risk. The yield risk is mainly attributed to the vagaries of nature and price risk is owing to price volatility. In order to shield the farmers from either or both the risks, agricultural insurance assumes significant importance. The importance of Agricultural insurance is widely accepted all over the globe. In most economies governments assume significant role towards protection of the farmers against all type of risks. The private companies also have an important role in public private partnership mode. As a business proposition, agricultural risk insurance is associated with high loss ratios and hence subsidization plays a crucial role. It is difficult, if not impossible, to ensure 100 percent coverage, either in terms of farmers or area. In the case of Spain, for instance, subsidization is to the extent of 45% of the programme and private insurance companies are made to work as a group under a state-sponsored lead agency, so that the state can control pricing of the product. Generally speaking, this is true even in the case of USA, where formulation of risk insurance policy is essentially a responsibility of the individual states.

The issue of introduction of crop insurance in India was taken up in 1947 and homogenous area approach was favoured as a basis for implementation. In 1965,

crop insurance bill was introduced and a model scheme was circulated which was not favoured by any of the states due to huge financial obligations. Later in August 1971, the Expert Committee headed by Dharam Narain concluded that it would not be advisable to introduce crop insurance in near future even on pilot basis.

An all risk Comprehensive Crop Insurance Scheme (CCIS) for major crops was introduced in April 1985 and was linked to short term credit and implemented on homogenous area approach. The AIC introduced Rainfall Insurance Scheme in 27 districts of four states from Rabi 2004 season. The scheme was introduced as a pilot programme in 20 rain gauge stations spread over Andhra Pradesh, Karnataka, Rajasthan and Uttar Pradesh. The three options provided under this scheme include Seasonal Rainfall Insurance, Rainfall Distribution Index and Sowing Failure. This scheme anticipated shortfall in yield on account of deficit rainfall.

Beginning 2003-04, we also see further development with the entry of some private insurance companies. Though they are yet to make any visible impact on the overall agricultural insurance scene in the country. ICICI–Lombard General Insurance Company had introduced rainfall insurance, a move which was followed by IFFCO- Tokio General Insurance Company with its "Baarish Bima". For the private sector insurance companies, with their primary business being in various general insurance foray into agriculture risk insurance is experimental first time business, and it is too early to comment on the effectiveness of their operations.

There are more schemes on the float that go beyond crop insurance .The Farm Income Insurance Scheme (FIIS) was started during 2003-04 to provide income protection to the farmers by integrating the mechanism of insuring yield and market risk. Under this, the farmer's income is intended to be insured by providing minimum guaranteed income. Similarly, livestock insurance is provided by public sector insurance companies for almost all livestock animals.

vi) Research and Extension

There is a large gap between the yields in the research station and the farmers field. The yields of most of the crops have almost stagnated showing no or very little increase over the years. This shows that the Indian agriculture has reached a technology fatigue. There has not been any major breakthrough in yield improvement specially because of the low allocation of funds to the Indian agricultural research system. There is a need to reorganize the priorities in the Indian agricultural research system by emphasizing on the needs of rainfed areas which cover nearly 60 percent of cultivated area. Adequate priority should also be given to emerging challenges particularly post harvest, marketing and environmental conservation. Since private sector participation in agricultural research is limited to profitable crops and enterprises taken up by resource rich farmers, the public sector research has to increasingly address the problems facing the resource poor farmers in the less-endowed regions. There is also a need to have biotechnological research suited to different locations of the country.

vii) Diversification and Food Security

There has been diversification of Indian diets wherein, the hi-value products have caught the fancy of the rapidly increasing middle-class population of the country. Increase in per capita income, increasing urbanization, increasing number

of working women in urban India are largely responsible for diet diversification in India. There has been an increase in the per capita consumption of fruits and vegetables and edible oils. Diversification does not mean just diversification in agriculture related activities. Adequate importance should also be given to allied activities like animal husbandry and fisheries. Not only does the livestock sector contribute to more than 5 percent of the GDP but also engages many of the rural women in major livestock related activities. Specifically in Indian context where the ownership of livestock is more evenly distributed with landless labourers and marginal farmers, the development of this sector is important for the balanced development of the rural economy.

Recent trends that have raised concern regarding food security, farmers' income, and poverty are:

- Slowdown in growth.
- Widening economic disparities between irrigated and rain-fed areas.
- Increased vulnerability to world commodity price volatility following trade liberalization. This had an adverse effect on agricultural economies of regions growing crops such as cotton and oilseeds.
- Uneven and slow development of technology.
- Inefficient use of available technology and inputs.
- Lack of adequate incentives and appropriate institutions.

viii) Marketing

Since most of the farmers in most of the developing countries are small and marginal farmers, the produce of individual farmers is in such small quantities that it becomes difficult for them to market such small amounts. They also face problems in getting inputs, credit and marketing. In such economies where small scale agriculture is widespread, contract farming arrangements are particularly useful. In India, contract farming is going on in several agricultural crops however, it is not backed by an efficient legal system. There is a need to strengthen contract farming arrangements to strengthen small farmers. To avoid any kind of exploitation of the farmers, an effective legal mechanism needs to be in place. The real challenge is to organize the small and marginal farmers for marketing and linking them to more profitable high-value agriculture.

ix) Effect of Globalization on Agriculture

With the opening up of the economy, the domestic agriculture is subjected to competition from products of other countries specially those of developed countries where agriculture is highly subsidized. There have been many instances in the recent past when the domestic prices of many commodities have gone higher than the international prices. To compete in the international market, there is a need to adopt both yield increasing and cost cutting technologies.

The ongoing negotiations on Agreement on Agriculture in the WTO provide the developing countries with the opportunity to rectify some of the inadequacies in the agreement. The developing countries are likely to benefit if the developed countries reduce agricultural subsidies. The overall trade distorting subsidies given by the developed countries need to be reduced to provide a level playing ground to all the countries.

x) Agribusiness

Agriculture in the basic sense of produce of the field is hardly remunerative to the farmer. In other words, agricultural operations must now mark a shift in approach from being merely a field harvesting of crops to local mandi disposal operations to demand driven activity with an increased focused on processing and value addition. Value addition is to be created through diversification of use of produce and emphasis on quality production. Bold measures now need to be taken to encourage agri business and industries based on agricultural produce so that producer gains significantly in returns. Any activity related to or associated with agriculture operations, before, during and after crop production is agri business and includes-

The input sector: Input suppliers play a major role in the production of food and fiber, and the sector is currently recognized as a major phase of agribusiness. Agricultural input provides production agriculturalists with the feed, seed, fertilizer, credit, machinery, fuel, chemicals, and various other things that they need to operate.

The output sector: The output sector includes all agribusinesses and individuals that handle agricultural products from the farm to the final consumer. This includes agribusinesses involved in buying, transporting, storing, warehousing, grading, sorting, processing, assembling, packing, selling, merchandising, insuring, regulating, inspecting, communicating, advertising, and financing.

The agri-service sector: The agri-service sector of the agriculture industry is concerned with researching new and better ways to produce and market food and to protect food producers and consumers, and with providing special, customized services to all the other phases of agriculture. Public agencies have played a dominant role in the agri-services area, but private agencies are rapidly increasing their offerings of farm services.

Agribusiness is responding to the strong consumer demand for high-value commodities, processed products and pre-prepared foods. There is in fact expansion of demand for farm products. It provides new opportunities to farmers for value addition, while agro-processing firms provide them with crucial inputs and services and also cover a part of their risk. If properly used and understood, it should turn out to be bonanza for the farmers. Investment is flowing thick in agribusiness, and agribusiness and super market retail boom is a new mantra. Many companies have already invested billions either directly or through local partnerships. There is likelihood of agribusiness firms with all their managerial abilities, finding new ways to use the demand opportunities. However, fears are being expressed that, by virtue of their capital and scale operations, these firms may space out small traders, processors and retailers. In this context, two most important issues today relate to (a) expansion of organized retail segment, and (b) entry of global players in the retail sector.

xi) Agriculture and Climate Change

The unimpeded growth of greenhouse gas emissions is raising the earth's temperature. The consequences include melting glaciers, more precipitation, more and more extreme weather events, and shifting seasons. The accelerating pace of climate change, combined with global population and income growth, threatens

food security everywhere. Agriculture is extremely vulnerable to climate change. Higher temperatures eventually reduce yields of desirable crops while encouraging weed and pest proliferation. Changes in precipitation patterns increase the likelihood of short-run crop failures and long-run production declines. Although there will be gains in some crops in some regions of the world, the overall impacts of climate change on agriculture are expected to be negative, threatening global food security. Populations in the developing world, which are already vulnerable and food insecure, are likely to be the most seriously affected. The results of an analysis by IFPRI, 2009 suggest that agriculture and human well-being will be negatively affected by climate change:

- In developing countries, climate change will cause yield declines for the most important crops. South Asia will be particularly hard hit.
- Climate change will have varying effects on irrigated yields across regions, but irrigated yields for all crops in South Asia will experience large declines.
- Climate change will result in additional price increases for the most important agricultural crops–rice, wheat, maize, and soybeans. Higher feed prices will result in higher meat prices. As a result, climate change will reduce the growth in meat consumption slightly and cause a more substantial fall in cereals consumption.
- Calorie availability in 2050 will not only be lower than in the no–climate-change scenario—it will actually decline relative to 2000 levels throughout the developing world.
- By 2050, the decline in calorie availability will increase child malnutrition by 20 percent relative to a world with no climate change. Climate change will eliminate much of the improvement in child malnourishment levels that would occur with no climate change.
- Thus, aggressive agricultural productivity investments of US$7.1–7.3 billion are needed to raise calorie consumption enough to offset the negative impacts of climate change on the health and well-being of children.

In this section we discussed about the major issues in agricultural development. Now, try and answer the following questions in *Check Your Progress 3.*

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is the role of subsidies and investment in the agricultural growth of any country?

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2) What are the types of risks faced by farmers? How can the farmers avert these risks?

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1.5 SUSTAINABLE AGRICULTURE

1.5.1 Meaning Sustainable Agriculture

Several definitions have been formulated to describe sustainable agriculture. However, these are often tailored to fit specified circumstances. Some of the definitions are as follows:

Sustainable agriculture is a way of farming that can be carried out for generations to come. This long term approach to agriculture combines efficient production with the wise stewardship of the earth's resources.

A sustainable agriculture is one that, over the long term, enhances environmental quality and the resource base on which agriculture depends; provides for basic human food and fiber needs; is economically viable; and enhances the quality of life for farmers and society as a whole.

After reading these two definitions, it is important to know various characteristics of sustainable agriculture.

1.5.2 Characteristics of Sustainable Agriculture

By the definitions of sustainable agriculture, a farm that emphasizes short run profit but sacrifices environmental quality would not be sustainable in the long run. From the other perspective, pursuing environmental quality without ensuring viability of short-run returns also would be unsustainable.

- Meet human needs with a safe, high-quality, and affordable supply of food and fiber;
- Provide access for everyone to nutritious, healthful and affordable food, while ensuring a safe and secure supply of food;
- Produce quality food while preserving open space, abundant wildlife, and other forms of biodiversity;
- Protect the natural resource base and prevent the degradation of air, soil and water quality, while using natural biological cycles and controls;

1.5.3 Components of Sustainable Agriculture

- Use of resistant cultivars.
- Management of soil to maximize biological activity.
- Establishment of conditions to attract natural pest control agents, such as the use of certain flowering plants to attract parasitic and predatory wasps.

- Use of insect traps for monitoring and even controlling pests.
- Management of the ground cover and field borders to promote the predators and parasites of pests.
- Release of specific biological control agents.
- Use of low-toxic biodegradable/ botanical pesticides.

1.5.4 Sustainable Agriculture vs. Organic Agriculture

Sustainable agriculture should not be confused with organic farming as both are very different form each other. Sustainable agriculture means not only the withdrawal of synthetic chemicals, hybrid-genetically modified seeds and heavy agricultural implements; it also tries to simulate the conditions found in nature. Sustainable agriculture involves intercropping, use of farmyard manure and remnants, mulching and application of integrated pest management. If this is followed then there is no reason why agriculture cannot be an economically viable activity in addition to being environmentally sustainable.

1.5.5 Inclusive Agriculture

Inclusive agriculture means promotion of agriculture in those areas among those farmers who have been grossly excluded from the agricultural incentives, subsidies and similar other benefits. The focus of inclusive agriculture would largely be on:

- Promotion of agriculture in dry land and hilly and sub-mountainous and desert zones.
- Small, marginal and landless agricultural labourers who really take care of agriculture but hardly enjoy the benefit.
- Role of women in agriculture as a cultivator, entrepreneur, extension agent and farm labourers.
- Incentives to all kind of agriculture both food crops and cash crops; livestock sector, fruits and vegetables and horticulture activities.
- Access to credit from the organized institutions and marketing facilities for the farmers in disadvantaged conditions and areas.

Government of India (2007) has also emphasized that the growth to be all inclusive, the agricultural strategy must focus on the 85 percent of farmers who are marginal, increasingly female and who find it difficult to access inputs, credits and extension or to market their output.

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What do you understand by organic agriculture?

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1.6 GLOBAL FOOD CRISIS

Long time neglect of agricultural sector has led to the current food crisis which has affected both the rich and the poor alike. Food shortages have affected billions of people all over the world especially the poor in the developing countries. Some call it to be the result of the market oriented and liberalising policies adopted by choice or compulsion by most of the countries. These policies have either neglected agriculture for over a decade or led to shift in global prices which in turn have led to a major shift in the cropping pattern in most of the countries. Agriculture in developed countries is highly subsidised. Due to opening up of markets, the cultivators of the developing countries have to compete with the cheap imports from the developed countries.

IMF data shows more than 40 percent rise in global food prices since 2007.The increase has been mainly in essential foodgrains. In 2007, the global prices of wheat increased by 77 percent and rice prices increased by 20 percent. In 2008, wheat prices have been highly volatile, whereas rice prices soared up by nearly 150 percent in the first quarter of 2008. The price of corn which is a staple food in Latin America more than doubled in the past 2 years. The prices of other food items like vegetable, meat and edible oils have also gone very high.

The impact of rising food prices has been more pronounced in the developing and less developed countries where a major share of family budget is spent on food items. There have even been food riots in many countries. World Bank estimates that such high food prices could lead to more than 100 million people in low income countries to slip to deeper poverty.

Let us now look at the reasons which have led to such sudden rise in prices of essential food items. Though the rise in prices may look sudden, but it has been a result of long term and continuous neglect of agriculture sector world over. The explanation endorsed by the then Bush Administration is that the spurt in food prices is essentially demand driven due to several years of rapid economic growth, rising income and therefore growing demand for food in India and China. However five major factors which have played a crucial role in rise in world food prices are as follows:

i) Energy is an important input in agriculture especially in cultivation and transportation of food. The rising prices of oils have hence affected the agricultural costs both directly and indirectly.

ii) Due to high dependence on OECD countries for oil and other petroleum products and because of the rising oil prices, the governments in many countries have promoted bio-fuels as an alternative to petroleum. This has led to shift in cropping pattern of many countries in favour of bio-fuels. In 2006, US diverted its 20 percent area under maize production, Brazil used half of its sugarcane production and EU used a large part of its vegetable oilseed production to make bio-fuel. According to IMF, ethanol production using corn in US has been the major reason for at least half of the increase in corn output since 2006.

iii) Policy neglect of agriculture over the past two decades, the world over has also been one of the major reasons for food shortages and rising prices.

There has been a lack of public investment in agriculture and agricultural research. There has also been a shift from traditionally grown food crops to cash crops. Besides, increasing urbanization also leaves less land for agriculture.

iv) Climate change in almost all parts of the world has also caused poor harvest due to increased draughts, floods, cyclones, tsunamis etc.

v) Changes in market structures wherein a small number of agribusiness companies increasingly control all aspects of cultivation and distribution result in producers not getting the benefits of price increase. Public holdings of stocks have also generally reduced. This has reduced the capacity of public intervention to prevent speculative activities.

1.7 AGRICULTURAL DEVELOPMENT IN INDIA

The post independence marked a turning point for agriculture in India. The agricultural growth rate, which was less than 0.5 percent per annum during the period 1904-05 to 1944-45, recorded an annual growth rate of 2.7 percent during 1949-50 to 1983-84. The land reform and the green revolution are the two main strategies that helped to augment agricultural development in India. The agricultural scholars have divided agricultural development phases into periods ie. 1950-51 and 1966-67 and that between 1967-68 and 1983-84 and have charecterised these as the land reform strategies adopted during the mid fifties and the green revolution strategy adopted since the mid-sixties. These two strategies of agricultural development are discussed below:

1.7.1 Land Reforms

During British colonization, land ownership and land use patterns were changed to make it easier for the British to buy land at low prices for mines, plantations etc. The British did not introduce this system to India, but they popularised it. With the introduction of the land tax under the Permanent Settlement Act 1793, the British popularized the 'zamindari' system (where landowners collect tax from the peasants) at the cost of the 'jajmani' system (where everybody shares the land).

At independence, ownership and control of land was highly concentrated in a few landlords whose main intention was to get maximum rent from their tenants. Under this arrangement, the tenant farmer had little economic motivation to develop farmland for increased production (because they would not make any money out of it). At the same time, the landlord wasn't particularly concerned about improving the economic condition of the farmers (because the landowner would lose money). As a result, agricultural productivity suffered and the tenants' situation deteriorated.

In the years immediately following India's independence, land ownership was recognised as crucially important. India was extremely poor, and in order to try and abolish poverty, progress was needed on two fronts: high productivity and sharing equally. The most important event in the agricultural history of India is the land reforms enacted and implemented during the mid-fifties. The objectives of land reform are:

i) Reordering agrarian relations to achieve social equity.

ii) Curtailing exploitation and enlargement of land base of the rural poor; and

iii) Increase agricultural productivity.

Major issues covered in land reforms are

i) Abolition of intermediaries

ii) Settlement and regulation of tenancy

iii) Regulation of size of holdings.

A historical background of land reforms in India is given as under:

At the time of independence, there existed three types of proprietary land tenures in the country. The term land tenure is used to refer to the terms and conditions on which land is held and used.

i) Abolition of Intermediaries

a) The Zamindari or Landlord Tenure: Under this system, the land was held by a person who was responsible for the payment of land revenue. Landlords never cultivated the land they owned and rented them out to the cultivators. In this system between the actual state and the tiller there grew an intermediary who was interested in the land only to the extent of extraction of exorbitant rent.

b) Ryotwari System: Under this system, the responsibility of paying land revenue to the Government was of the cultivator himself and there was no intermediary between him and the state. The ryot had full right regarding sale, transfer and leasing of land and could not be evicted from the land as long as he pays the land revenue. But the settlement of land revenue under ryotwari system was done on a temporary basis and were periodic, after 20, 30 or 40 years.

c) The Mahalwari or The Joint Village Tenure: Under this system, the village communities held the village lands commonly and it was joint responsibility of these communities to make payments of the land revenue.

Thus the overall system of collection of revenue was based on exploitation. The British government snatched away whatever surplus above the minimum subsistence the cultivator produced. The latter were forced to lead a wretched life of slavery and deprivation. Under the above-mentioned systems the practice of cultivation by tenants became widely prevalent. These tenants were also exploited in a number of ways. It was basically to stop the exploitation of the actual tillers of the soil and pass on the ownership of the land to them that land reforms introduced in the post-independence period in India.

ii) Settlement and Regulation of Tenancy

a) Measures of Tenancy Reforms: The legislation for abolition of intermediaries was aimed at providing land to the tiller but it did not put an end to the problem of tenancy. Measures taken to minimize the evils of tenancy cultivation and to safeguard the interest of the tenants are as follows

b) **Regulation of rents**: during the pre-independence period, rents were fixed either by the custom or were the result of the market forces of demand and supply. Supply of land being fixed, the demand of land rowing with an increasing population, there has been a continuous tendency for rents to rise. It was, therefore, imperative that rents should be fixed by enacting legislation. The rates of rent prevalent were one half of the produce or more. Considering the return on investment in other sectors of economy, these rents were excessive by any standard of social justice.

Consequently, the First and the Second five-year plan recommended that rents should not exceed one fourth or one fifth of the gross produce. Various states have passed necessary legislation regulating rents, but there were large variations in the rents fixed in different states. In Gujarat, Maharashtra, and Rajasthan, one-sixth of gross produce was fixed as maximum rent. In Assam, Karnataka, Manipur and Tripura, maximum rents varied between one-fourth to one-fifth of the gross produce. In Punjab, one-third of produce was considered as fair rent, while in Tamil Nadu it was between 33.3 and 40 percent of the gross produce. In Andhra Pradesh one-fourth of the gross produce for irrigated land and one-fifth in other cases had been fixed as rent.

c) **Security of Tenure:** the security of tenure was aimed to provide some incentives to tenants to make certain improvements of permanent nature on the land they cultivate. Many states, therefore, enacted legislation providing for the security of tenure so long as they continue paying the rent.

d) **Right of Ownership of Tenants:** A very important feature of the land reform is the provision of the right of ownership of tenants. The Second plan considered it very desirable to bring tenants in non-resumable area in direct contact with the state. Earlier the right to purchase was optional to the tenants but this did not prove to be effective. Thus, the third plan suggested the optional clause to be removed and peasants be required to purchase land. Legislation for this purpose was enacted in various states. For instance, in West Bengal the tenants and sub-tenants were brought into direct relationship with the state by the conferment of full ownership rights. In Punjab, the right to purchase was optional. Legislation had been enacted in Gujarat, Kerala, Madhya Pradesh, Maharashtra, Karnataka, Orissa, Rajasthan, Uttar Pradesh, West Bengal and the Union Territories. Whereas in Assam, Jammu and Kashmir and Tamil Nadu, no provisions existed even for an optional right of purchase. While the state can facilitate the transfer of ownership rights from the landlords to the tenants, no financial burden is imposed on the state.

iii) Regulation of Size of Holdings

a) **Consolidation of Holdings :** Consolidation of fragmented agricultural land holdings forms an integral part of the Land Reform Policy. Successive Five Year Plans have accordingly been laying stress on consolidation of fragmented land holdings for planned development of villages and increased agricultural output. Consequently, many States enacted legislations and had taken up the work relating to consolidation of land holdings. The States of Uttar Pradesh, Haryana and Punjab have achieved commendable success. In Uttar Pradesh, even now, consolidation of land holdings is in operation

in about 9000-10,000 villages. In other States, work was continued for some years but lost momentum thereafter.

Consolidation of holdings was also advocated to group together the numerous tiny and scattered holdings of poor cultivators in order to form bigger tracts, susceptible to more efficient management. Cooperative farming on these would increase productivity and employment through economies of scale. The large, economical units of consolidated land, it was opined, would mitigate the problem of poor yield and enhance productivity through economies of scale and also increase employment.

Other important reforms include:

i) Distribution of ceiling surplus land

ii) Distribution of Government wasteland and Bhoodan land

iii) Prevention of alienation and restoration of alienated tribal land

iv) Central Sector Scheme for Computerization of Land Records

v) Centrally Sponsored Scheme for Strengthening of Revenue Administration and Updating of Land Records.

1.7.2 Green Revolution

The Green Revolution is a good example of a planned development initiative that brings out all the essential features of the development process. The Green Revolution is usually described as the introduction of hybrid varieties of wheat and rice, but the adoption of hybrids alone is not sufficient to explain the phenomenal achievements of the Green Revolution. Success was made possible by a comprehensive and well-coordinated program involving multiple changes in the way society managed the production of food.

The Green Revolution led to sizable increases in returns to land, and hence raised farmers' incomes. Moreover, with greater income to spend, new needs for farm inputs, and milling and marketing services, farm families led a general increase in demand for goods and services. This stimulated the rural non-farm economy, which in turn grew and generated significant new income and employment of its own. In India, the percentage of the rural population living below the poverty line fluctuated between 50 and 65 percent before the mid-1960s but then declined steadily to about one-third of the rural population by 1993. Research studies show that much of this steady decline in poverty is attributable to agricultural growth and associated declines in food prices. Big increases occurred in per capita consumption of vegetable oils, fruits, vegetables, and livestock products in Asia.

Major Factors behind the Success of Green Revolution

a) **Mechanization of Farming**: Intensive agriculture demands the use of diverse machinery that saves the farmer time and labour. Farm mechanization means use of various types of machines and other agricultural implements during the production, transportation and processing of agricultural products. Farmers in the countries adopted farm mechanization for fast growth of agriculture, leading to increased production. This has helped to increase cropping intensity, diversification of agriculture, better usage of available irrigation facilities, timely sowing and harvesting and transportation of inputs

to the fields. This has helped the farmers to get better prices for their products as they can easily access the nearest market outlets.

b) **Adoption of High Yielding varieties:** The adoption of HYVs occurred quickly. By 1970, about 20 percent of the wheat area and 30 percent of the rice area in developing countries were planted to HYVs, and by 1990, the share had increased to about 70 percent for both crops. Yields of rice and wheat virtually doubled. Higher yields and profitability also led farmers to increase the area of rice and wheat they grew at the expense of other crops. And with faster-growing varieties and irrigation, they grew more crops on their land each year. These changes more than doubled cereal production in Asia between 1970 and 1995, while population increased by 60 percent. Instead of widespread famine, cereal and calorie availability per person increased by nearly 30 percent, and wheat and rice became cheaper.

Achievements of Green Revolution in the Indian Economy

- Crop areas under high-yield varieties needed more water, more fertilizer, more pesticides, fungicides and certain other chemicals. This spurred the growth of the local manufacturing sector. Such industrial growth created new jobs and contributed to the country's GDP.

- The increase in irrigation created need for new dams to harness monsoon water. The water stored was used to create hydro-electric power. This in turn boosted industrial growth, created jobs and improved the quality of life of the people in villages.

- India paid back all loans it had taken from the World Bank and its affiliates for the purpose of the Green Revolution. This improved India's creditworthiness in the eyes of the lending agencies.

- Some developed countries, especially Canada, which were facing a shortage in agricultural labour, were so impressed by the results of India's Green Revolution that they asked the Indian government to supply them with farmers experienced in the methods of the Green Revolution. Many farmers from Punjab and Haryana states in northern India were thus sent to Canada where they settled (That's why Canada today has many Punjabi-speaking citizens of Indian origin). These people remitted part of their incomes to their relatives in India.

- Prior to the launch of the Green Revolution, Indian agriculture was largely based on subsistence-level farming which did not generate sufficient production to meet the country's food requirements. In the past this had led to periodic food shortages and famines which were managed by huge imports from abroad. Green Revolution was an attempt to break out of this condition and increase food production to make the country self-sufficient.

1.7.3 Rainbow Revolution

Technology led development in agriculture have made India self sufficient in foodgrains and a leading producer of several commodities in the world. The Green revolution in crops, Yellow revolution in oilseeds, white revolution in milk production, blue revolution in fish production and golden revolution in horticulture improved the status of Indian agriculture. Rainbow revolution

encompassing an all round growth in production of foodgrains, edible oil, fruits, vegetables and animal and fish products and evergreen revolution in agriculture through diversified agriculture, precision farming, resource conservation and value addition to provide in real sense the required food, nutrition and environmental security are the hopes of future.

In this section you read about the agricultural development in India. Now answer the following question in *Check your Progress 5.*

Check Your Progress 5

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the major factors that led to the success of Green Revolution?

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2) Write short note on Rainbow Revolution.

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1.8 LET US SUM UP

Agriculture plays an important role in providing food and livelihood security to majority of the population in the developing countries. Agriculture was seen as a low productivity, traditional sector that only passively contributed to development by providing food and employment. The importance of agriculture is expected to decline as development advances. In India there has been a continuous decline in the contribution of agriculture to the GDP but there has not been a commensurate decline in the share of workforce which has been a cause of concern. Some of the problems typical to Indian agriculture include small holdings, low yield, high regional disparities and rise in food prices. Although Green Revolution led to a sizeable increase in the returns to land, the ill effects of the revolution have faced up in the form of excessive use of inputs leading to soil degradation, depletion of groundwater table and increasing regional disparities. Continuous policy neglect of agriculture has led to rising food prices, increasing indebtedness of farmers and other such effects. This calls for a policy shift in favour of the agricultural sector which is still a major contributor of livelihood security of majority of the population in India.

1.9 REFERENCES AND SELECTED READINGS

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1.10 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) Agriculture promotes development of an economy by

   - By supplying foodstuffs and raw materials to other expanding sectors in the economy;
   - By providing an "investable surplus" of savings and taxes to support investment in another expanding sectors;
   - By selling for cash a "marketable surplus' that will raise the demand of the rural population for products of other expanding sector;
   - By relaxing the foreign exchange constraints, by earning foreign exchange through exports or by saving foreign exchange through import substitution.

Check Your Progress 2

1) While agriculture accounts for around 2% of GDP, and less than 4% of employment in developed countries, its share in the GDP of low-income countries is as high as 24%. Agriculture provides over 60% of total employment in South Asia and sub-Saharan Africa. Agriculture thus plays an extremely important role in developing countries, in providing livelihood and rural development. In most developing countries, agriculture is dominated by small and marginal farmers who are engaged in subsistence farming. Agriculture plays a major role in providing food security for the bottom level of the population. Developing countries consider domestic

self-sufficiency in foodgrain as an important element of food security. For all these reasons, sustained growth in agriculture is considered essential for ensuring food security and alleviating poverty.

Check Your Progress 3

1) Though subsidies are effective in pushing agricultural growth to a certain extent, it is important to make sure that they do not become a permanent feature of any economy. The availability of subsidized inputs during the Green Revolution period has led to indiscriminate use of inputs. The public investment in agriculture has declined in the past two decades which in turn has slowed down the pace of technological change, adversely affecting productivity. Since the early 1980s public investment in agriculture has experienced a secular decline, while input subsidies (on fertilizers, power, and canal irrigation) have been rising.

2) Farmers are generally exposed to two types of risk – yield risk and price risk. The yield risk is mainly attributed to the vagaries of nature and price risk is owing to price volatility. In order to shield the farmers from either or both the risks, agricultural insurance assumes significant importance. The importance of Agricultural insurance is widely accepted all over the globe. In most economies governments assume significant role towards protection of the farmers against all type of risks.

Check Your Progress 4

1) Organic agriculture is a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions rather than use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationship and a good quality of life for all involved.

Check Your Progress 5

1) Mechanization of farming and adoption of high yielding varieties are the major factors that have led to the success of Green Revolution in India. For details refer section 2.6

2) Rainbow revolution encompases an all round growth in production of foodgrains, edible oil, fruits, vegetables and animal and fish products.

UNIT 2 INDUSTRY

Structure

2.1 Introduction
2.2 What is Industry?
2.3 Industrialization and Economic Growth
2.4 The Industry Agriculture Nexus
2.5 Industrialization in the World and in India
2.6 Industrial Development in India after Independence
2.7 Causes of Industrial Backwardness in India
2.8 Let Us Sum Up
2.9 References and Selected Readings
2.10 Check Your Progress - Possible Answers

2.1 INTRODUCTION

The growth of industry is usually considered an important and essential element in the process of economic growth. It is considered as the secondary sector of development. It contributes substantially to economic growth of a country. In this unit you will study details of industry sector.

After reading this unit, you will be able to

- explain the meaning of industry
- discuss industrialization and economic growth
- establish relationship between agriculture and industry
- discuss industrialization in the world and Indian context
- explain industrial development in India after independence
- spell out the causes of industrial backwardness.

2.2 WHAT IS INDUSTRY?

Industry, or the industrial sector, is one of the three broad sectors into which any economy may be divided, the other two being agriculture and services. A parallel, but not identical division is between the primary, secondary and tertiary sectors of the economy. In this alternative classification, the sector corresponding to industry would be the secondary sector. In any period, each of the three sectors produces a lesser or greater part of the total output of any country, and a greater or lesser part of that country's labour force is engaged in the production of each sector . The distribution of the total production of the economy (GDP) between the three sectors is referred to as its output structure and that of the labour force as its employment structure.

Of course, in any economy, a very large variety of distinct production activities are undertaken. In the usual or standard classification scheme followed the world over, including in India, these are grouped into nine different activities or sectors.

These nine sectors, too, are referred to as industries, and the classification scheme is called an industrial classification scheme. However, it should be remembered that we are not, in this unit, referring to this general use of the term, industry. In common usage also, the term, industry is used in this broader sense, as, for example, when people talk about the film industry, or, of the financial services industry. Rather, our concern will be with the more specific use, wherein are included only some and not all of the industries. The industrial sector, in this sense, can be divided into three broad groupings.

The division of the economy into agriculture-industry-services or primary-secondary-tertiary sectors is based on some criteria rather than being entirely arbitrary. Differences in the nature of the products produced in these sectors, the distance of their production process from the natural environment, etc, are some of these criteria. Agriculture and mining are, thus, primary, because they involve extracting or harvesting the earth's products, while the secondary sector involves further processing of some of these primary products into other products. Tertiary activities cannot, however, be placed in a similar continuum as a third stage of processing. Rather, they are chiefly distinguished by the fact that their 'products' tend to be intangible (lacking a physical form) and involve providing some kind of service to the user. Thus, the services sectors do not produce goods like the other two major sectors do.

However, in practice, the demarcation of the industrial or secondary sector from the other two sectors has never been an easy matter. For one, certain activities may exhibit features of more than one sector. Mining for instance is a primary activity as it involves the extraction of natural resources, and in a sense, is more primary than agriculture because of the fact that the resources extracted are exhaustible. The method of that extraction, however, is more akin to industrial production than agricultural activity, and industry is also the major consumer of the mining sector's products. At the other end are cases like the railways, whose 'product' (i.e., transport) is intangible, like that of many services, and like many of them, its production and consumption are simultaneous. The production activity of the railways, however, is closer to manufacturing. Construction, too, has a similarly ambiguous character. While this activity may result in something that has a physical form (like a building or a bridge) it is not that final result, but the activity giving rise to it, which is like a service rather than a good, that is more often sold by the sector as its product.

For these reasons, it is not surprising that there has been a lack of unanimity about the sub-sectors to be included in the industrial or secondary sector. Thus, Simon Kuznets included transport and communication in industry, while Colin Clark put even construction in services. The general practice, promoted by the United Nations, however, has been to include, within industry, the following four sub-sectors.

i) **Mining and Quarrying** – this covers the activity of extraction of natural resources like metals, coal, and oil, and those like stone quarrying.

ii) **Manufacturing** – this covers the activities involving the mechanical or chemical transformation of organic or inorganic substances into products or the assembly of manufactured components into products, whether these are done by power driven machinery or by hand, and in a factory or at home. These include: production of food and beverage products like wheat

flour, processed tea, and aerated drinks; wood products like furniture; textile products like yarn, cloth and garments; leather products like footwear and bags; paper and paperboard; rubber and plastic products like tyres, tubes, and toys; mineral products like cement and glass; refined petrol and lubricants; chemical products like synthetic fibres, fertilizers and pharmaceuticals; production of metals like steel and aluminium and metal products like steel utensils; machinery, equipment, and apparatus like industrial machinery, transformers, televisions and computers; and transport equipment like bicycles, cars, and trucks.

iii) **Electricity, Gas, Water Supply** – the economic activities relating to generation, transmission, and distribution of electricity; the manufacture and distribution of gas; and the activities associated with collection, purification, and distribution of water.

iv) **Construction** –activities relating to construction of buildings (dwellings, office buildings, stores, etc.) and civil engineering works (roads, bridges, ports, irrigation works, power and industrial plants, pipelines, airports, etc.).

While India's National Accounts Statistics (NAS, CSO) contain data for all four of these segments of industry, the Index of Industrial Production (IIP) covers only three sectors – mining, manufacturing, and electricity. The construction sector is excluded by the IIP, primarily due to constraints in data availability. There is also a use-based classification of the industries included in the IIP, where they are divided into four groups based on the nature of use of their products: ***basic*** goods (like cement, steel, fertilizers, electricity, and diesel); ***intermediate*** goods (like textile yarns and fibres, electronic components, automobile components, paints and pipes); ***capital*** goods (like pumps, compressors, motors, engines, industrial machinery and machine tools, electric transformers, computers, and commercial vehicles), and; ***consumer*** goods, with the last being further sub-divided into consumer durables (like cars, motorcycles, televisions, and watches) and consumer non durables (like paper, lamps and tubes, edible oils, sugar, and soaps).

It should be kept in mind that the different views about the specific composition of the industrial sector notwithstanding, manufacturing is universally regarded as the most important component of the sector. The manufacturing sector is, itself, internally very diverse, more so than any other segment of industry. Taking into account the differences between the varieties of manufacturing industries can often also be more important than those between manufacturing and the others.

In the Indian case, there is yet another division within the industrial, and particularly manufacturing sectors, that is important. This is, the division between their organized and unorganized components. The organized segment includes overlapping components like public sector enterprises, registered factories, and joint-stock companies in the industrial sector; the unorganized sector includes households and unregistered private enterprises engaged in industrial production.

Now that you have a fairly good idea about industries and their sub-sectors, please answer the following question in *Check Your Progress-1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is meant by the industrial sector of an economy?

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2.3 INDUSTRIALIZATION AND ECONOMIC GROWTH

Industrialization has historically been an ingredient element of the process that Simon Kuznets terms, 'modern economic growth' – the sustained growth of output and per capita income of a country at a relatively rapid pace. This kind of growth has been observed in the world only in the last two and a half centuries. The countries which initially experienced such growth are those that are now termed developed countries. These countries are spread mainly over North America and Western Europe with Japan being the sole representative of this group from the Asian continent. The developing countries, are primarily in Latin America, Africa and Asia, and in which live more than three-fourths of the world's population, are those that were, at least till the middle of the 20th century, bypassed by the process of modern economic growth. Whether this was despite, or because of the fact that the countries that were bypassed were often linked to those where such growth did take place (like India and Britain) is an issue that is still being debated. We shall not enter into that debate here. Suffice it to say here that the countries which came to constitute the group of developing countries were, in the initial two centuries of modern economic growth, mainly exporting primary commodities to the countries which experienced industrialization.

The term industrialization is associated with the emergence and expansion of the mechanized large scale factory system of production. It is a process characterized by rapid growth of per capita output and an increase in the share of the industrial sector in output and employment. It involves growth as well as structural change, these two aspects being related to each other. The industrial sector's share in the total output and employment increases during the course of industrialization because production and employment in that sector grow faster than the average for the economy as a whole.

What is the precise relationship between industrialization and rapid economic growth? A typical pre-industrial economy is primarily an agrarian economy - one where agriculture is the major sector of the economy. This means that the larger part of the labour force in such an economy is engaged in agricultural production, and most of the output is produced in that sector. While such an economy also has an 'industrial sector', its share in the economy is small and production is mostly of the simple cottage industry type. In such an economy,

the rate of growth of the economy as a whole will greatly be influenced by the growth rate of the agricultural sector, because of its sheer weight in the economy, and this weight will remain high so long as the other sectors do not grow at a significantly faster rate. Therefore the maximum rate of growth possible in the agricultural sector essentially determines the pace of growth of an agriculture dominated economy. In such an economy, if the industrial sector at some point of time starts growing much faster than the agricultural sector then not only would it increase its share in total output but it would also push up the overall rate of growth of the economy beyond the ceiling set by the agricultural growth rate. This is precisely what happens with an industrialization process and that is why there is a link between industrialization and modern economic growth.

In this section, you read about industrialization and economic growth. Now, answer the following questions in *Check Your Progress-2.*

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is meant by the industrialization of an economy?

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2) What is the relationship between industrialization and the transition to rapid economic growth?

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2.4 THE INDUSTRY AND AGRICULTURE NEXUS

All agricultural production requires land, and there is a maximum amount of land that can be used for such production. Technological developments can, and have increased the effective quantity of land that is available. Nevertheless, the land required to produce output of some value in the agricultural sector is still typically many times larger than the land required for a factory capable of producing industrial output of equivalent value. Agricultural production, therefore,

cannot be multiplied in the same way as factory production can be. Further, industrial production is not dependent on the quality of the land in the way that agricultural production is. In industry, particularly manufacturing, the productivity of labour can be increased by using more and better machines. It is not so simple in agriculture. While technological developments can contribute to improving the productivity of any land, the inherent qualities of that land will still remain of major significance. Nature, thus, imposes a greater constraint on improving agricultural productivity.

Nature also constrains the range of produce that is available from the agricultural sector, again subject to some increase through scientific and technical development. This means that even if it were to be possible to raise the rate of growth of agricultural production to a level much higher than the growth rate of population, beyond a point that additional output would have no use. As people's incomes increase, the range of products they consume also tends to increase. No one, with his or her belly full, wants any more food, but would like to consume other things which cannot be produced by the agricultural sector. The increasing diversification of consumption accompanying increasing incomes, therefore, requires a corresponding change in the production structure, whereby the share of non agricultural products increases. This, in itself, implies to an extent an increase in the share of the industrial sector in output. In addition, the industrial sector is also capable of producing a far greater range of products than the agricultural sector – products that can be used to further produce products, or products that can be consumed. Indeed, many of the improvements in agriculture are themselves, dependent on products produced in the industrial sector (e.g., fertilizers, pesticides, tractors, harvesters.).

In countries with high densities of population, like India,, there is another sense in which agriculture cannot be the leading sector of economic development. Given limits to the quantity of land and of the productivity of that land, there is a limit beyond which the agricultural sector cannot sustain employment. If gainful employment is to be provided to a large work force, expansion of non agricultural activities becomes crucial.

Thus, it is clear that even though the agricultural sector's product is not an exhaustible natural resource, its primary character does constrain it in such a way that its declining relative importance in the economy is more or less inherent to the process of rapid growth. A continuous decline of this kind fits in with the typical pattern of modern economic growth exhibited by developed countries in the past. However, in this typical pattern one also sees that while the non agricultural sectors become correspondingly more important over time, the leading non agricultural sector driving this process tends to be different in different phases. Initially it is the industrial sector which drives this process so that its share increases in output and employment. This is the period of industrialization. This is followed by a subsequent post industrialization stage where it is the services sector that increases its share, particularly in employment, at the expense of industry. The movement of the relative shares of the three sectors in output and employment accompanying the process of increasing per capita income can be described by the following figure (which shows it for employment).

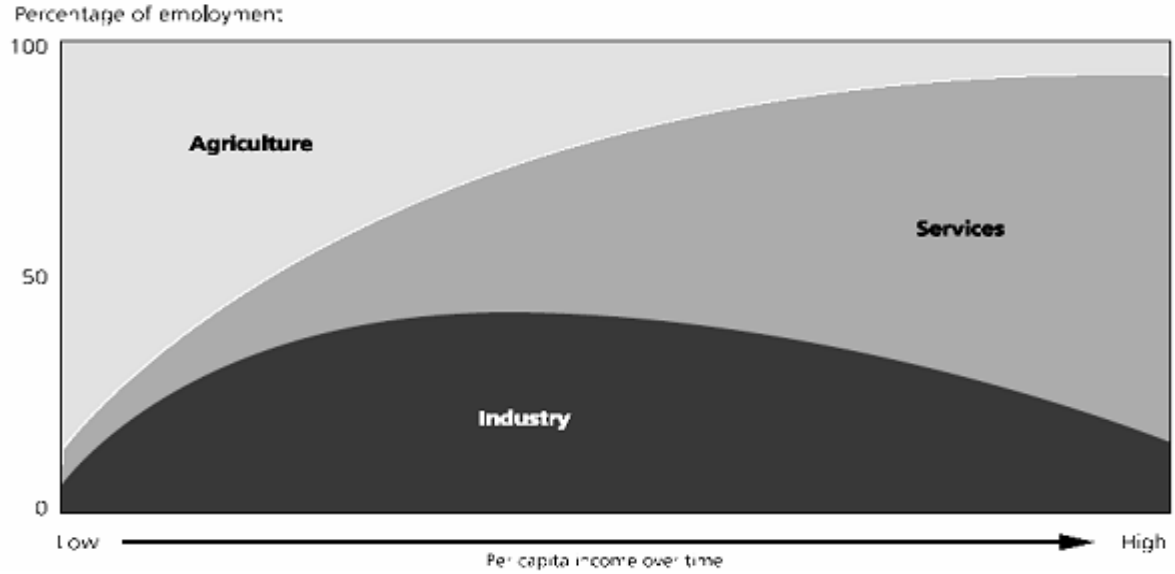

Fig. 2.1: The Changing Structure of Employment during Economic Development

There are various reasons why the services sector assumes great importance in the later stages of modern economic growth which we cannot go into here. Suffice to say here that the initial driver of the process is always industrialization, and the needs of an economy catered to by its industrial sector cannot be met by the services sector. The importance of industrialization for any country's economic development, therefore, remains. Critically important for a successful process of industrialization in an agrarian economy is the achievement of some breakthrough in agricultural productivity. Why that is the case may be understood as follows.

Whatever may be the level of industrialization achieved, complete substitution of agricultural products by products of the industrial sector is not possible. Specifically, a large part of the food requirement of the population and the raw material requirements of many industries will remain dependent on the agriculture sector. If industrialization involves the movement of a significant part of the workforce to non agricultural activities, those remaining in the agricultural sector have to become productive enough to be able to produce a surplus of food over their own requirement, sufficient to feed the non agricultural population. How can such a change in the employment structure happen unless labour productivity in agriculture improves? The rapid growth of industry also means a rapidly growing demand for raw materials produced by the agricultural sector (e.g., cotton). How can this demand be met if agricultural improvement does not happen? Crucially, how can both the demand for food and non food raw materials be met simultaneously, when the land constraint does not allow increasing the amount of land devoted to one without reducing that for the other?

Industrialization is also a process that requires large initial investments from which products and incomes flow in the future. Once an industrial sector is developed it can meet the requirements for financing such investment internally - from the income from past investments. But in the initial stages of industrialization these investments have to be financed by resources coming from outside the industrial sector, which means that the agricultural sector may have to generate the surplus for financing this investment. A similar scenario characterizes the issue of the market for the products of a rapidly growing industrial sector. Unlike what is possible in small scale agricultural production,

the producers in any large scale industry, typically, cannot consume or use more than a small fraction of the total volume of their own production. They need to find a market for this surplus product outside their own industries in those from whom they can acquire other products in exchange. When the industrial sector is developed and diversified, each industry may be able to find this outside market in other industries. That is, the different industries may serve as markets for each other. In the early stages of industrialization however, such markets have to be found outside the industrial sector and in a pre-industrial economy it is only the agricultural sector that can meet the need. Its ability to do so in turn depends on its productivity and growth.

So far, we have not brought foreign trade into the picture. It may appear at first sight that even if agricultural productivity cannot improve, an economy could still industrialize by importing the shortfall of agricultural products and exporting its surplus industrial products. However, it would require exceptional circumstances for a pre-industrial economy to develop, in a short period of time, such a pattern of trade. What is more likely is that it would initially need to export agricultural products, and obtain, in exchange, those industrial products (capital goods, etc.) required for development of its industrial sector. Thus, agriculture may also have to play the role of foreign exchange earner for enabling industrial expansion. Only at a later stage, when the industrialization process has proceeded some distance, could it become an exporter of mainly industrial products. Foreign trade, therefore, does not provide any escape from the requirement of improvement in agricultural productivity.

Thus, a low productivity, backward, primarily agrarian economy may need industrialization to achieve rapid economic growth. But to achieve this, it must be first able to make a breakthrough in the agrarian sector which would provide the necessary support to the industrialization process. The possibility of this breakthrough would lie in the fact that even though there are limits to raising the productivity of agriculture, a backward agrarian economy may be far below the maximum level possible at any point of time. A change in the agrarian context which would allow that gap to be bridged quickly, therefore, is a crucial precondition for successful industrialization.

In this section you read about the nexus between industry and agriculture. Now, answer the following questions in *Check Your Progress-3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Distinguish between industrialization and post-industrialization.

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2) Why is prior development of agriculture important for industrialization?

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2.5 INDUSTRIALIZATION IN THE WORLD AND IN INDIA

The first country in the world to experience a successful process of industrialization was India's erstwhile colonial master, namely Great Britain. The British Industrial Revolution began in the last quarter of the 18th century, just as Britain's empire in India was being expanded under the aegis of the East India Company. Before that revolution marked the beginning of factory production, India and China had been the great manufacturing regions of the world and there was great demand for their products in Europe. Indeed, the East India Company first came to India to buy Indian manufactured products. It has been estimated that in 1750 roughly 25% of the world's manufacturing production took place in the Indian subcontinent. However, by the end of the 19th century, this share had come down to under 2%. During this period, India's per capita level of industrial production fell to a sixth of its initial level. In other words, India experienced in the 19th century a process that is quite the opposite of industrialization, and indeed has been termed de-industrialization. To an extent, at least this was the other side of Britain's industrialization process. The leading sector of the British Industrial Revolution had been the cotton textile industry. This industry had no prior existence in Britain where, traditionally, the woollen textile industry had been important, and was always heavily dependent on export markets. In India, on the other hand, the traditional hand spinning and weaving based cotton textile industry was the most important manufacturing sector. British industry was able to grow at the cost of India's manufacturing sector by capturing the market that was catered to by the traditional manufacturing activity in India. Yarn and cloth, produced in British factories at much lower cost, displaced Indian textile products not only outside India but also within. The latter was aided by the Indian market being deliberately kept open by the British rulers through the policy of free trade.

The destructive impact of British industrialization on India's traditional manufacturing sector continued throughout the 19th century. In the second half of the century, this was aided by the development of the railways. By connecting India's vast expanse to ports where foreign-produced goods first arrived, the

railways enabled the deeper penetration of British manufactures into the Indian market. However, with railway development providing the impetus, the mid 19th century also saw the beginning of modern factory production in India. The principal expression of this was the setting up of a number of cotton and jute textile mills from 1854 onwards by Indian and European businessmen. Thus, one can say that modern industry has a continuous history in India that stretches back over a period more than one and a half centuries long. During this period the industrial sector did not stand still. The growth of industrial output has been accompanied by a constant evolution of the industrial structure over time with the emergence of new industries and changes in the relative importance of existing ones. Technological developments taking place in the world have also, in one way or the other, regularly penetrated into the Indian industrial sector. Modern factory industry has also impacted on the older traditional manufacturing industry, transforming it in many ways. But, looked at in relation to its impact in transforming India from an agrarian to an industrial economy, the Indian experience stands out as one of the most stunted cases of national industrialization. This is true whether we compare India's experience with developed countries or with other important fellow developing countries, which, like India, had not experienced significant industrial development till the middle of the 20th century.

In the mid-19th century, much of the world was mainly agrarian. This was true for even the developed countries in our group, the United Kingdom being the solitary exception. In the United States in 1839, the agricultural sector's output was more than double that of industry, and even in 1870, 51% of its workforce was engaged in agriculture. The latter figure for Germany and France was also close to 50%. Japan, at the same time, had more than 70% of its workforce in agriculture, and Italy over 50%. In other words, seen at least in terms of the time of birth of modern factory industry, India was not a particularly late entrant into the industrialization process. At that time, the industrialization process of most countries had either not begun or was in an incipient stage.

While the decline of agriculture's share in output and employment has been consistently maintained, many countries have already passed the peak of the degree of industrialization of their output and employment. Table 2.1 does not necessarily show the peak values for the industrial sector's share in output and employment for all countries, but only the peak and current values observable in data series that extend over the last half century, or so. But it is adequate to establish that India has not come even remotely close to traversing the distance others have managed in this regard. The maximum share of industry in output of all the other 11 countries in the group had, at the least, reached 35% and in most cases, including the late industrializers, it had exceeded 40%. In India the same share never touched even 30%, and in addition shows no signs of even heading in that direction. The comparative picture of the degree of industrialization of employment between developed and developing countries is a replication in inverted form of the story of agricultural employment, including India's laggard position.

Table 2.1: Indicators of Industrialization of Selected Countries in Selected Years

Country	Industry, value added(% of GDP) (WDI 2007)				Employment in industry (% of total employment) (WDI 2007)				Share in Civilian Employment of Industry (%)(OECD)			
	%	Year	%	Year	%	Year	%	Year	%	Year	%	Year
United Kingdom	43.08	1971	26.19	2005	37.2	1980	22	2005	48.4	1956	22	2006
United States	34.51	1971	21.99	2004	30.8	1980	20.6	2005	37.3	1956	19.8	2006
France	35.09	1972	20.92	2005	35.9	1980	24.6	2004	39.5	1973	21.4	2006
Italy	40.24	1974	26.86	2005	37.2	1980	30.7	2005	39.7	1971	29.8	2006
Germany	46.43	1971	29.68	2005	40.3	1991	29.7	2005	49.3	1970	30.5	2006
Japan	45.55	1973	30.15	2004	35.3	1980	27.9	2005	37.2	1973	28	2006
China	48.52	1980	47.54	2005	22.4	1988		2005				
Indonesia	46.81	2001	45.77	2005	19	1997	18	2005				
Korea, Rep.	42.62	1991	40.33	2005	36	1991	26.8	2005	36.8	1991	26.3	2006
Brazil	45.88	1987	38.41	2005	25.4	1983	21	2004				
Mexico	38.00	1987	25.93	2005	27.8	1990	25.7	2005	27.4	1990	27.4	2006
India	**28.12**	**1995**	**27.33**	**2005**			**17.6***	**2005**				

Source: *World Bank, World Development Indicators, 2007 (WDI 2007), and OECD.Stat (http://www.oecd.org);*

* *Based on NSS data*

In this section you read about industrialization in the world and the Indian experience in expansion of industry and growth of industrialization. Now *Check Your Progress-4.*

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Why can we say that industrialization in India has been limited in comparison to other major countries?

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2.6 INDUSTRIAL DEVELOPMENT IN INDIA AFTER INDEPENDENCE

The overall record of Indian industrialization could be divided into two parts, with independence from British rule serving as the dividing line. Indian industrialization was, at no stage, a priority for the imperial government that was focused on ensuring that India played its key role in propping up the British imperial order. Therefore, the industrialization process lacked the crucial backing of the state in its formative period. Therefore, the industrial development in colonial India remained extremely limited. Between 1900-01 and 1946-47, the secondary sector's output grew at barely 1.5% per annum. At independence, India was still a primarily agrarian economy, with the agricultural sector accounting for over half the output and three-quarters of total employment. The modern industrial sector, even after nearly a century of development, accounted for only a small part of the economy. It also co-existed with a surviving traditional manufacturing sector (or its modified version) that was as large in terms of its contribution to national output, and accounted for a larger share in employment. These are shown in Table 2.2.

Table 2.2: Structure of India's GDP, 1948-49 (Percentage to Total GDP)

Primary	Agriculture	Secondary	Manufacturing	Registered Manufacturing	Unregistered Manufacturing	Teritary
53.7	50.4	16.4	12.5	6.0	6.4	29.9

Source: *S. Sivasubramonian, India's National Income in the 20th Century (2000), Appendix Table 9 (d).*

At independence, India's industrial sector was not only small but, also, very narrow. The limited extent of industrial development in the colonial period expressed itself in lop sided development where there existed important gaps in the production structure, particularly in the case of capital goods and key infrastructure sectors.

After independence however, the situation was different and promotion of industrialization became an explicit element of state policy. In the history of Indian industrialization after independence, the nature of the economic policy regime in place makes for a distinction being made between the pre and post1991 periods. The economic policy of the Indian State was obviously not frozen between independence and 1991. The central defining features of the pre 1991 strategy were the imposition of restrictions on international economic transactions so as to maintain a relative autonomy of India's economy from the international economy, and the accordance of a major role to the state, both as a producer (public sector production) and as a regulator of private economic activities. Increasing openness of the economy to commodity and capital flows from outside, and the granting of greater freedom to the private sector and the operation of market forces, are instead the hallmarks of post-1991 policy.

2.6.1 Industries in India

Some of the major industries during the industrialization process in India are:

i) **Iron and Steel:** after independence, special attention was paid to the development of the iron and steel industry. The second Five Year Plan gave top most priority and during the period three large scale steel plants were established in the public sector at Bhillai, Rourkela, and Durgapur. In the private sector also, two plants namely, TISCO and IISCO were taken into hand.

ii) **Jute Industry:** the jute industry was one the oldest industry in India. Most of the jute industries were found in West Bengal. After partition major jute growing industries went to Bangladesh. The production of jute textile increased from 837 thousand tonnes in 1950-51 to 1392 thousand tonnes in 1980-81 and further to 1430 thousand tonnes in 1990-91.

iii) **Textile Industry:** the textile industry is the largest industry in modern India. It contributes 20 percent of total industrial output and provides employment to about 17 million people. It also contributes 30 percent to total value of exports.

iv) **Sugar Industry:** the sugar industry is also an important industry in India. Sugar industries were initially established in Bihar and Uttar Pradesh. However, in the last three decades, the industry has developed at a faster rate in Maharashtra, Andhra Pradesh, Karnataka, and Tamil Nadu. A significant fact about the sugar industry in India is that most of the sugar mills are in the cooperative sector.

v) **Cement Industry:** the manufacture of cement was started in Madras in 1904. This industry operates mainly in the private sector. In 1981, government allowed private companies to establish mini industries. Most of the cement plants in India are located in Andhra Pradesh, Karnataka, Madhya Pradesh, Gujarat and Rajasthan.

vi) **Engineering Industry:** in the Second Five Year Plan which laid emphasis on industry, a large part of investment in the industrial sector was earmarked for engineering establishments. As a result massive investments were made in the heavy and capital goods industries. There industries are found both in the public and private sectors. Some of these are: The Bharat Heavy Plate and Vessels Ltd. (BTTPV), Bharat Pumps and Compressors Ltd., Triveni Structurals Ltd., Bharat Wagon and Engineering Co. Ltd.

vii) **Food Processing Industry:** India is the world's second largest producer of food, next to China. However, food exports accounts only 1.5 percent of international food trade. There is scope for large investment in food and food processing industries. Government is now encouraging private investment in the food processing sector. India's food processing sector covers fruit and vegetables; meat and poultry, milk and milk products, alcoholic beverages, fisheries, plantation, grain processing, etc. States like Punjab, Andhra Pradesh, Madhya Pradesh, Maharashtra, and Haryana are doing better in the food processing sector.

viii) **Small Scale and Cottage Industry:** small scale and cottage industries play an important role in India's economy. This sector accounts for 35 per cent of the value added by the entire manufacturing sector, 6.9 per cent of the net domestic product and 30 per cent of the country's exports. The Second Five

Year Plan emphasises the role of small scale and cottage industries on the following grounds

i) generation of employment opportunities

ii) an equal distribution of national income

iii) mobilization of capital

iv) mobilization of entrepreneurial skills

v) regional dispersal of industries.

2.6.2 Industrial Growth Trends

The pace of expansion of the Indian economy and of industrial production after independence was considerably more rapid than in the first fifty years of the 20th century. But post-independence industrialization in India was marked by an inability to achieve prolonged spells of rapid growth. Apart from the year to year fluctuations in growth, there were also different trends in different phases.

As Table 2.3 indicates, three phases are distinguishable in the post independence and pre liberalization period. The first phase corresponding to, roughly, the first three five year plans saw an acceleration in industrial growth which was rudely halted in the mid-1960s in the background of two successive droughts and military conflicts. Industrial growth slackened and then began a period that has been referred to as the decade of industrial stagnation. Industrial growth started reviving from the late 1970s and the next decade, again, saw reasonably rapid growth. This positive growth trend appeared initially to receive a further impetus from liberalization in the early 1990s. However, in the second half of the 1990s, industrial growth again slackened for a period of about six years before rebounding from 2003-04 onwards. This growth has however again been halted in the aftermath of the global economic crisis, with industrial growth in 2008-09 being reduced to just 3.8% and manufacturing growth to a mere 2.4%. In other words, the unstable nature of Indian industrial growth has survived the transition to a liberalized economy.

Table 2.3: Annual Average Rates of Growth Real GDP in India (Per cent per annum)

Sector	1950-51 to 1964-65	1965-66 to 1979-80	1980-81 to 1990-91	1991-92 to 1996-97	1997-98 to 2002-03	2003-04 2007-08
Mining & Quarrying	5.59	3.33	7.97	3.87	3.97	6.02
Manufacturing	6.72	4.41	5.82	8.10	4.07	9.11
Electricity, Gas & Water Supply	11.51	7.89	8.58	7.68	4.50	5.74
Construction	6.72	2.80	4.41	3.37	6.92	13.68
Industry	**6.75**	**4.04**	**5.87**	**6.58**	**4.71**	**9.69**

Source: *Central Statistical Organization, National Accounts Statistics (CSO, NAS)*

It can be also seen that the manufacturing sector's growth trends mirror the overall trend observed since independence. The electricity sector on the other hand generally grew faster in the early post independence period, with its growth being

substantially slower after liberalization. Construction activities, on the other hand, appeared to have experienced accelerated growth since the mid 1990s, with this growth being exceptionally high in the most recent period. The parallel movements in the growth of manufacturing and industry as a whole is not surprising in view of the fact that manufacturing has always accounted for a large part of the industrial sector. However, particularly since the mid 1970s, its weight in the industrial sector has been declining – it accounted for over 75per cent of industrial value added in 1950-51 and about 73 per cent in 1974-75, but this share came down to only 55 per cent by 2007-08. In recent years, the segment within industry which has raised its share considerably is construction. In the case of electricity, on the other hand, a consistent trend of increase in its share, which went up from 1.64 per cent in 1950-51 to 10.90 per cent in 200-01, has been sharply reversed so that its share came down to just 5.97 per cent in 2007-08.

2.6.3 Structural Change in Manufacturing Output

The one change that did unambiguously accompany the growth of India's manufacturing sector after Independence was that structure of industry. Though the process was not entirely a linear one, the general direction after Independence was towards greater diversification in manufacturing activities, and a decline in the relative importance of relatively simple, technology-based, light manufacturing activities. Much of this change, which meant that India's industrial sector came to be in a position to produce most manufactured products, had been achieved before the onset of liberalization.

The organized or, registered manufacturing sector reflected the structural change to a greater extent than unregistered manufacturing. Much of its growth, after Independence, was accounted for by industry groups which had just about emerged towards the end of the colonial period. As shown in Table 2.4, manufacturing industries accounting for over 80 per cent of the manufacturing value added in 2007-08 had a share of under a third in 1950-51. The most dramatic decline in relative importance was in the case of textiles, the largest segment at independence. This decline in the relative importance of textile industries in organized manufacturing in part however was the result of a major shift in textile production (of fabrics) from organized textile mills, mainly to what is called the powerloom sector, which mostly, consists of unorganized sector units. At Independence, the major part of cloth production came from mills. By the end of the 1980s the powerloom and handloom sectors came to account for a share of 85 per cent and mill production of cloth was barely half of the levels in the 1950s.

Table 2.4: Composition of Gross Value Added of Registered Manufacturing in India at Current Prices (Percentages to Total)

Manufacturing Industry	1950-51	1990-91	2007-08
food products	15.62	8.10	6.37
beverages and tobacco products	2.84	2.37	4.03
textile products	42.60	13.47	6.67
leather & fur products	0.81	0.89	0.40

wood and wood products, furniture, fixtures, etc.	0.81	0.39	0.27
paper and printing, etc.	5.07	4.27	2.04
Total	**67.75**	**29.50**	**19.80**
rubber, petroleum products, etc.	2.64	8.22	10.34
chemical and chemical products	7.30	14.63	20.57
non-metallic products	3.45	5.47	4.47
basic metals	4.67	12.85	17.88
metal products and machinery	3.04	11.20	8.25
electrical machinery	0.81	7.01	7.46
other manufacturing	2.23	3.47	4.53
transport equipment	7.91	7.65	6.69
Total	**32.05**	**70.50**	**80.20**

Source: *CSO, NAS*

Despite the shift in cloth production to the unorganized sector, the relative share of traditional industries has declined even in the unorganized manufacturing sector. Industries like textiles, food products, and wood products constituted the large bulk of the sector at independence, but by now more than 56 per cent of the unorganized manufacturing output is accounted for by other industries. In other words, structural change has occurred even in unorganized manufacturing and in the same direction as in the organized segment.

a) Organized and Unorganized Sectors

The organised sector comprises of enterprises for which the statistics are available regularly from the budget documents or reports, annual reports in the case of Public Sector, and through the Annual Survey of Industries, in the case of registered manufacturing. On the other hand, the unorganised sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision and / or which do not maintain any regular accounts. Non availability of regular information has been the main criteria for treating the sector as unorganised. This definition helps to demarcate organised from the unorganised. For example, the units not registered under the Factories Act, 1948 constitute unorganized component of manufacturing as these are not regulated under any Act. In the case of sectors like trade, transport, hotels and restaurants, storage and warehousing, and services, all non public sector operating units constitute the unorganised sector. However, the enterprises covered under the Annual Survey of Industries do not fall under the purview of the unorganised sector.

Within the industrial sector, the unorganized component is relatively large only in manufacturing and construction activities, its share in the other two segments being somewhat marginal though increasing in mining and quarrying. In construction, typically, half to more than half of the domestic product has been generated by unorganized construction activities. Within the unorganized industrial sector, the size of the construction segment seems to be fast catching

up with that of manufacturing which till now has been the most important component.

At Independence, as mentioned earlier, the unregistered manufacturing sector was larger than the registered manufacturing sector. As far as output distribution is concerned, the picture steadily changed thereafter as the registered segments share increased (Table 2.5). Currently, the registered segment's value added is nearly two and a half times that of unorganized manufacturing. This reflects a deep imbalance within the manufacturing sector since it is unregistered manufacturing which is employs the major part of the industrial labour force. Unregistered manufacturing also accounts for a large part of the increment in manufacturing employment. Organized manufacturing employment, on the other hand, has been stagnant for a long time.

Table 2.5: Distribution of manufacturing Value Added between Registered and Unregistered Segments (Percentage Shares)

Manufacturing Segment	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2007-08
Registered	46.78	51.35	56.52	55.99	65.07	66.33	69.29
Unregistered	53.79	48.95	43.46	44.01	34.93	33.67	30.71

Source: *CSO, NAS*

b) Public and Private Sectors

At Independence, there were very little industry established in the Public Sector. The post-Independence strategy, however, accorded the public sector an important role in the development of the certain key industries, including infrastructure industries, and this set the stage for an expanding public sector presence in industry. In the initial period after Independence, this was mainly public investment driven and did not involve nationalization of industries. The growth of public investment, however, slipped after 1965 but the period immediately succeeding its deceleration also saw the high tide of nationalization. This process covered, apart from banks and general insurance, the mining industries and the oil sector. Manufacturing activity was largely excluded from the ambit of nationalization. However, there were government takeovers of private companies in the textile and engineering industries, mainly of those that had turned chronically sick, a process that continued up to the early 1980s. As a result of all of these, the public sector presence in the industrial sector increased more or less consistently before liberalization, in all segments of industry, though it was in the mining and electricity sectors that this presence came to be an overwhelming one (See Table 2.6). Manufacturing and construction remained largely the domain of private sector units. After liberalization the trend of increasing public sector share was been reversed in all segments of industry as the focus shifted to privatization.

Table 2.6: Share of Public Sector In Output of The Industrial Sector (Percentage)

Industry Segment	1960-61	1970-71	1980-81	1990-91	2000-01	2007-08
Mining & Quarrying	10.73	25.38	73.74	87.59	74.81	76.66
Manufacturing	2.61	9.53	13.11	20.23	12.48	13.08
Electricity, Gas & Water Supply	73.63	90.85	56.89	116.71	105.70	101.21
Construction	7.72	7.81	16.21	15.99	14.63	8.63
Industry	6.05	14.06	20.90	33.74	27.12	22.88

Source: *CSO, NAS*

Note: The more than 100% share of the public sector in the electricity sector in some years is made possible by the use of different methods by the CSO to calculate the value added in such activities for the economy as a whole, and for the public sector. Obviously the actual public sector share cannot exceed 100% and the figures shown in the table should be taken as showing the broad trend in these shares rather than their precise values.

In this section you read about industrial development in India after independence. Now answer the following questions in *Check Your Progress-5.*

Check Your Progress 5

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the two main features, one negative and the other positive, of Indian industrial development since Independence?

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2) Why does the rising share of the organized sector in manufacturing sector output reflect an imbalance?

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2.7 CAUSES OF INDUSTRIAL BACKWARDNESS IN INDIA

We have seen the limited nature of India's industrialization and how industrial growth in India after independence has been characterized by instability. This instability has remained a persistent feature, even though many other things in the context of industrialization have changed in a major way over the six decades after Independence. Let us briefly list these changes between the early post independence period and the current phase of the Indian economy.

i) At the time of Independence, a highly unstable and slow growing agricultural sector was the major sector of the economy. The industrial sector in comparison produced only 30 per cent of the output produced by agriculture. By now, the services sector, which grew steadily and at a very high rate, replaced agriculture as the largest sector of the Indian economy. The industrial sector, too, produces one and a half times what agriculture produces. Within the manufacturing sector, significant change has occurred in the structure so that industries, like the textile industries and food products industries which are dependent on raw materials produced by the agricultural sector, have declined in relative importance.

ii) At the time of Independence, India's savings rate and therefore, its capacity to undertake the investments required by the industrial sector was very limited – savings, as a percentage of GDP was under 10 per cent. At the same time investments were also very critical in view of the narrowness of the industrial sector – given the inter-linkages between industries the growth of many industries depended on others being able to grow correspondingly to provide the necessary inputs and capital goods. Most of the gaps in the industrial structure were in heavier industries and infrastructure industries which required large investments. In contrast, today we have a situation where, not only is the industrial structure much broader, India's savings and investment rate have touched historically high levels, close to 35 per cent.

iii) After Independence, the economic policy adopted by the Indian state involved a number of restrictions on the private sector and the free play of market forces, including restrictions on imports and foreign investment. After liberalization there has been a change in the opposite direction.

The subject of the reasons for India's persistent industrial backwardness is a more controversial one. In the literature on Indian industrialization one can find many different explanations being offered at different points of time. One kind of explanation, which has also been a justification for liberalization, laid the blame for India's industrial difficulties after independence on the doors of the restrictive economic policy adopted after independence. It was argued that this thwarted competition and generated inefficiencies in the industrial sector, and did not allow Indian industry to take advantage of export markets in the manner that other countries in East and South East Asia did. Two other shortcomings at the level of policy may, instead, offer more reasonable explanations for the long run limitations in Indian industrialization – these are the failures on the agrarian front, and in sustaining public investment growth.

Earlier, we mentioned the importance of agrarian change for industrialization. In India the kind of agrarian breakthrough typically associated with industrialization never happened. In the colonial period, the agrarian sector had been the principal base for India's exports, which financed not merely its imports of industrial products, but helped maintain a recurrent export surplus. The agrarian sector had also provided a substantial part of the state revenue for a long time and financed the unilateral transfer of tribute from India to Britain. The potential that had then existed for utilizing such exports and the surplus for expanding industry was no longer available after independence.

There are many ways in which agrarian backwardness held back industrialization, some more important in some phases than in others. One important way that has been of a long term nature is the holding back of the development of a large domestic market for industrial products. In India, since a large part of the population derives its livelihood from agriculture, low average incomes coupled with inequality in the distribution of agricultural income have meant the exclusion of a large part of the population from the market for industrial products. The consequent narrowness of the domestic market has had two further implications. One is that it has not adequately provided the base on which exports of manufactured products could have been developed over time. Second, the dependence of the industrial sector on a narrow market provided by the relatively well-to-do has also made the industrial structure more biased towards capital intensive production than it need have been, since the rich demand relatively more of such products. This has reinforced the market constraint since large scale employment in industry, which could have created an internal market within the industrial sector, has not materialised. These difficulties associated with agricultural backwardness still persist. Therefore, despite the fact that relative to industry and services the importance of agriculture in total output may have declined, the agricultural sector may still hold the key to a successful industrialization process in India.

Investment, on one hand, is an expenditure which creates demand for the products produced by others. At the same time, investment also creates the capacity to produce and supply products to others. The difference between private and public investment lies in their motivation, and this makes for complementarities between them. Private investment is undertaken only in expectation of a return or profit, and will be forthcoming only when the investor expects a reasonable return within a reasonable time. Private investment, therefore, tends to be less in many areas where large investments with low returns and long gestation periods are required. These are characteristic features of many infrastructure sectors in any economy, and even of some heavier manufacturing industries in the early stages of industrialization. These sectors are however critical for industrial growth and deficiencies in them also hinder private investment in industries dependent on them for supply of necessary inputs. Inadequate infrastructure can not only limit the quantity of production possible, it can also increase the costs of production of industrial products – which also limits their competitiveness in international markets. Profit oriented private investment is also susceptible to being depressed if investors do not anticipate that there will be adequate demand for the products that would eventually flow from such investments. Public investment, in such circumstances, can generate the demand for a wide range of industries, which then induces private investment in them. Public and private investments are,

therefore, complementary and it is extremely difficult for a process, driven entirely by private investment, to sustain itself over long periods of time.

2.7.1 Causes of Industrial Sickness of Small Scale Industries (SSIs)

The small scale industries play an important role in industrial development. However, many of them are victim of industrial sickness. A few important causes of sickness are listed.

1) Lack of finance: finance is important for opening, maintaining, and sustaining industries. Lack of finance, along with other factors like inefficient working capital management, absence of costing and pricing, planning, and budgeting also affect SSI's.

2) Bad production policies: the wrong selection of sites, production, inappropriate plant and machinery, lack of quality control, and poor research and development.

3) Marketing: the third cause of sickness is related to marketing. The poor sales techniques and branding also affect the proliferation of SSI's.

4) Human resources: one of the important reasons for sickness of SSIs is non availability of skilled manpower. Even if available, there is no provision for human resource development.

In India however, the government has not been able to ensure adequate levels of public investment for supporting the nation's industrialization effort. The only period in which public investment grew somewhat rapidly was during the first three Five Year plans. Once this growth slipped in the mid 1960s, it never really recovered and this problem of inadequate public investment plagues the Indian economy till today. Inadequate public investment, in turn, has also reinforced the agrarian constraint because some part of this investment is that which contributes to improving agricultural productivity (e.g., in irrigation).

In this section you read about the dynamics of industrial movement in India. Now answer the following question in *Check Your Progress-6.*

Check Your Progress 6

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Give two reasons why India may still need industrialization.

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2.8 LET US SUM UP

Though modern industry made its first appearance in India a long time ago, India's industrialization has remained an incomplete one. Very limited industrial development happened in the colonial period, since government policy remained oriented to a different direction. After Independence, a conscious effort was made towards promoting industrialization. While this succeeded in raising the level of industrial development much beyond what had been possible under colonialism, there were also critical shortcomings in policy which prevented the optimum level performance. As a result, industrial growth took place in fits and starts and its transformative impact on the Indian economy remained limited. Liberalization of the Indian economy since the early 1990s was considered the panacea for India's industrial woes. But liberalization does not address either of the two issues that have been highlighted above as the major constraints on Indian industrialization. Indeed, it makes the problems more acute even while increasing their significance. At the same time, Indian industry is exposed to foreign competition from countries where conditions are more favourable for industrial production. In such circumstances, a successful and widespread industrialization process, perhaps, requires some rethinking on the policy front.

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2.10 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) The industrial sector in any economy encompasses the activities of mining and quarrying, manufacturing, production and distribution of electricity, gas and water, and construction. Like the agricultural sector, and unlike the tertiary or services sector, it is chiefly a producer of goods through further processing of primary products or manufactured inputs.

Check your Progress 2

1) Industrialization is a process of rapid growth of per capita income accompanied by an increasing share of the industrial sector in the economy's output and employment. It is historically associated with the increasing use of machinery, or the mechanization of production.

2) Rapid economic growth implies increase in output of an economy at a high pace. Industrialization is associated with the transition of an agrarian economy to such a trajectory because it lifts the maximum possible level of growth of output beyond the levels previously set by the agricultural sector's growth.

Check your Progress 3

1) Industrialization represents the early stage of economic development when the importance of the industrial sector in the economy increases at the expense of the agricultural sector. Post-industrialization is a later stage when the relative importance of the industrial sector declines after reaching a peak and the services sector gains in importance.

2) A prior development of the agricultural sector is important for industrialization because: a) agriculture has to provide food for the growing non agricultural population; and, b) it has to, in the early stages of industrialization, provide a corresponding supply of raw materials for the expanding industrial sector, a surplus for investment, and a market.

Check your Progress 4

1) We can say that industrialization in India has been limited in comparison to other major countries because the maximum levels attained by the share of the industrial sector in total output and employment in India are considerably lower than the peak levels of these in case of other countries.

Check your Progress 5

1) The main negative feature of industrial development in India after independence has been the instability in it growth. The principal positive feature on the other hand has been the structural change and increasing diversification experienced by the sector.

2) The rising share of the organized sector in manufacturing output reflects an imbalance because the overwhelmingly and increasingly larger part of manufacturing employment is in its unorganized rather than organized component.

Check your Progress 6

1) India may still need industrialization for the twin purposes of providing non agricultural employment opportunities to its large and growing workforce, and to supply to its population, manufactured consumption goods whose consumption levels are presently very low. Both of these are critical for raising the standards of living of the vast majority of Indians to even reasonable levels.

UNIT 3 INFRASTRUCTURE

Structure

3.1 Introduction

3.2 Meaning and Need for Infrastructure Development and Management

3.3 Exigencies of Infrastructure Development and Management

3.4 The Characteristics of Infrastructure Development and Management

3.5 How to Measure Infrastructure Development

3.6 Some Important Sub-Sectors of Infrastructure Development – An Indian Perspective

3.7 Perspective of Rural and Urban Infrastructure Development in India

3.8 Let Us Sum Up

3.9 References and Selected Readings

3.10 Check Your Progress- Possible Answers

3.1 INTRODUCTION

Infrastructure is a key factor in driving a country's growth and development. Infrastructure development can also help in narrowing development gaps between developed and lagging regions. Infrastructure, especially transport and communication, is crucial for regional cooperation and integration. In the absence of efficient physical connectivity, any initiatives taken towards regional trade liberalization will remain ineffective. The role of infrastructure in fostering economic development and integration has been supported by empirical literature. A number of studies have highlighted the importance of physical infrastructure as a determinant of economic growth. There are many categories of infrastructure such as transportation infrastructure which includes road networks, ports, and airports; and communication infrastructure covers telecommunication networks. Information infrastructure and energy availability are two other such categories etc..

After studying this unit, you should be able to

- discuss the meaning and characteristics of infrastructure, and the factors affecting Infrastructural development
- discuss the rural and urban infrastructure strategies
- discuss the infrastructural development in different sub-sectors such as road, housing, sanitation, drinking water, and energy.

3.2 MEANING AND NEED FOR INFRSTRUCTURE DEVELOPMENT AND MANAGEMENT

3.2.1 Infrastructure- Meaning and History

Infrastructure can be defined as the basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function. The term typically refers to the technical

structures that support a society, such as roads, water supply, sewers, power grids, telecommunications, and so on. Viewed functionally, infrastructure facilitates the production of goods and services; for example, roads enable the transport of raw materials to a factory, and also for the distribution of finished products to markets. In some contexts, the term may also include basic social services such as schools and hospitals.

Infrastructure – What It Means?

Infrastructure is often confused with the following overlapping or related concepts- Land improvement and land development. The terms land improvement and land development are a general terms that in some contexts may include infrastructure, but in the context of a discussion of infrastructure would refer only to smaller scale systems or works that are not included in infrastructure because they are typically limited to a single parcel of land, and are owned and operated by the land owner. For example, an irrigation canal that serves a region or district would be included with infrastructure, but the private irrigation systems on individual land parcels would be considered land improvements, not infrastructure. Service connections to municipal service and public utility networks would also be considered land improvements, not infrastructure.

The word infrastructure has been used in English since at least 1927 and meant: *The installations that form the basis for any operation or system*. Other sources, such as the Oxford English Dictionary, trace the word's origins to earlier usage, originally applied in a military sense. The word was imported from French, where it means *sub grade*, the native material underneath a constructed pavement or railway. The word is a combination of the Latin prefix *infra* meaning *below*, and *structure*. The military sense of the word was probably first used in France, and imported into English around the time of the First World War. The military use of the term achieved currency in the United States after the formation of the North Atlantic Treaty Organization (NATO) in the 1940s, and was then adopted by urban planners in its modern civilian sense by 1970.

The term came to prominence in the United States in the 1980s following the publication of *America in Ruins* (Choate and Walter, 1981), which initiated a public policy discussion of the nation's 'infrastructure crisis', purported to be caused by decades of inadequate investment and poor maintenance of public works. That public policy discussion was hampered by lack of a precise definition for infrastructure. A U.S. National Research Council panel sought to clarify the situation by adopting the term 'public works infrastructure', referring to: "...both specific functional modes - highways, streets, roads, and bridges; mass transit; airports and airways; water supply and water resources; wastewater management; solid-waste treatment and disposal; electric power generation and transmission; telecommunications; and hazardous waste management - and the combined system these modal elements comprise. A comprehension of infrastructure spans not only these public works facilities, but also covers the operating procedures, management practices, and development policies that interact together with societal demand and the physical world to facilitate the transport of people and goods, provision of water for drinking and a variety of other uses, safe disposal of society's waste products, provision of energy where it is needed, and transmission of information within and between communities." In subsequent

years, the word has grown in popularity and been applied with increasing generality to suggest the internal framework discernible in any technology system or business organization.

3.2.2 Need for Infrastructure Development and Management

The importance of infrastructure for sustained economic development is well recognized. High transactions costs arising from inadequate and inefficient infrastructure can prevent the economy from realizing its full growth potential, regardless of the progress on other fronts. Physical infrastructure covering transportation, power, and communication, through its backward and forward linkages, facilitates growth; social infrastructure including water supply, sanitation, sewage disposal, education and health, which are in the nature of primary services, has a direct impact on the quality of life. The visible signs of shortfalls in capacity and inefficiencies include increasingly congested roads, power failures, long waiting lists for installation of telephones, and shortages of drinking water illustrate the widening gap between demand and supply of infrastructure, and raise questions concerning the sustainability of economic growth in future.

The efficacy of private sector participation in infrastructure development would be contingent upon the capability to commercialize these projects whereby recovery of investments would be through a system of user charges. There is a potential for public private partnerships (PPPs) to contribute more and to help bridge the infrastructure gap in India. There has been considerable progress in the last ten years in attracting private investment into the infrastructure sectors; first in telecommunications, then in ports and roads, and in individual projects in other sectors. With the current GDP growth of 8 per cent, in which there is contribution of nearly 51 per cent from services, and 16 per cent from manufacturing sector, there is a need for proper alignment of resources. To sustain this growth, India needs to develop sound infrastructure so that the right input of a) skilled, qualified, and socially contented labour; b) visible and reliable supply chains; c) prompt and accurate information for decision making; and d) efficient process and updated technology can be given to the operations of manufacturing and services.

The need to provide world class infrastructure that keeps pace with 8 per cent economic growth is clear. City roads are choked with traffic, power cuts are a fact of life and passengers are routinely delayed as booming air travel tests airport capacity. The demand for infrastructural services has increased rapidly after industrial liberalization of the Indian economy. Unfortunately, infrastructural bottlenecks remain the biggest stumbling block of industrial progress in the country. By their very nature, infrastructure projects involve huge initial investments, long gestation periods and high risk. The resulting bottlenecks are beginning to pose serious impediments to enhancing productivity. Urban infrastructure includes water supply and sanitation which are important basic needs for improvement in the quality of life and enhancement of the productive efficiency of citizens. There has been a steady increase in the urban population on account of rapid industrialization, natural growth, and migration from rural areas. This has prompted the working out of alternative ways of meeting the increasing demand for transport given the constraints of land and capital, and the need to control energy consumption, pollution, and accidents. An input – output model of infrastructure is given below.

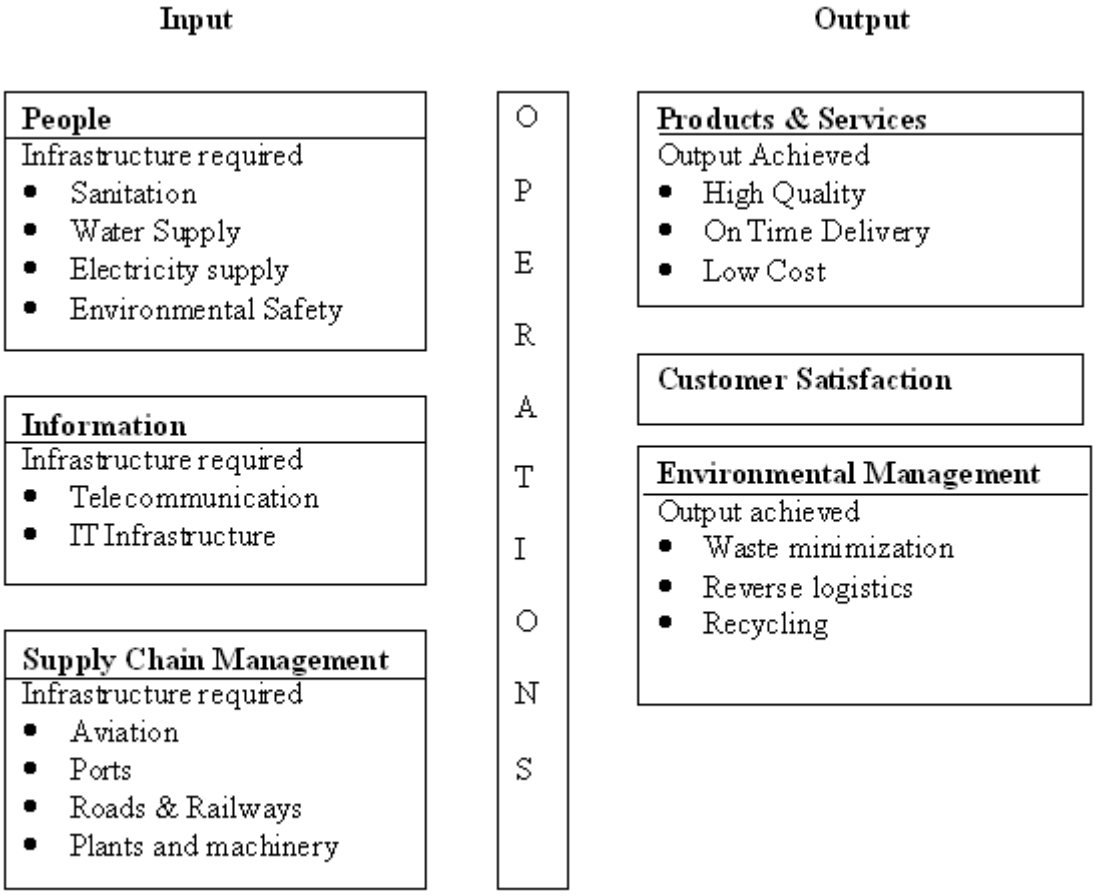

Fig. 3.1: Influence of various infrastructural factors on the operations of an organization, or a project.

Infrastructural development in a country helps to run the operations of any company efficiently and effectively. Since cost is a reality and price is a possibility, and, due to high competition, price is decided by the market forces, the cost control is imperative and within the scope of a company. Lowering costs can be achieved through better managed operations, backed by sophisticated infrastructure. Nowadays, the nature of operations management in India is changing. Customer demands for better services, growing dominance of technology, the view of the individual enterprise as just one component of the total value system, the increase in interconnectedness and globalization of business and economics, and the widening range of stakeholders to be satisfied are all factors contributing to the substantial operational challenges.

There are many issues that the infrastructure or construction industry must take care of. One is correlating the project cost estimates with actual costs incurred. From our experience we have seen that the average cost of a project goes up by 30 per cent compared to the budgeted cost. If the project size is huge, an increase of 30 per cent means an additional burden of several crores of rupees to complete it. Monitoring and controlling costs of projects is a key concern due to their geographical spread as well as temporary or mobile offices. Centralized purchasing becomes difficult in such situation, resulting in the loss of volume discounts and a higher landing cost of materials. Subsequently, it becomes difficult to check the inventory and account for materials used.

Ideally, inventory levels need to be checked so that the budgeted project cost is constantly and automatically updated. In this way, at any phase of the project, an estimate of the cost, per cost site, can be drawn up and compared to the current cost. The time for project execution is shrinking. Infrastructural projects have high upfront costs and long payback periods; there are real cost savings to be gained by executing projects rapidly - even a small overrun can mean the loss of crores of rupees. These gigantic projects require micro-monitoring of small individual projects across multiple locations, and this is done with the help of operations management. The availability of adequate, efficient, and affordable infrastructural facilities both economic and social constitutes the core of development strategy and efforts. In the absence of infrastructure services, enterprises are forced to seek higher cost alternatives which impact profits and production levels adversely. In India, the demand for infrastructural services has increased rapidly since the industrial liberalization of the economy. Unfortunately, infrastructural bottlenecks remain the biggest stumbling block of industrial progress in the country. By their very nature, infrastructure projects involve huge initial investments, long gestation periods, and high risk.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Talk with several of your colleagues and ask them to define what they mean by infrastructure and the genesis of infrastructure. Compare those definitions with the ones given in this unit.

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2) What are the main problems and issues in infrastructure development in India? Discuss this topic with several of your colleagues and note your findings, here.

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3.3 EXIGENCIES OF INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT

The style of urban infrastructure provision that encourages more efficient patterns of resource consumption is the basis for the development of sustainable cities.

The conventional approach to urban infrastructure management was based on the premise of facilitating infrastructure supply. The increased awareness of environmental issues and sustainability, coupled with a need to make our cities worth living, demand interventions in the provisions and management of urban infrastructure that are being advocated. Demand side interventions broadly has two aspects –managing the existing demand, and channelling or monitoring the ever increasing demand. The increase in existing demand is correlated with the consumption pattern. The notion of modern consumerism has been deeply embedded in the present socio-cultural set up. In today's society, consumption can be seen as a set of social and cultural practices that serve as a way of establishing differences. This changing attitudinal behaviour mounts pressure on the existing infrastructural system and subsequently calls for sustainable management.

Hence, the management of existing demand requires network operators to understand the consumers and to develop more intimate relationships with them in order to modify the demand on the stressed parts of their network. On the other hand, channelling or monitoring of ever increasing demand covers the issues of regional planning, i.e., micro, as well as macro, planning, covering the intricacies of rural-urban interactions. The present section, however, encapsulates the demand side intervention in the planning process (both, micro and macro), with a critical analysis of the existing Indian planning approach to the urban infrastructure system, and, finally, suggests an alternate planning philosophy to the ongoing chaos.

3.4 THE CHARACTERISTICS OF INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT

Broadly, following are the characteristics of infrastructure development and management.

3.4.1 Natural Monopoly Character of Infrastructure

The most general economic characteristic of modern infrastructure is the supply of services through a networked delivery system designed to serve a multitude of users. This is especially true for piped water, electric power, telecommunications, sewerage, and rail services. Many infrastructure facilities are characterised by declining costs, leading to what is known as a natural monopoly situation. It is important to remember that natural monopoly arises out of technological factors and not due to policy.

It may also be pointed out that the services of infrastructure will be non-tradable. To give an example: should there be insufficient demand for electricity in place A, its supply may be diverted to place B; however, one will not be able to do that for the transmission system that brings electricity to place A. Hence the transmission system is non-tradable even though electric power itself may be tradable.

3.4.2 Public Goods Character of Infrastructure

The demand for infrastructure services arises from both industry and individuals. However, since it is not possible to create infrastructure facilities in an incremental fashion – investments are lumpy – such facilities have to be built complete for a particular size. Hence, in the initial stage supply will be greater than the demand for such facilities while the reverse may occur over a period of time. This characteristic of infrastructure services, generally, that supply is greater than demand, indicates that consumption of its services is non-rival. Such non-rivalness is a characteristic of public goods. The characteristic of non-rivalness implies zero marginal cost of providing benefits of a public good (infrastructure in this case) to an additional consumer. In this sense infrastructure creates external benefits or positive externalities. However, infrastructure services have one characteristic that is absent in the case of pure public goods namely, price exclusion, whereby the enjoyment of benefits is contingent on payment of charges.

3.4.3 Representation of Infrastructure in National Accounts

From the national accounts point of view, infrastructure would form part of the capital stock of the nation. However, in the year it is created the infrastructure facility would be part of production for that accounting period. Where the production spills over numerous periods, it may be necessary to recognise that output is being produced continuously and record it as a work-in-progress. This would be in keeping with the recommendations of SNA 1993 (United Nations: *System of National Accounts 1993*, p. 127).

Once the infrastructure is completed, its contribution is in terms of the services it provides by its usage. Thus, the output of transportation would be measured by the value of the amount receivable for transporting goods and persons. The volume of transport services would be measured by indicators such as tonne-kilometres or passenger-kilometres (United Nations: *System of National Accounts 1993*, p.136).

However, in the case of roads, the situation is different. For a long time the facility was provided by the Government, though now, there is private provision as well. However, services on roads are provided by different entities, both public and private.

3.4.4 Distinction between Physical and Social Infrastructure

Even though social infrastructure is not considered here, it will be appropriate to extend the notion of infrastructure proposed here to the social sector as well. Thus, a hospital or a school would constitute the infrastructure facility, which will provide services in the form of health care and education over a period of time. However, one will have to be careful not to attribute all the characteristics of infrastructure listed above to the social sector. For instance, it cannot be argued that a hospital facility is a natural monopoly even though a substantial amount of sunk costs may be involved. Further, as far as bestowing externalities is concerned, this is more likely to be true for basic health care, possibly preventive health care, while externalities may diminish in the case of higher end health care, and possibly curative health care.

3.5 HOW TO MEASURE INFRASTRUCTURE DEVELOPMENT

What counts as a development result? Simply counting project outputs is no longer adequate. The focus, for example, is less on counting the kilometres of road built than on measuring the impact of crucial infrastructure on the lives of people down the road. Did access to health care improve? Did the cost of growing vegetables go down? Did more goods get to market, and did the villagers' incomes increase?

Some of the ways to measure the infrastructure development are discussed below as done on World Bank guidelines.

i) Implementation Completion Reports (ICR)

When a project is completed and closed at the end of the loan disbursement period (a process that can take anywhere from 1-10 years) the World Bank or funding agencies, and the borrower government or developer, document the results achieved; the problems encountered; the lessons learned; and the knowledge gained from carrying out the project. The report, prepared by World Bank operational staff, is submitted to the Bank's Board of Executive Directors for information purposes. The knowledge gained from this results measurement process is intended to benefit similar projects in the future.

ii) Independent Evaluation Group (IEG)

An independent unit within the World Bank or Funding agencies strives to provide an objective basis for assessing the results of the Bank's work. The IEG assesses the performance of roughly one project out of four (about 70 projects a year). These project performance reports measure outcomes against the original objectives, sustainability of results and institutional development impact. From time to time, the IEG also produces impact evaluation reports to assess the economic worth of projects and the long term effects on people and the environment.

iii) Quality Assurance Group (QAG)

The Quality Assurance Group evaluates the operations work of the World Bank staff or funding agencies in developing countries, providing timely feedback that can help rectify project design and improve project supervision. The QAG publishes an Annual Report on portfolio performance which gives the Bank's Board of Directors and Senior Management a strategic overview of the size, composition and quality of the Bank's lending portfolio and analytical research program.

iv) Results Measurement System (RMS)

The International Development Association (the World Bank's fund for the world's poorest countries) tracks aggregated results. Its Results Measurement System (RMS) is designed to strengthen the focus of the IDA's activities on development outcomes and keep donors aware of the IDA's effectiveness. The system measures results on two levels.

a) Aggregate country outcomes including
   - Growth and poverty reduction
   - Governance and investment climate
   - Infrastructure for development
   - Human development.

b) The IDA's contribution to country outcomes, or agency effectiveness.

v.) GIS Mapping

Due to the demanding need for infrastructure development, as well as to keep the existing infrastructure maintained in a proper condition, the multi sensor mobile mapping has become a critical need of many developing, as well as developed countries. It is well established that switching from static to dynamic mapping has increased the pace of infrastructure development manifold. Presently, there are a number of systems being deployed worldwide without any common standard for accuracy and performance. Automation, high accuracy, and budgets are the salient elements which will satisfy the demands of various segments of the infrastructure markets.

3.6 SOME IMPORTANT SUB - SECTORS OF INFRASTRUCTURE DEVELOPMENT - AN INDIAN PERSPECTIVE

Some of the important sub-sectors of infrastructure are discussed briefly for your understanding

3.6.1 Roads

The road sector can broadly be divided into the following

i) national highways

ii) state highways

iii) major district roads

iv) other district roads

v) rural roads

vi) general staff roads.

Currently, at 3.3 million km, India's road network is the second largest in the world. Road density in terms of population is only 2.75 km per 1,000 people compared to the world average of 6.7. The road density in terms of land at 770 km per 1,000 square km is also short of the world average of 841. Indian roads carry around 85 per cent of passenger traffic and 65 per cent of freight traffic.

The network comprises 68,354 km of national highways and 599,622 km of state roads, and rural and other roads. National highways constitute only two per cent of the total road length, but carry nearly 40 per cent of the traffic. State highways constitute about 13 per cent of the road length and carry 40 per cent of the traffic. The road network is grossly inadequate in capacity. Only 14 per cent of national highways and one per cent of state highways are four-lane. Further,

only about 59 per cent of national highways and 22 per cent of state highways are double-lane. Due to poor surfacing, average vehicular speeds are around 50 km per hour.

Inadequacy of funds is a prime reason for the demand-supply gap. Experts estimate that the shortfall in terms of funding for developing and preserving assets has consistently remained at over 40 per cent. For state roads, the estimates state that only half of what is required annually is available. In addition, several roads that were designated national highways during the Ninth and Tenth Plans continue to be substandard. Rapid traffic growth and overloading of vehicles adds to the problem.

Some other factors pose challenges for the sector. These involve land acquisition, encroachment on highways, environmental and forest clearances, shifting of utilities, railway approvals for rail over bridges, local law and order problems, poor performance by some contractors, etc. The 11th Five Year Plan assigns high priority to the expeditious completion of works approved under different phases of the NHDP. For the roads and bridges sector, the 11th Five Year Plan envisages a total investment of Rs 3,14,152 crore (approximately $ 78.5 billion at an sxchange rate of Rs 40/$) over the five-year period starting 2007-08. Of this, the shares of the centre, the states, and the private sector are expected to be 34.2, 31.8 and 34 per cent, respectively.

3.6.2 Housing

The policies of urban development and housing in India have come a long way since the 1950s. The pressure of urban population and lack of housing and basic services were very much evident in the early 1950s. In some cities this was compounded by migration of people from Pakistan. However, the general perception of the policy makers was that India is predominantly an agricultural and rural economy and that there are potent dangers of over urbanization which will lead to the drain of resources from the countryside to feed the cities. The positive aspects of cities as engines of economic growth in the context of national economic policies were not much appreciated and, therefore, the problems of urban areas were treated more as welfare problems and sectors of residual investment rather than as issues of national economic importance.

The Government through a National Agenda declared *Housing For All* as a priority area and has set a target of construction of 2 million houses every year with emphasis on the poor and deprived, out of which 0.7 million houses are to be constructed in urban areas.

3.6.3 Sanitation

India is witnessing a high rate of population growth, and increasing urbanization. More than 28 per cent of India's population resides in urban areas; more than 80 million urban citizens are below the poverty line, with little or no access to basic infrastructure services such as water supply and sanitation (WSS). The cost of inefficient and unreliable WSS services is borne disproportionately by the urban poor, who spend around US$15–20 billion annually on the treatment of waterborne diseases. Public private partnerships in delivering WSS services can assist in remedying this situation to a certain extent. However, given the challenges of affordability and lack of baseline information, structuring PPP in the WSS

sector has been relatively more difficult than in other sectors. There are only a handful of PPP projects in the WSS sector in India as compared to power generation, roads and ports.

3.6.4 Drinking Water

Water is a prime natural resource, a basic human need and a precious national asset. Planning, development and management of water resources needs to be governed by national perspectives. As per the latest assessment (1993), out of the total precipitation, including snowfall, of around 4000 billion cubic metre in the country, the availability from surface water and replenishable ground water is put at 1869 billion cubic meters. Because of topographical and other constraints, about 60 per cent of this, i.e., 690 billion cubic meters from surface water, and 432 billion cubic meters from ground water can be put to beneficial use. Availability of water is highly uneven in both space and time. Precipitation is confined to only about three or four months in a year and varies from 100 mm in the western parts of Rajasthan to over 10000 mm at Cherrapunji in Meghalaya. Rivers and underground aquifers often cut across state boundaries. Water, as a resource is one and indivisible: rainfall, river waters, surface ponds and lakes, and ground water are all part of one system.

- Drinking water (from tap to the mouth) supply, including the system of pipes, pumps, valves, filtration and treatment equipment and meters, including buildings and structures to house the equipment, used for the collection, treatment and distribution of drinking water
- Sewage collection and disposal
- Drainage systems (storm sewers, ditches, etc.)
- Major irrigation systems (reservoirs, irrigation canals)
- Major flood control systems (dikes, levees, major pumping stations, and floodgates).

3.6.5 Energy

Electricity- During the Eleventh Plan, the government aims to add power generation capacity of about 70,000 MW and provide electricity to all un-electrified hamlets and all rural households through the Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY).

- Electrical power network, including generation plants, electric grid, substations, and local distribution
- Natural gas pipelines, storage and distribution terminals, as well as the local distribution network
- Petroleum pipelines, including associated storage and distribution terminals
- Steam, or, hot water production and distribution networks for district heating systems.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Write the appropriate measurement method of infrastructure development.

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2) Based on your understanding and experience find out the major sectors of infrastructure development.

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3. 7 PERSPECTIVE OF RURAL AND URBAN INFRASTRUCTURE DEVELOPMENT IN INDIA

The infrastructure development strategy in Indian context can be broadly categorised into rural and urban infrastructure development.

3.7.1 Rural

India's economic growth and development is predicated to a large extent upon the development of its 700-million strong rural population. A majority of the population lives in about 600,000 small villages and are engaged primarily in agriculture, directly or indirectly. A substantial portion of India's current agricultural labour force has to move to non-agriculture sectors for incomes in all sectors to go up. The challenge is to manage the transition of 80 per cent of the rural population from a village-centric agricultural-based economy to an industry based economy. Infrastructure development in rural India needs to be put on a fast track in order to tap the rural retail opportunity currently estimated at $34 billion, which, according to a Confederation of Indian Industry (CII) and Yes Bank study, is expected to touch the $58 billion mark by 2015. The study focuses only on FMCG, durables, agricultural inputs (including tractors) and two and four wheelers.

Grey Areas of India's Rural Infrastructure

- A set of basic facts define the constraints within which the economic growth and development of India's rural population must be addressed.

Fundamentally, they relate to resource constraints, the nature of infrastructure, and the future trajectory of the geographical distribution of the population.

- These services include, at a minimum: market access, educational, health, financial, entertainment, transportation, and communications. Further, services depend on the availability of infrastructure.
- Infrastructure investment is irregular and inadequate to support 600,000 villages, and the average cost of providing infrastructure is inversely related to the scale of the operation.
- Limitations on the financial and other resources available for providing infrastructure made it impossible to provide infrastructure at every village in India. Even if they were provided at every village, it will not be commercially sustainable.

3.7.2 Urban

Global and Indian experience indicates that the urban sector has increasingly become an important driver of economic growth.. The urban population of India has rapidly increased in recent years. In 1961 about 79 million persons lived in urban areas of the country, by 2001, their number had gone up to over 285 million, an increase of over 350 per cent in the last four decades, which will increase to over 400 million by the year 2011 and 533 million by the year 2021.

In 1991 there were 23 metropolitan cities, which have increased to 35 in 2001. As a result, most urban settlements are characterized by shortfalls in housing and water supply, inadequate sewerage, traffic congestion, pollution, poverty and social unrest making urban governance a difficult task.

Urban infrastructure consists of drinking water, sanitation, sewage systems, electricity and gas distribution, urban transport, primary health services, and environmental regulation. Many of these services are in the nature of 'local' public goods with the benefits from improved urban infrastructure in a given city limited to the citizens living in that city.

Widespread urbanization is a twentieth century phenomenon. Rome was probably the first settlement to reach one million populations in 5 BC while London became the second such city in 1800. In 1900, the total urban population of the world was not more than 250 million, less than 15 per cent of the total population. The Indian urban population today is itself greater than this number. In 2000, the world's urban population had increased to almost 2.9 billion, about 47 per cent of the total population. Today Asian countries have emerged as most populous countries. According to a United Nations Study (1995), by the year 2015, ten of the world's fifteen largest cities will be in Asia, three of these will be in India.

The structural reforms and the associated development strategies launched in 1991 are expected to accelerate rural urban migration and boost the pace of urbanization. The demographic and economic growth in India is likely to be concentrated in and around 50 to 60 large cities with population of about a million or more. There is migration from villages to town and cities which results in the growth of metropolitan cities since they provide multiple avenues, services and amenities, e.g., education, health care, employment, business, and entertainment options. People also migrate for economic opportunities and urban lifestyles. Though urbanization brings about development in the social, economic and

cultural spheres of life, sometimes it disturbs the ecological system. Rapid and unplanned growth of urban agglomeration generates a series of negative environmental and social effects. Today, urban India presents a pathetic scene. Cities have become sites of rotting garbage, degrading drainage systems, and a shocking night soil removal system. Besides, the poor have practically no access to covered toilets, and in many towns and cities, the majority have to defecate in the open. The untreated sewage being dumped into the nearest water body leads to health hazards. India is one of the least urbanized countries in the world because between 1951 and 2001, the level of urbanization increased by just 13 percentage points. However, it has the second largest urban population in the world and more than two third of it lives in the 393 cities that have population of over 0.1 million. The four mega cities, viz., Mumbai, Kolkata, Delhi, and Chennai, with a population of more than 6 million each in 2001, account for almost one fourth of the total urban population living in cities. As per the 2001 census, 285 million people, i.e., 27.8 per cent of the 1027 million total population of India resides in 4368 cities and towns in the country, whereas in 1991, 25.7 per cent of the population lived in urban areas. The decadal growth in urban population during 1991-2001 has been 31.2 per cent, whereas at the beginning of the 20th century, only 10.8 per cent of the total 218 million population of the country resided in cities and towns. The number of million plus cities has increased to 35 in 2001 from 12 in 1981 and 23 in 1991. These 35 million plus cities account for 107.9 million urban population of the country. As per the projections of Government of India, the urban population of the country in 2011 will be 405.26 million and 553.04 million in 2021. Thus, around one third population is expected to live in urban areas.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Discuss the positive and negative aspects of rapid infrastructure development with your colleagues and differentiate the social role of infrastructure development.

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3.8 LET US SUM UP

Dear learner, in this unit we started by looking into the meaning and need for infrastructure development and understood that infrastructure is a key factor in driving a country's growth and development by narrowing development gaps between developed and lagging regions. Later we discussed exigency and characteristics of infrastructure development. We also discussed different measures of infrastructure development viz implementation completion reports, independent evaluation, quality assurance, results measurement system and GIS

mapping. Later we discussed some important sub- sectors of infrastructure for development viz., roads, housing, sanitation, drinking water and energy. At the end we discussed the infrastructure development strategy with Indian perspective.

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3.10 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

1) Infrastructure can be defined as the basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function. The term typically refers to the technical structures that support a society, such as roads, water supply, sewers, power grids, telecommunications, and so on.

2) The basic objectives of infrastructure development in the context of both the rural and urban sectors are following. As society changes, accordingly the demand for infrastructure arise. The early stages of human civilization were characterized as nomadic, where human beings were completely self sufficient and were not worried about any material possession as nature was the sole supplier. The need of infrastructure was felt when people started to move into the agricultural and urban stages, and today, the contemporary city is a vast and complex network of urban infrastructure.

3) There is no disagreement about the importance of infrastructure for sustained economic development is well recognized. Inadequate and inefficient infrastructure can prevent the economy from realizing its full growth potential, regardless of the progress on other fronts. Physical infrastructure covering transportation, power, and communication, through its backward and forward linkages, facilitates growth; social infrastructure including water supply, sanitation, sewage disposal, education and health, which are in the nature of primary services, has a direct impact on the quality of life. The widening gap between demand and supply of infrastructure, and raise questions concerning the sustainability of economic growth in future.

Check Your Progress 2

1) There is no one method to measure infrastructure development. Broadly it the process of measurement follows- Implementation Completion Reports (ICR), Independent Evaluation Group (IEG), Quality Assurance Group (QAG), Results Measurement System (RMS). The International Development Association (the World Bank's fund for the world's poorest countries) tracks aggregated results. Its Results Measurement System (RMS) is designed to strengthen the focus of the IDA's activities on development outcomes and keep donors aware of the IDA's effectiveness. The system measures results on two levels.

2) The major sectors of infrastructure development are : roads and highways networks; housing; sanitation; drinking water and energy

Check Your Progress 3

1) Aspects of infrastructure include: transport systems; communication systems; power/energy systems and; basic public service facilities.

UNIT 4 SERVICE

Structure

4.1 Introduction

4.2 Service Sector: Concept and Role

4.3 Important Services Sectors in India

4.4 Factors Contributing to the Growth of Service Sector

4.5 Challenges of Service Sector

4.6 Measures for Promotion of Service Sector

4.7 Let Us Sum Up

4.8 References and Suggested Readings

4.9 Check Your Progress - Possible Answers

4.1 INTRODUCTION

In the previous two chapters you read about role of public and private sector in Indian economy. Unlike these two sectors there is another sector called the service sector which now a days plays an important role in Indian Economy. This unit will deal in detail with the tertiary or service sector. The tertiary sector is now the largest sector of the global economy as well as of Indian economy. It is also the fastest-growing sector. It is also known as the service sector or the service industry. It is one of the three economic sectors, the others being the secondary sector and the primary sector.For the last 30 years there has been a substantial shift from the primary and secondary sectors to the tertiary sector in all industrialized countries. The service sector consists of the "soft" parts of the economy. It is composed of various activities where people offer their knowledge and time to improve productivity, performance, potential, and sustainability. The basic characteristic of this sector is the production of services instead of end products. Services (also known as "intangible goods") include attention, advice, experience, and discussion. The service sector includes retail, banks, hotels, real estate, education, health, social work, transport, computer services, recreation, media, communications, electricity, gas and water supply.

Examples of service sector employment include: Government , Healthcare/ hospitals , Public health, Waste disposal, Education Banking, Insurance, Financial services, Legal services, Consulting, News media Hospitality industry (e.g. restaurants, hotels, casinos), Tourism, Retail sales Franchising, Sales and Real estate

After studying this unit you should be able to:

- Explain the concept and role of service sector
- Examine the factors contributing for rapid growth of service sector
- Discuss the contribution of service sector to economic growth

- Describe various challenges of service sector
- Narrate various measures required for the promotion of service sector

4.2 SERVICE SECTOR: CONCEPT AND ROLE

4.2.1 Service Sector in India: Meaning and Composition

The tertiary or service sector provides a service, not an actual product. Services or the "tertiary sector" of the economy covers a wide gamut of activities like trading, banking & finance, infotainment, real estate, transportation, security, management & technical consultancy among several others.

In the National Income Accounting in India, service sector includes the following:

1. Trade, hotels and restaurants (THR)
   - 1.1 Trade
   - 1.2 Hotels and restaurants
2. Transport, storage and communication
   - 2.1 Railways
   - 2.2 Transport by other means
   - 2.3 Storage
   - 2.4 Communication
3. Finance, insurance, real estate and business services
   - 3.1 Banking and insurance
   - 3.2 Real estate, ownership of dwellings and business services
4. Community, social and personal services
   - 4.1 Public administration and defense (PA&D)
   - 4.2 Other services

4.2.2 Growth of Service Sector in India

India is the 4th largest economy and 2nd fastest growing major economy of the world today. India ranks 50 out of 117 economies in terms of competitiveness. Its rank is 15th in service sector of the world. Strong growth across sectors promises not just to beat back the recession blues but also cement India's position as a leading growth center in Asia alongside China. FDI in India are flowing into mainly three service sub sectors : Telecommunication equipments and services, Financial services (banking and non banking) and Hospitality industry. More than two decades of opening up has produced new dynamism in India People force of India is growing fast. India is the largest English speaking country in the world. Therefore India has experienced hyper growth of its service sector. It is illustrated in Figure -1. India exports software to 102 countries. India's potential for the IT sector is really immense. It has great future.

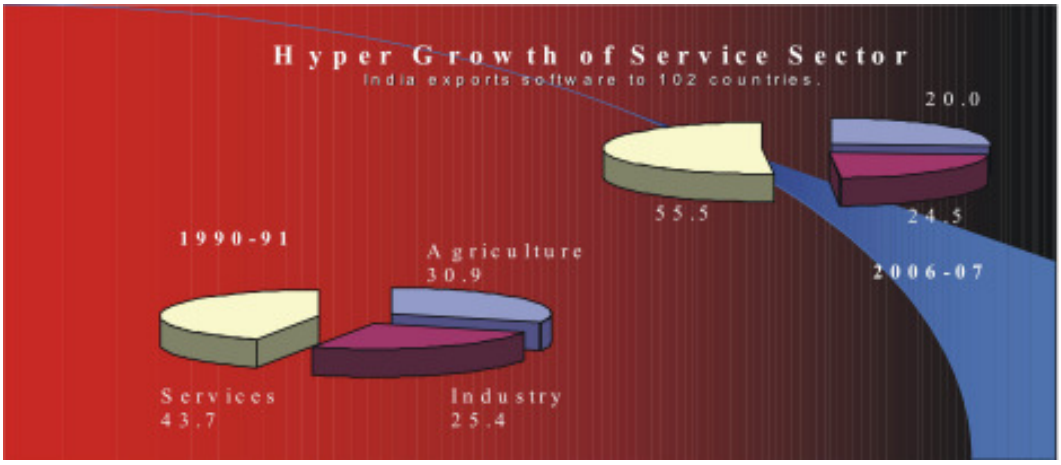

Figure 1: Growth of service sector

Service Sector in India today accounts for more than half of India's GDP. According to data for the financial year 2006-2007, the share of services, industry, and agriculture in India's GDP is 55.1 per cent, 26.4 per cent, and 18.5 per cent respectively. The fact that the service sector now accounts for more than half the GDP marks a watershed in the evolution of the Indian economy and takes it closer to the fundamentals of a developed economy. There was marked acceleration in services sector growth in the eighties and nineties, especially in the nineties. While the share of services in India's GDP increased by 21 per cent points in the 50 years between 1950 and 2000, nearly 40 per cent of that increase was concentrated in the nineties. While almost all service sectors participated in this boom, growth was fastest in communications, banking, hotels and restaurants, community services, trade and business services. One of the reasons for the sudden growth in the services sector in India in the nineties was the liberalization in the regulatory framework that gave rise to innovation and higher exports from the services sector.

The boom in the services sector has been relatively "jobless". The rise in services share in GDP has not accompanied by proportionate increase in the sector's share of national employment. Some economists have also cautioned that service sector growth must be supported by proportionate growth of the industrial sector, otherwise the service sector grown will not be sustainable. In the current economic scenario it looks that the boom in the services sector is here to stay as India is fast emerging as global services hub.

4.2.3 Contribution of Service Sector to Economic Growth

The service sector has unprecedented growth in India over last sixty years. The sectoral share of service sector has increased from 29% in 1950s to 57% in 2009. But the share of agriculture in GDP has decreased from 55% to 17% during the same period. It is seen from the following table.

Table 1: Sectoral Share of GDP in India

Sectors	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2007-08	2008-09
Agriculture	55.3	50.8	44.3	37.9	31.4	23.9	17.8	17.0
Industry	15.1	18.8	22.1	24.1	25.9	25.8	26.5	25.8
Services	29.8	30.4	33.6	38.0	42.7	50.3	55.7	57.3

Source: Reserve Bank of India, Handbook of Statistics of Indian Economy, 2008-09and Government of India, Economic Survey, 2009-10, New Delhi

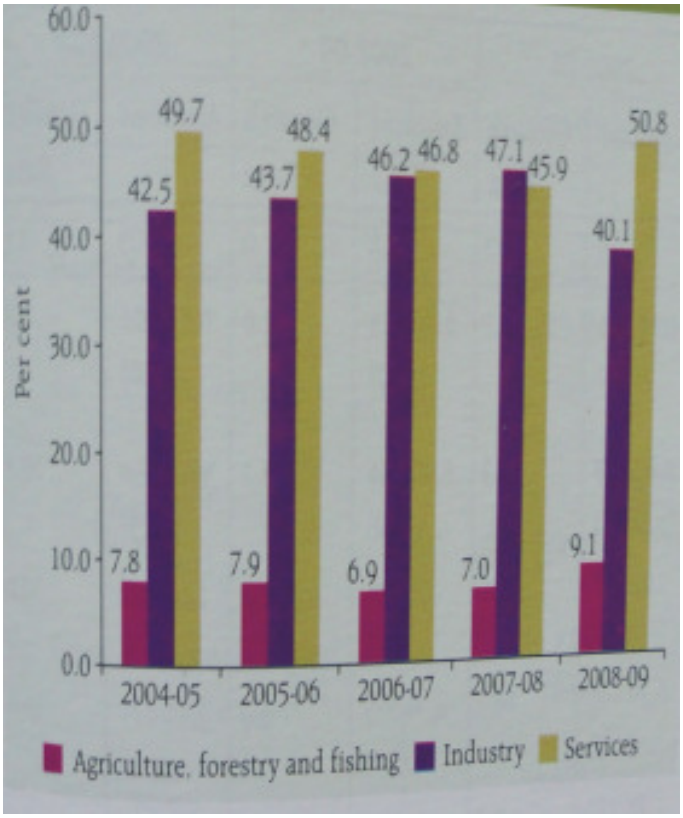

Figure 2: Sectoral share in GDP of India (2004-2009)

Source: RBI Bulletin, 2010

It is also observed from the following table -2 that the growth rate of service sector among three sectors is very startling. The growth rate of service sector was only 4.5% in 1950-51, but it has increased to 10.8% in 2007-08. But the growth rate of agriculture has decelerated to 1.6% in 2008-09.

Table 2: Sectoral Growth Rates During the Planning Period

Sectors	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2007-08	2008-09
Agriculture	2.1	4.4	3.1	4.8	2.5	2.5	4.9	1.6
Industry	5.3	6.8	5.8	7.3	4.3	9.2	8.1	3.9
Services	4.5	6.6	7.5	7.3	7.9	9.3	10.8	9.7
GDP at FC	3.5	5.8	5.8	6.6	5.5	7.8	9.0	6.7

Source: Sankar Acharya and Rakesh Mohan , India's Economic Performance and Challenges,2010, and Reserve Bank of India, Handbook of Statistics on Indian Economy, 2008-09

It is also observed from the following figure -3 that the growth rate of industry is fluctuating and growth rate of agriculture is decelerating. But the growth rate of service sector is adversely affected by the recent global slowdown.

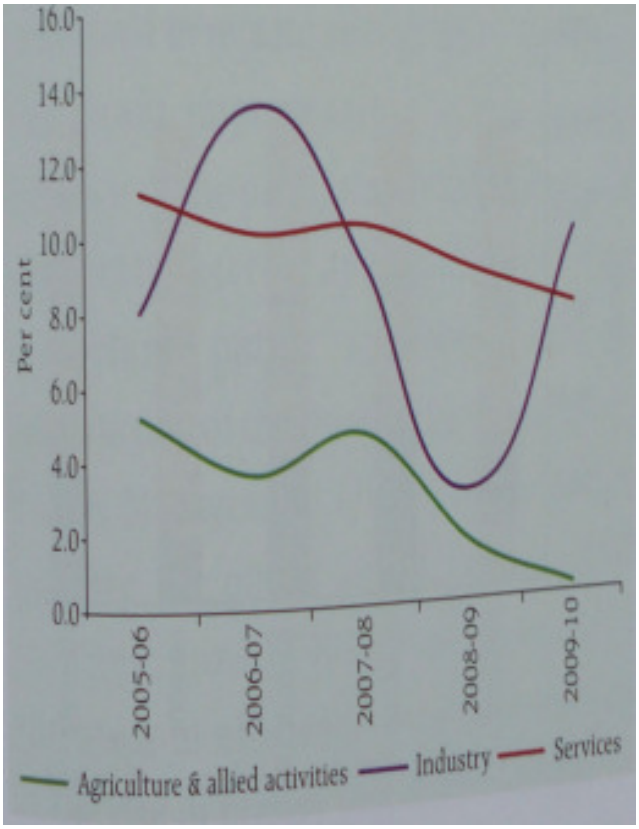

Figure 3: Growth Rate of Three Sectors

Source: RBI Bulletine, 2010

It is noticed from the following table -3 that the contribution of service sector has been consistently rising from 29% to 68 % in 2007, after which it declines due to world financial crisis. But the contribution of agriculture has fallen to only 7% over the years.

Table 3: Contribution of Different Sector to GDP Growth

Sectors	1950-51	1960-61	1990-91	2000-01	2007-08	2008-09
Agriculture	34.9	48.2	23.8	21.1	11.5	7.0
Industry	35.5	29.2	35.2	29.0	20.2	29.3
Services	29.6	22.6	41.0	49.8	68.3	63.6

Source: Sunil Jain and T N Ninan, Servicing India's GDP Growth and Sankar Acharya & Rakesh Mohan, India's Economy- Performance and Challenges, New Delhi, 2010

The following table -4 depicts the growth rate and share of service sub-sectors of India. The share of all service sector except legal and real estate services have been consistently rising from 29% to 68 % in 2007, after which it declines due to world financial crisis. But the contribution of agriculture has fallen to only 7% over the years.

Table 4: Growth Rates of Service sub sectors and Their Shares in GDP

Sl.No	Service sub sectors	1950 & 1970s	1980s	1990s'	2003-2008
1	Trade	4.8(11.7)	5.9(11.9)	7.3(13.7)	9.3(14.3)
	Hotels/Restaurants	4.8(0.7)	6.5(0.7)	9.3(1.0)	13.4(1.6)
2	Railways	4.2(1.5)	4.5(1.4)	3.6(1.1)	8.8(1.2)
	Other Transports	6.3(3.6)	6.3(3.8)	6.9(4.3)	9.3(5.2)
	Storage	5.5(0.1)	2.7(0.1)	2.0(0.1)	4.2((0.1)
	Communication	6.7(1.0)	6.1(1.0)	13.6(2.0)	26.1(5.7)
3	Banking	7.2(1.9)	11.9(3.4)	12.7(6.3)	14.6(6.0)
	Insurance	7.1(0.5)	10.9(0.8)	6.7(0.7)	15.5(1.1)
	Real Estate	2.6(4.0)	7.7(4.8)	5.0(4.5)	2.5(3.7)
	Business services	4.2(0.2)	13.5(0.3)	19.8(1.1)	14.7(3.7)
	Legal services	2.6(0.6)	8.6(0.1)	5.8(0.0)	3.7(0.1)
4	Public admn & defence	6.1(5.3)	7.0(6.0)	6.0(6.1)	4.9(5.2)
	Personal services	1.7(1.6)	2.4(1.1)	5.0(1.1)	7.0(1.4)
	Community services	4.8(4.0)	6.5(4.3)	8.4(5.5)	8.4(6.2)
	Other services	3.4(1.1)	5.3(1.0)	7.1(0.7)	2.5(0.4)

Figure in parenthesis represents the share in GDP

Source: CSO, National Accounts Statistics, 2009 and Jin Jordon and P Gupta, 2003, Understanding India's service revolution, IMF working papers

When we analyze the quarterly growth rate of different sub sectors, it is found that community and social services are fluctuating at a lower level during 2007 and 2009. But the highest growth is registered by financing, insurance and real estate, followed by trade, hotel, transport and communication. After global financial crisis construction and trade, hotel and transport sector had quicker recovery than financing and insurance sector of India.

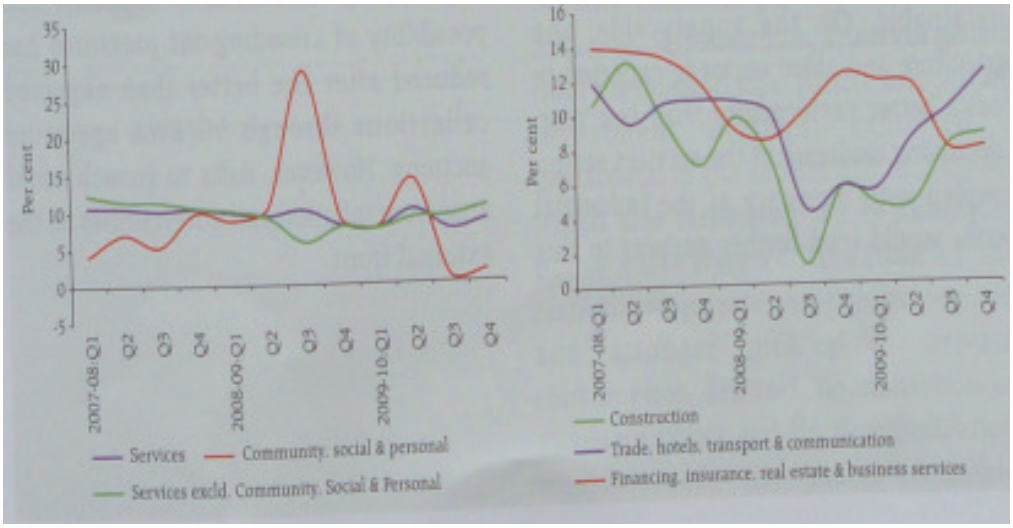

Figure 4: Growth Fluctuations in the Service Sub Sectors

Source: RBI Bulletin, 2010

4.2.4 Contribution of Service Sector to Employment

It is important to point out that, within the services sector employment growth rate is highest in finance, insurance, and business services, followed by trade, hotels and restaurants and transport etc. the community social and personal services occupy the last rank in growth rates of employment. Even though there has been substantial growth of service sector after the globalization, commensurating to its growth, the employment absorbing capability of the service sector is slow. It is found that during 1990s although the service sector growth was from 42 percent to 48 percent of GDP, during the same period, the employment share of the services actually declined by about one percentage point during the decode. In other words, it can be concluded that while activity has shifted to services, employment creation in services has lagged far behind.

Table 5: Share of services sector in employment and capital formation (In percent to Total)

Year	Employment	Gross Capital Formation
1965-66	18.1	46.1
1970-71	20.0	43.7
1980-81	18.9	44.0
1990-91	24.4	41.2
1999-2000	23.5	39.6

Source: Hansda (2002)

As far as employment is concerned, it can be commented that India's service sector growth is jobless growth as compared to other development countries, where share of service sector in employment is substantial.

In this section, we discussed the concept and role of service sectors, contribution of service sector to economic growth and contribution of service sector to employment. Now answer the questions in check your progress 1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the service sectors to which FDI flows are significant?

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2) Which service sectors are fluctuating after the global financial meltdown?

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3) What are the constituents of service sector in India?

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4) What is the trend of contributions of three sectors in our economy?

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4.3 IMPORTANT SERVICES SECTORS IN INDIA

4.3.1 Financial Sector

Some of the important services sectors in India follow:

Financial sector and financial services sector have grown considerably in recent years, catalysed by deregulation in the 1990s. The financial sector consists of two types of market: Money market and capital market. The privatization process in banking and insurance sector of India has been very powerful. International acquisitions and internal growth have swollen the banks' combined balance sheets .The foreign commercial banks have subsidiaries and branch offices in India and elsewhere. Total assets of the commercial banks have significantly increased. Many other credit institutions and non banking institutions currently operate in every country including India: Life Insurance Company (LIC) represents the largest portion of total assets of insurance companies. There are three types of Insurance in India

1) Life Insurance - guaranteeing a specific sum of money to a designated beneficiary upon the death of the insured, or to the insured if he or she lives beyond a certain age.

2) Health Insurance - against expenses incurred through illness of the insured.

3) Liability Insurance – for property such as automobiles, property and professional/business mishaps.

Because of extensive reforms undertaken in the banking sector after 1991, the performance of banking sector has improved significantly. The operating profits and net profit of public sector banks has increased by 33% 28.3% during 2008-09.There were 15 old private sector banks and 7 new private banks (Axis, HDFC, ICICI, Development Credit Bank Ltd, Indus Ind. Ban ltd, Kotak Mahindra Bank Ltd and Yes Bank Ltd) have started operating in India. The operating profits of old private banks were 33.2 % while it is 24.6 % in case new private banks

during 2008-09. The net profit of old private and new private banks rose by 21.8% and 12.1% respectively during 2008-09.

4.3.2 IT and Software Sector

The Indian information technology (IT) industry has played a major role in placing India on the international map. India is witnessing resurgence in the service sector most dramatically in IT sector, Bio Technology etc. Some Indian firms in IT business have become world-beaters. India is meeting almost 70 % of worldwide BPO demand. Multinational firms come to India for lower cost and ultimately stay here for quality. The Indian IT sector is growing rapidly and it has already made its presence felt in all parts of the world. The industry is mainly governed by IT software and facilities for instance System Integration, Software experiments, Custom Application Development and Maintenance (CADM), network services and IT Solutions. IT has a major role in strengthening the economic and technical foundations of India. Indian professionals are setting up examples of their proficiency in IT, in India as well as abroad. The sector can be classified into 4 broad categories - IT Services, Engineering Services, ITES-BPO Services, E Business. IT Services can further be categorized into Information Services (IS) outsourcing, packaged software support and installation, systems integration, processing services, hardware support and installation and IT training and education.

The IT/ITES industry provides direct employment to the about 2.23 million and indirect employment to the 8 million people. Due to the high demand of India's vaunted IT outsourcing sector, companies have been forced to raise wages by 10 to 15 per cent. IT sector is dynamic sector which is continuously evolving. As per NASSCOM, IT exports in business process outsourcing (BPO) services attained revenues of US $ 48 billion in FY 2008-09 and accounted for more than 77 percent of the entire software and services income. Over the years India has been the most favourable outsourcing hub for firm on a lookout of offshore their IT operations. The factors behind India being a preferred destination are its reasonable priced labour, favourable business ambiance and availability of expert workforce.

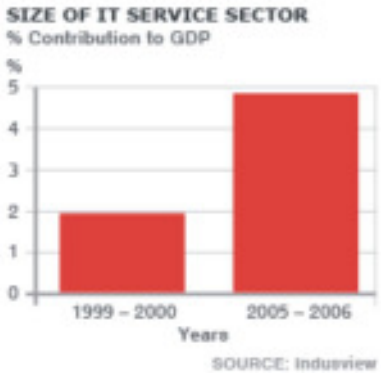

Figure 5: Size of IT Service Sector

Top Software Companies in India

There are number of software companies in India which have been doing well. However, some of the top Indian software companies can be listed as:

Tata Consultancy Services	MphasiS
Wipro Limited	IBM India
Infosys	Patni Computer Systems
HCL Technologies	L&T Infotech
Tech Mahindra	i-flex Solutions

In this section, we discussed some of the important services sectors in India in the areas of financial sector and IT and software sector. Now, answer the questions in check your progress 2.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the new private banks in India?

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2) What are different types of insurance in India?

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3) What are the constituents of capital market in India?

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4) What are the factors contributing for the success of IT sector of India?

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4.3.3 Indian Telecom Industry

Indian Telecom Industry is the fifth largest and fastest growing in the world. It has provided 110.01 million connections. It is currently expected to contribute nearly one percent to India's GDP. The subscriber base has grown by 40% in 2005 and is expected to reach 250 million in 2007. Over the last 3 years, two out of every three new telephone connections were wireless. Consequently, wireless now accounts for 54.6% of the total telephone subscriber base, as compared to only 40% in 2003. Wireless subscriber growth is expected to grow at 2.5 million new subscribers every month in 2007. The wireless subscriber base skyrocketed from 33.69 million in 2004 to 62.57 million in FY 2004 -2005. The wireless technologies currently in use Indian Telecom Industry are Global System for Mobile Communications (GSM) and Code Division Multiple Access (CDMA). Telecom Industry in India is regulated by 'Telecom Regulatory Authority of India' (TRAI). It has earned good reputation for transparency and competence. Three types of players exist in Telecom Industry in India:

- State owned companies like - BSNL and MTNL.
- Private Indian owned companies like - Reliance Infocom and Tata Teleservices.
- Foreign invested companies like - Hutchison-Essar, Bharti Tele-Ventures, Escotel, Idea Cellular, BPL Mobile, Spice Communications etc.

The Indian Telecom Industry services is not confined to basic telephone but it also extends to internet, broadband (both wireless and fixed), cable TV, SMS, IPTV, soft switches, etc.

4.3.4 Foreign Trade in Services

The largest service sub sector in India is trade. The share of this sector in GDP was almost 12 per cent or more throughout the period of planning. Now it has become more than 14%. This sector registered a growth of about 6% per annum in 1980s, 7% per annum in 1990s and it is more than 9% per annum in the current decade. There are number of services which are traded across the countries. Transport and insurance are traditional components of trade in India. With the spread of telecommunication and computer technologies, virtually all types of commercial services have become tradable among countries. The liberalization policies of nineties and the removal of regulatory obstacles have fueled the steady growth of foreign investment and trade in services.

The following table shows that there is significant change in the composition of import of services from abroad. The total amount of imports of services became

$52 billion in 2008-09 having CAGR of 20.4% .The share of Import of business services has increased significantly to 29.7% having growth rate of 57.9%. The shares of transport and travel services in the import are 24% and 18% respectively.

Table 7: Import of Services (2000-09)

Commodity group	Share of Service Import (%)		CAGR(2000-2007)
	2000-01	20008-09	
Travel	19.2	18.1	15.6
Transport	24.4	24.6	14.6
Insurance	1.5	2.2	19.3
Software services	4.1	5.4	25.1
Business services	7.0	29.7	57.9
Financial services	13.5	5.7	7.2

CAGR= compound annual growth rate

Source: Government of India, Economic Survey, 2008-09, 2009

Conversely the following table shows that there is significant change in the composition of export of services to abroad. The total amount of exports of services has increased manifold from $4.6 billion in 1990-91 to $102 billion in 2008-09 having CAGR of 28.7%. It has reduced our balance of payment deficits. The share of export of business services has increased significantly to 16.2% having growth rate of 87.6%.

Table 8: Export of Services (2000-09)

Commodity group	Share of Service Export (%)		CAGR (2000-07)
	2000-01	20008-09	
Travel	21.5	10.7	17.3
Transport	12.6	11.1	25.4
Insurance	1.7	1.4	28.1
Software services	39.0	45.5	30.5
Business services	2.1	16.2	87.6
Financial services	2.1	3.9	44.1

CAGR= compound annual growth rate

Source: Government of India, Economic Survey, 2008-09, 2009, New Delhi

4.3.5 Hospitality and Tourism Sector

Tourism is the second largest industry of the world and sixth largest industry in India .Tourism comprises the largest component of the tertiary sector. It constitutes

the major item in the world trade, which is growing at a faster rate than the world trade in tangible goods. It has now become a highly organized industry representing about 12 percent of world's gross income. World's revenue from this business has been constantly growing at a faster rate. In developing countries Tourism is also one of the largest industries with fastest expansion in its range and dimension. It is an industry with great employment potential. In fact one in every 16 workers world wide owns his or her job to tourism sector. It has emerged as the most lucrative business of the world, having tremendous potentiality for earning foreign exchange, yielding tax revenue to the state, promoting ancillary industries, generating income and employment and developing backward regions through various linkage effects. Indian tourism as a sector of economic significance received the widest recognition after II world war. The two most important and obvious components are:

i) Accommodation and Hospitality

ii) Travel and Transportation

There are many other ancillary services and informal activities having direct effects on tourism. Ancillary services having direct connectivity with tourism are: handicrafts, souvenir industry, horticulture, floriculture, leisure and entertainment services, and activities of all personals dealing with tourists across the counter in customs, immigration, airports, airlines, railway stations, ferry services, museums, bus terminals, taxi stands, banks, medicals , police stations, post offices, communication, advertising, shopping centers, sports and many other organizations both in the private and public sector.

4.3.6 Hotel Industry

Hotel accommodation is the significant segment of hospitality industry of India. The 'Incredible India' destination campaign and the recently launched 'Atithi Devo Bhavah' (ADB) campaign have also helped in the growth of domestic and international tourism and consequently the hotel industry. Hotel Industry in India has witnessed tremendous boom in recent years. Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. The thriving economy and increased business opportunities in India have acted as a boon for Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a host of options. Growth story of hotel industry of India seconds only to China in Asia Pacific. Hotel industry of India has the supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India in 2009 and at current trend; demand will soar to 10 million in 2010 - to accommodate 350 million domestic travelers. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. Sources estimate, demand is going to exceed supply by at least 100% over the next 2 years. Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources said, the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010.

4.4 FACTORS CONTRIBUTING TO THE GROWTH OF SERVICE SECTOR

The service sector has rapidly grown due to many reasons. The following factors have mainly contributed towards its growth.

i) Liberalization Policy

The globalization process after 1991 has considerably liberalized the industrial and trade policies and opened up the banking, insurance, transport and communication sectors to private entrepreneurs. This liberalization has boosted the growth of service sector in India. Some sectors which are more liberalized, like banking, IT, communication, insurance services have experienced faster growth. The share of communication has increased from 1% in 1991 to 5.7% in 2007-08.

ii) Technological Advancement

Growth of service sector is also stimulated by technological advancement. New activities and new products emerge as a result of technological breakthrough. The technological advancements that have positive impact on economic growth in India are the increasing use of internet in case of IT sector, expansion of cellular phone in case of telecom sector and wider use of ATM/credit cards in case of banking sector.

iii) Splintering

With maturing of the economy specialization takes place. Industrial units tend to outsource some of the activities which were previously undertaken by them. They use and hire the services of the specialist contractors and sub contractors to provide accounting, R/D, cleaning, legal and security services, etc. This process of specialization splintering leads to a growth in the share of services in GDP, even when GDP itself not growing. Jobs outsourced are counted as service sector contribution to GDP rather than being subsumed in manufacturing value-added.

iv) Sectoral Interdependence

The growth of industry and other sectors has positive impact on the service sector because the interdependence among sector has also increased. There is direct and reverse interrelationship between industry and service sector. The impact of manufacturing sector on service sector is significant. But the contribution of service input to manufacturing in 1980 was only 1% of output growth, while it has increased substantially upto 25% in 1990s. This implies that increasing use of services in manufacturing in the 1990s favourably affects the TFP (total factor productivity)

v) Demand-side impetus

Demand for different type of services increased by leaps and bounds after 1991.The share of services in the consumption basket increase d by 3% pointes each decade; that is from 8% to 11% during 1960-61, 14% during 1970-71, 17% during 1980-81 and 20% during 1990-91. Thereafter the trend changed significantly, when private sector consumption of services increased to 31% and during 2006-07 it increased to 39%. Thus the growth of service sector is due to the impetus given by domestic consumers as well as foreign buyers. The export

of services from India increased from $4.9 billion in 1992 to $101.2 billion in 2008-09.

4.5 CHALLENGES OF SERVICE SECTOR

Some of the challenges of service sector are narrated below:

i) Indian money market is not integrated with debt and foreign exchange market. According to Y.V Reddy, Governor of RBI, while the base has been created with the variety of products in the money market, the market has not acquired the required depth in terms of both volume and liquidity. Though the banks have expanded their branches in an unprecedented scale, the banking facilities in the country are still inadequate. One branch serves about 160000 population in India while it is only 1200 persons in US. There more competition than cooperation and coordination between various players of money market.

ii) There is no integration between the organized sector and unorganized sector of Indian money market. The indigenous bankers do operate as individuals and private firms, whose volume of operates are unknown. They do not constitute a homogeneous group. They are engaged in many banking and non-banking business, which remain largely unregulated. The credit o f money lender has remained as the necessary evil.

iii) There is absence of organized bill market. There is lack of rational interest rates structure. There is shortage of funds in money market. The market for short-term asset has not yet developed. In terms of organization, resources, stability and elasticity financial institutions are hardly comparable to the money market of London or New York. The emergence of parallel economy and vast amount of black money in India has also caused shortage of financial resources in the money market.

iv) With western imitation through free market policy, rapidity in tourism sector may result in creation of new tourism facilities. These developments in many cases lead to competition and conflict .In turn they have generated a wide range of deleterious environmental impacts. It has many negative social and cultural impacts. The local people of the tourist centers stand to lose in the current process of tourism development. It has become another element of the destructive process, which exploits the local population, damages the environment, promotes consumerism, widens the gap between rich and poor and reinforces the global status quo.

v) Educational system has an unintended consequence of producing an "educational vacuum" for the society at large. Because all good students now are running after lucrative jobs as per the imperative of commodity-centric society and as per the new trend of higher education. Maximization of the short run individual objectives is being done at the cost of long run social objectives. The society ultimately remains neglected and bypassed.

vi) The year 2011 is likely to be a boom for skilled worker in IT & ITES, biotechnology as against the 15 per cent hike in their salaries in 2010. The employers are trying to catch up the highly skilled manpower and the salaries are going through the roof. The youth force of India is contributing to the

growth in IT sector. However, the huge numbers of Indian youth are not only unemployed but unemployable on the contrary a large numbers of white collar jobs are waiting for suitable candidates. IT and ITES industry and biotech industry are facing skill manpower shortages. Companies are not only facing the problem of retention difficult and job hoping extensive, but there is a clear shortage of skill. Mainly IT/ITES, academics, engineering, HR, hospitality, insurance and biotechnology sectors, which are driven by the highly skilled manpower but the supply of capable labor is not up to the demand at the point.

vii) The employment generation in service sector has been increasing at a slower rate than the growth of output in the eservice sector over the years. Thus India is witnessed a jobless service sector growth during 1990s. It is very different experience compared to other countries. Service sector accounts for more than 55% of GDP, but its share in employment continues to be very low; less than one-fourth of the total. It means the growth in value addition in service sector is higher than the employment growth in the service sector. It implies that the growth of average productivity of labour is higher than the growth of employment in service sector. For example finance, insurance and real estate business account for 13 % of GDP in 2000, but employed only 1.2 % of the labour force. So service sector alone cannot sustain the present trend of economic growth in the long run.

4.6 MEASURES FOR PROMOTION OF SERVICE SECTOR

Some of the measures required to be taken for the promotion of service sector in India are as follows:

i) Institutional reforms should be made to integrate money market with debt and foreign exchange market. It should facilitate RBI (Reserve Bank of India) to use indirect tools of monetary regulations**.** There should be integration between the organized sector and unorganized sector of Indian money market. There should be cooperation and coordination between various players of money market. The RBI should regulate the lending operations of the money lenders and indigenous bankers which is weakening the credit control system. It should stop the exploitation of money lenders and protect the small borrowers by developing institutional sources of credit.

ii) The stringent policy is necessary to curb parallel economy and vast amount of black money in India in order to overcome the shortage of financial resources in the money market. The RBI should mop up the excess liquidity generated on account of the accretion to the foreign exchange assets of the banks to neutralise the monetary impact of capital flows.

iii) Given the synergistic relationship between education, health, nutrition, energy, adequate allocation of public investment should be made on the social overheads and efficient measures should be adopted to magnify its trickle-down effect on rural people. The new approach requires human development goals to be an integral part of the economic development. It should be more and more inclusive process. Community involvement is necessary in order to reduce the urban bias in the emerging health care system. Health for all

should entail the removal of various obstacles to these services such as elimination of ignorance, malnutrition, unhygienic housing, contaminated water supply etc. Thus concerted efforts should be made in all directions.

iv) India should adopt a new set of values in tourism development. In order to have a distinguished niche in the international tourism market India should develop its tourism in its own way and vision. In pursuing the efficient and profitable path of tourism development should not result in high environmental distortions. Healthy tourism should not result in unhealthy environment. Unmanaged tourism can be disastrous but organized tourism can only contribute to the genuine prosperity of the region. Suitable policy of the state should be designed to ensure 'green tourism' and 'rural tourism'. In this pursuit more resources should be invested to reinforce the ecosystem rather than making it vulnerable to risks from unplanned activities.

v) The education should be perceived as an integral part of both social development and economic development. Educational reform should aim at promoting: 'neo-professionalism' and 'value-based education.' The knowledge-based society emerges from a progressive educational system. Thus our educational system should promote quality in order to have a knowledge-based society for India. The education should integrate materialism with morality and liberation of mind. The higher education system should help in building a society which automatically rejects any type of malfunctioning and mal-development.

vi) The IT industry should depend more on exports of software products to advanced countries of the world. It should enhance its credibility as a business destination by creating a new model of global delivery, forging the relationship with MNCs, generating saving for the customers and promoting a focus on quality. There should be diversification in order to neutralize the effects of fluctuation in the global demand .There should strong agenda and high priority for R & D activities in service sector

The growth of Indian economy in the post liberalization period has been service-led growth. Thus the future of Indian economy depends on the growth potential of service sector. The dynamism in the service sector plays the crucial role in maintaining the growth momentum of the economy. Service sector now accounts for 70 % of the global output. The characteristics of the service have been altered by the revolution in the services sector. Services can now be produced and exported at lower cost. The old idea of services being non-transportable, non-tradable, and non-scalable no longer holds for a host of modern impersonal services. Therefore India can sustain a service-led growth as there is huge room for catch-up and convergence. Thus industrialization is not the only route to economic development. Thus service sector is highly growth-stimulating with positive externalities for other sectors and remains as the catalytic agent for economic growth. The growth in the service sector has not been uniform. In order to arrive at some policy direction it is imperative to examine the performance of different services and assess the economy's potentials and constraints in these services. We should examine the performance of aggregate as well as disaggregated services in terms of their growth rates; share in GDP, employment, trade and FDI.

In this section, we discussed the factors contributing to the growth of service sector, challenges of service sector and various measures for promotion of service sectors. Now, answer the questions in check your progress 3.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the factors responsible for rapid growth of service sector of India?

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2) What are the major bottlenecks of Indian telecom industry?

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3) What are the services available in foreign trade?

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4.7 LET US SUM UP

In this unit we dealt with the definition and significance of Tertiary sector in the process of economic growth. We examined the role of service sector in economic growth of India. We analyzed the significance of service sector in IT sector, Banking, Insurance, Trade, infrastructural development, tourism development, education and health care. We analyzed the problems and challenges of service sector of India. We have given the suggestive measure for the improvement of the service sector.

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4.9 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

Answer1: Mainly FDI in India are flowing into mainly three service sub sectors: Telecommunication equipments and services, Financial services (banking and non banking) and Hospitality industry.

Answer2: The highest growth is registered by financing, insurance and real estate, followed by trade, hotel, transport and communication. After global financial crisis construction and trade, hotel and transport sector had quicker recovery than financing and insurance sector of India

Answer3: In the National Income Accounting in India, service sector includes the following:

1) Trade, hotels and restaurants (THR)
2) Transport, storage and communication
3) Finance, insurance, real estate and business services
4) Community, social and personal services

Answer4: The contribution of service sector has been consistently rising from 29% to 68 % in 2007, after which it declines due to world financial crisis. But the contribution of agriculture has fallen to only 7% over the years while the contribution of industry is stagnating in India.

Check Your Progress 2

Answer1: There were 15 old private sector banks and 7 new private banks are: Axix, HDFC, ICICI, Development Credit Bank Ltd, Indus Ind Ban ltd, Kotak Mahindra Bank Ltd and Yes Bank Ltd.

Answer2: There are three types of Insurance in India**: a)** Life Insurance - guaranteeing a specific amount in case of death (b) Health Insurance - against expenses incurred through illness of the insured. **(c)** Liability Insurance – for property such as automobiles, property and professional/business mishaps.

Answer3: The capital market has two constituents: (1) The financial institutions and (2) the securities Market. The financial institutions e.g IFCI, IDBI, Exim Bank, SIDBI, IDFC, SFCs, LIC etc provide long term and medium term loan facilities. The securities market is divided into (i) the Government (gilt edged) securities market and (ii) the corporate securities market.

Answer4: There are four major factors which have contributed for the success of IT of India. They are: (i) skilled professionals in IT. (ii) demographic factor like 60% of the population belong to age group of 15-65. (iii) vast academic infrastructure.(iv) India has the second largest English-speaking workforce in the world.

Check Your Progress 3

Answer1: The rapid growth of service sector has been possible for following five factors: (i) Liberalization Policy. (ii) Technological Advancement (iii) Splintering (iv) Sectoral Interdependence and (v) Demand-side impetus.

Answer2: Indian Telecom Industry has the following bottlenecks: (i) Slow reform process. (ii) Low penetration- achieving break-even is difficult. (iii) Huge initial investments (iv) Limited spectrum availability and interconnection charges between the private and state operators.

Answer3: After liberalization variety of services are exported and imported. Now it constitutes about 14% of India's GDP. These services are mainly relating to Travel, Transport, Insurance, Software services, Business services ,Financial services etc.

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MEDSE-046
Development: Issues and Perspectives

Sectoral Issues in Development-I

4

MEDSE-046 Development: Issues and Perspectives (8 Credits)

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BLOCK 5 CORE ISSUES IN DEVELOPMENT

Block 5 on **'Core Issues in Development'** has three units, which deal with education, health and gender issues in development.

Unit 1 on **'Education'** gives an account of the importance, benefits and various theories of education as well as determinants of educational development. The unit also focuses on the problems, challenges and emerging issues in education and development.

Unit 2 on **'Health'** discusses the concept of health and its relationship with development with focus on the components of health care, indicators of health and the issues and challenges of health care system.

Unit 3 on **'Gender'** deals with gender and its role in development. It also discusses issues like gender empowerment, gender adversaries as well as measures for engendering development. It also gives an account of gender development index and gender empowerment measures.

UNIT 1 EDUCATION

Structure

1.1 Introduction
1.2 Importance and Benefits of Education for Development
1.3 Theories of the Contribution of Education to Development
1.4 Determinants of Educational Development
1.5 Problems and Challenges of Educational Development
1.6 Emerging Issues in Education and Development
1.7 Let Us Sum Up
1.8 Keywords
1.9 References and Suggested Reading
1.10 Check Your Progress - Possible Answers

1.1 INTRODUCTION

Education, whether formal, informal and/or non formal, through change in knowledge, behaviour and practices, brings development. Education is an investment which brings development in the long run. According to Amartya Sen, the solution to all problems related to the economy, development, or population lies in education. This unit discusses the importance of education towards development. The various determinants of education such as literacy, expenditure on education, technical education, etc., affect the educational development of a nation. Still, education, mostly in underdeveloped countries, is faced with a lot of problems. The globalization and education, inclusive education, sustainable education and emerging issues in education and development. Education is also an important tool for empowerment.

After going through this unit, you would be able to

- discuss the importance of education for development
- explain the benefits of education to development
- narrate determinants of educational development
- describe emerging issues in education and development.

1.2 IMPORTANCE AND BENEFITS OF EDUCATION FOR DEVELOPMENT

Like a lay man, you would know how an educated man is different from an uneducated man. Similarly, an educationally advanced state like Kerala, is different from educationally backward states of Bihar and Uttar Pradesh. Education is one of the important factors of development. The role of education in development has been recognized ever since the days of Plato, who believed that education, was indispensable to the economic health of a good society. The contribution of 'human capital' to economics was recognized long ago when Adam Smith, in *The Wealth of Nations* includes in the category, 'Fixed Capital',

the acquired and useful abilities of all the inhabitants, or members of society. Alfred Marshall also affirmed that the most valuable of all capital that is invested is in human beings. J.K. Galbraith also remarked that "when we think of education as a consumer service, it becomes something on which we should save, but when we think of education as investment, it becomes something, we should emphasize". He considered that human capital is more essential for developing countries than other forms of capital. According to Tadaro, it is the human resources that ultimately determine the character and pace of its economic and social development. Harbinson remarks that a country which is unable to develop the skills and knowledge of its people to utilize them effectively in the national economy will be unable to develop anything else. The general conference of UNESCO held way back in 1964 recognized that illiteracy is a grave obstacle to social and economic development. Education is a prerequisite for the successful implementation of national plans for economic and social development.

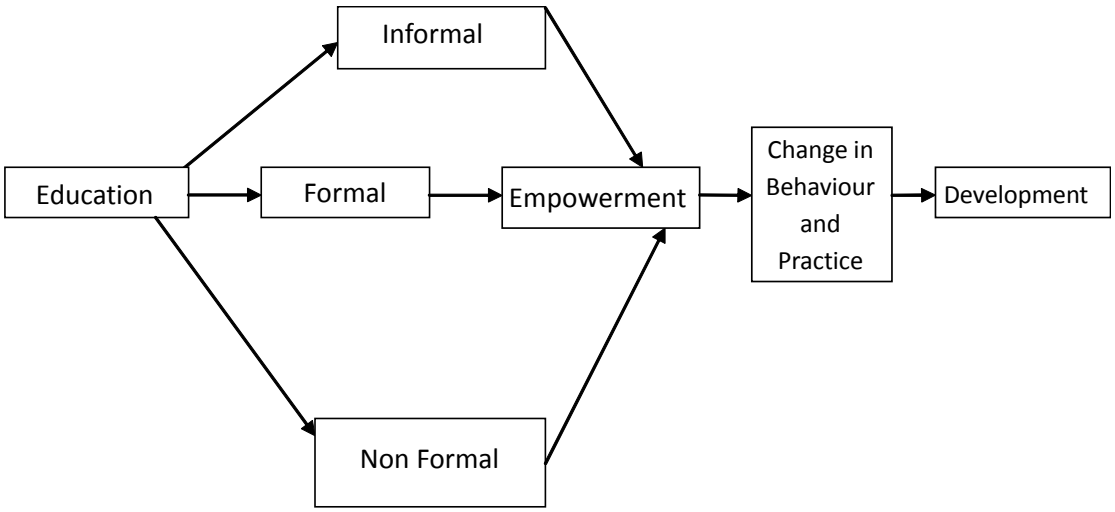

Fig. 1.1 : Model of Education & Development

Education, whether formal, informal and /or non formal, effects changes in behaviour and practices and brings development. The informal education on development can be defined as a life long learning process by which every person acquires knowledge, skills, and attitude from daily experiences at home, at work, at play, and from life itself. Formal education is the education received from the educational institutes chronologically graded and hierarchic such as primary, secondary and tertiary education level. Non formal education is a type of organized and systematic educational activity taking place outside the framework of the formal system. A model of how education brings development is given in Figure 1.1.

1.2.1 Benefits of Education Towards Development

Development benefits a great deal from education. A few benefits of education from development are outlined below.

i) Increases Productivity

Investment in physical capital stock such as land and machinery is essential but not sufficient for development. Investment in human capital would enhance productivity. It has been adequately researched that two individuals,

given the same physical capital but endowed with different levels of knowledge would operate in two different production functions and would have two different levels of productivity. Thus, education is vital for raising productivity. One reason for the Green Revolution in Punjab and Haryana is extension education imparted to the farmers in their field. By raising productivity both in agriculture and industries, education promotes economic growth. One of the World Bank's study (1993) found that enrolment in primary education in 1960 enabled the countries like Hong Kong, Thailand, Singapore, and South Korea to raise their economic growth by more than 50 per cent (see Table 1.1).

Table 1.1 : Percentage of Total Predicted Growth of Selected Countries

Countries	% of Predicted Growth
Hong Kong	86
Indonesia	79
Japan	58
South Korea	67
Malaysia	73
Taiwan	69
Singapore	75
Thailand	87

Source: *Cypher M James and Dietz, James L (2009) The Process of Economic Development, Routledge, London, pp. 406*

ii) Reduces Economic Inequality

Education provides widespread employment and income earning opportunities to the qualified and skilled people. There is a positive correlation between a person's education and his earning. Education is a powerful tool for the poor and the disadvantaged to raise their earning and come to par with their counterparts. Todaro says that if, for financial or any other reasons, the poor are effectively denied access to secondary and higher educational opportunities, then the educational system can actually perpetuate and even increase inequality in Third World Nations. However, recent studies have demonstrated that the education system of most developing countries act to increase rather than to decrease income inequalities. But, generally it is found that in developing countries like India, Bangladesh, Sri Lanka education has enabled the poor and the downtrodden to raise their income. Education helps in poverty reduction.

iii) Improves Health and Reduces Fertility

Education is a contributing factor in achieving developmental goals, such as increased life expectancy, improves health, and reduces fertility among educated mothers. Many studies have shown that parents with high school and higher education have fewer children compared to their counterpart who are illiterate. It has also been seen that fertility reduces with the increase in the level of education. Education improves particularly the preventive health care status of women and children. It enables them to access quality health

care services from qualified health personnel for themselves and for their children. Kerala and Tamil Nadu, where female literacy is higher than in Bihar and Uttar Pradesh, have lower fertility, lower infant mortality, higher immunization status of woman and children. Life expectancy in Kerala and Tamil Nadu is also higher, compared to Bihar and Uttar Pradesh. An example of female literacy and fertility is given in Table 1.2.

Table 1.2: Female Education and Health Indicators of a Few States of India

S. No.	Indicators	State			
		Bihar	UP	Kerala	Tamil Nadu
1	Female Literacy	33.6	43	88	64.55
2	Infant Mortality	62	73	15	31
3	Percentage of children under age 3 who are under weight	58	47	29	33
4	Percentage of children 12-23 month who have received all vaccinations	33	23	75	81
5	Total Fertility Rate	4.0	3.8	1.69	1.8

Source: *1. National Family Health Survey III, IIPS, 2005-06*
2. Census of India, 2001

iv) Contributes to Democratization

Some political scientist believes that at least a minimum level of schooling is a prerequisite for the effectiveness of political democracy. Education strengthens democratic values in a society. It helps the people to caste their vote according to values and not the allurement offered by the contestants. Education, in general, and, of women in particular, is a vital requirement for the success of democracy. It is now believed that the success of democratic decentralization depends on the literacy rate. In India, Kerala is an illustrious example where a high literacy rate has enabled local self government institutions to function effectively in the state.

v) Promotes Rural Development

Educated people are *sine qua non* for the faster development of rural areas. Therefore, Mahatma Gandhi once said my 'Ideal Village' will contain intelligent human being. Educated people would bring faster agricultural, industrial, and social development in rural areas. Education can bring transparency and accountability into the system. There would be better implementation of rural development programmes as literate people could better ask the programme implementers the pros and cons of the programmes. They would actively participate in the process of need assessment, project formulation, implementation; monitoring and evaluation stages of the various developmental programmes implemented, both by the government and non governmental organizations. Rural entrepreneurship could be better promoted with the help of literate and skilled manpower. An educated civil society is an essential requirement for development in general, and for rural development in particular.

vi) Promotes Peace and Stability

Education promotes peace in society. The teaching of peace and the value education in the classroom would create a sense of fellow feeling and brotherhood among the young generation. Peace education has become either an independent discipline or component of other related discipline like political science or history in many higher education institutions. Further, peace education would also reduce crime and all other social evils occurring in the society.

vii) Reduces Social Inequality and Promotes Gender Equity

Education is an instrument for social uplift. Illiteracy is one of the reasons for social discrimination. The social inequality persists largely because of illiteracy. With the rise in the level of education biases on the basis of social beliefs and values reduces. B.R. Ambedkar, therefore, mentions that the panacea for all social evil is education and encouraged people to be educated. Education, particularly, among women, promotes gender equality by enhancing their workforce participation rate *vis-a-vis* men. The Education Commission of India (1964-66) has highlighted, in Chapter IV (*Towards Equalization of Educational Opportunities*) that "One of the important social objectives of education is to equalize educational opportunities, enabling the backward or under-privileged classes and individuals to use education as a lever for improvement of their condition"

viii) Promotes Modernization

Modernization is directly linked to the pace of education development. One of the sure ways to modernize quickly is to expand education and produce skilled manpower. The Education Commission of India (1964-66) envisaged that modernization aims, amongst other things, at creating an economy of plenty which will offer to energise an individual, provide a larger way of life and a wider variety of choices. It is education, which can hasten the pace of modernization and development in an underdeveloped society. Modern society is governed by science and technology, and it is education which will enable a nation to achieve progress through scientific technology. The ICT education in India has hastened the process of modernization and development.

ix) Attributes to Knowledge Society

The establishment of a knowledge society is a formidable challenge before any nation in order to hasten its pace of development in economic, social, political, and cultural areas. The formulation of the Knowledge Commission in India is a significant step in this direction. The dream of a knowledge society can only be realized by articulating a strong and dynamic higher education system.

In this section, we discussed about the importance and contribution of education to development. Now, answer a few questions related to these aspects in Check Your Progress 1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Briefly describe the importance of education to development.

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2) Can education can promote modernization and social equity. Discuss.

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1.3 THEORIES OF THE CONTRIBUTION OF EDUCATION TO DEVELOPMENT

In this section we will discuss a few theories relating to the contribution of education towards development. Mainly, there are two theories relating to the contribution of education to development. These two theories are

i) Human capital theory

ii) Screening theory.

1.3.1 Human Capital Theory

Human capital theory was initially developed in United States and Europe in the 1950s. Later, this theory was applied to undeveloped countries. The advocates of this theory were of the opinion that it is not only the physical capital stock, i.e., labour, which is important, but also human capital stock, such as education, which is critical to the growth and development of a nation. They argued that when people become more and more educated, they become more productive. There is a close relationship between the number of years of schooling and income level of a person. In other words, increasing the level of schooling would lead to higher earnings. In essence, the human capital theory believes that people are willing to invest in education, which is an investment for the future. In other words, the human capital theory considers expenditure on education as an investment and not as expenditure. Not only the individual, but also the whole society would gain out of investment in education. Besides, the country will gain from the external effect of education, i.e., lower fertility rate and higher maternal and child health. Such positive external effects are a justification for

public subsidies to education. Therefore, in almost all countries, both developed as well as developing, the cost of education is subsidized by the government.

Another aspect of human capital theory is that, it provides a framework for the systematic evaluation of costs and benefits of education to the households.

i) **Cost of Education:** The cost of education includes direct cost, and opportunity cost:

   Direct cost, are school fees, cost of books, teaching materials, school uniforms, copies, etc. Opportunity cost is the income forgone while receiving education. Besides, it also refers to the income that an individual is losing from the labour market during the period he joins education institutions and, at the same time, bears the cost of education.

ii) **Benefit of Education:** The benefit of education is the gap between the lifetime income of an individual with a given amount of education and the lifetime income received if he had not this education. On the basis of cost and benefit, the role of return on investment on education is calculated. Research findings show that in developing countries, the rate of return on investment in education was higher compared to the rate of return in physical capital (Psacharopoulos and Patrinous, 2002).

Limitations of Human Capital Theory

Human capital theory has several limitations.

- The relationship between education and increase in income is difficult to measure. This is because the increase in personal income is influenced by many factors other than education. Therefore, it is very difficult to measure marginal productivity, especially of human capital.
- It is difficult to measure cost and benefit analysis of human capital. Though the direct cost of education is easier to calculate, the opportunity cost and the estimation of income forgone are difficult to measure.
- The benefit of education is much more than economic and the social benefits of education.
- The demand for education does not only depend on costs and benefits, but on the ability to pay for education.

1.3.2 Screening Theory

The critics of Human Capital Theory and the proponents of Screening Theory believe that education is necessary, but not a sufficient condition to contribute to individual productivity. They argue that specific skills required in a profession are acquired on the job rather than at school. Screening theory states that it is very hard to predict future performance of an individual on the basis of her or his education. The educational qualification and diplomas are used as a screening mechanism. Schooling is an institution of trainability. But the real training starts on the job.

The radicalists of Screening Theory went to the extent of saying that education merely reproduced social inequality from generation to generation. According to Bowles and Gintis, the main function of education for the masses is to teach

them discipline, respect for authority, particularly obedience, the ability to cooperate and to concentrate. The radicalists believe that education prepares labourers for inferior-level task in a productive organization. The proponents of screening theory suggest that much of education in developing countries is irrelevant. Expansion of education results in a higher diploma holder replacing lower diploma holder without producing any improvement in productivity.

Three key element of screening theory are:

- Learning by doing
- Screening and
- Diploma inflation

Criticisms of Screening Theory

Some of the criticisms of screening theory are as follows:

- The screening theory proposition that higher education does not adequately contribute to higher earning is not always correct. According to Wolpin, it is hard to explain why self employed people with a higher education usually have higher earnings than self employed people with less education.

- Screening, the real function of education, is somehow parochial and education really vitalizes one's ability to qualify for the test function of education is much more than screening.

- Szirmai remarked that the correlation between education and income persists throughout people's workings life. The argument given by the proponents of screening theory is that education boosts initial earnings, which is not always true.

In this section you have studied the theory of contribution of education to development. Now answer the questions in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What are the key features of Human Capital Theory?

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2) What are the differences between the Human Capital Theory and Screening Theory?

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1.4 DETERMINANTS OF EDUCATIONAL DEVELOPMENT

In this section, you will study the various determinants of educational development. Some of the key determinants of educational development are discussed below.

1.4.1 Literacy

Literacy is one of the weighty parameters of educational development of a nation. UNESCO and United Nations place great emphasis on the removal of illiteracy. During the early years, between 1946 and 1958, one of the main objectives of UNESCO was fundamental education. The main aim of the fundamental education is that every person has a right to learn the three R's: reading, writing and arithmetic. According to Szirmai, fundamental education was not limited to literacy alone, it also included vocational skills, domestic skills, knowledge of hygiene, knowledge of the principles of science, artistic skills, an understanding of one's social environment, the development of personnel skills and moral traits. However, to the common man, literacy means formal school education. According to UNESCO (2002) a person is functionally literate, if he, or she, is able to engage in all those activities in which literacy is required for effective functioning of his, or her, group and community, and for enabling him to continue to use reading, writing, and calculation for his own and the community's development.

Table 1.3 : Adult Literacy of a Few Countries

Countries	Adult Literacy
Bangladesh	47
China	91
India	61
Pakistan	50
Sri Lanka	91
Tanzania	69
Nigeria	69
Thailand	93

***Source**: World Development Indicators-2009*

The adult literacy rate is quite high in Asian countries like China, Thailand and Sri Lanka, but lower in Bangladesh, Pakistan, and India. Literacy is one of the vital instruments of women's empowerment as it enhances their access to employment, and enables them to take part in household decisions making.

1.4.2 Educational Environment: Enrolment and Dropout

The enrolment and drop out rates at various levels of education reflect the educational environment prevailing in the country. Enrolment in primary, secondary, and tertiary education is improving in the developing countries, but not substantially. As compared to developed nations, most of them are far behind. Particularly in GER (Gross Enrolment Ratio) in the secondary and tertiary sector, the rate is very low. In developing countries, for example, the GER in secondary and tertiary education are 95 and 83 per cent respectively in the USA, but in India, it is 52 and 11 per cent respectively. Enrolment in primary education is a problem in sub Saharan Africa, where, on an average, 43 per cent of children between the age of 6 and 11 are not attending primary school. According to UNESCO (2002), households surveys in sub Saharan Africa indicate that the number of pupils who actually attend school is substantially lower than the enrolment figures. The GER of a few countries is given in Table 1.4.

Table 1.4 : Gross Enrolment Ratio in a few Countries

Countries	Gross Enrolment Ratio (2004)		
	Primary	Secondary	Tertiary
Bangladesh	106	51	7
China	115	70	15
India	107	52	11
Pakistan	82	27	3
Sri Lanka	102	81	-
Tanzania	101	-	1
Nigeria	99	35	10
USA	100	95	83
UK	101	170	63

Source: *World Development Indicator, World Bank 2006*

1.4.3 Educational Expenditure

The Education Commission, constituted by the Government of India in 1966, envisaged that we should strive to allocate the target proportion of GDP to educational development. The expenditure on education is fundamental to educational development. The expenditure is required for infrastructure building, supply of teaching and learning materials, salary of the teachers, and other subsidies provided to the disadvantaged section of population. It is a fact that the proportion of national income devoted to education in developing countries is small compared to developed countries. For example, the 2006 World Development Indicators, published by the World Bank has mentioned that Bangladesh spends only 2.2 per cent of its GDP on education, while the United

Kingdom spends 11.5 per cent (nearly five times more than Bangladesh) of GDP on education.

Table 1.5 : Government Expenditure as a Percentage of GDP, 2000

Countries	% of GDP
Bangladesh	2.4
China	2.1
India	2.9
Pakistan	2.7
Sri Lanka	3.1
Nigeria	0.7
Developing Countries	3.9
Developed Countries	5.1

***Source**: UNESCO, Institute of Statistics, Home Page, Global Statistics, Education, Statistical Tables, Http:// portal.unesco.org/uis/.*

1.4.4 Education Development Index

Now a day particularly after the formulation of Human Development Index, many nations have also developed an Education Development Index to assess the performance in education. An index, the Education Development Index (EDI) calculated for the all schools, that is, primary and upper primary, by the National University of Educational Planning and Administration (NEUPA) reveals that southern states such as Kerala and Tamil Nadu rank higher than other states in India. The EDI was developed taking four broad parameters into account, such as access, infrastructure, teacher related indicators and outcomes. The EDIs of 20 main states of the Indian union are given in Table-6.

Table 1.6: Educational Development Index-All Schools (primary &upper primary), 2006-07

States	Index	Rank
Andhra Pradesh	0.670	12
Assam	0.477	31
Bihar	0.321	35
Chatisgarh	0.521	27
Gujarat	0.677	09
Haryana	0.612	20
Himachal Pradesh	0.707	06
Jammu&Kashmir	0.633	17
Jharkhand	0.381	34
Karnataka	0.680	08

Kerala	0.772	01
Madhya Pradesh	0.481	30
Maharastra	0.677	10
Orissa	0.487	29
Punjab	0.654	15
Rajasthan	0.582	22
Tamil Nadu	0.741	04
Uttar Pradesh	0.526	26
Uttarakhand	0.629	19
West Bengal	0.458	33

Source: *NUEPA, New Delhi.*

The Global Education Development Index ranks India, 102; Bangladesh, 107 and China,30 and Korea, 6 in positions.

Table 1.7 : Global Education Development Index,2006

Country	Rank
Korea	6
China	30
Indonesia	60
India	102
Bangladesh	107
Nepal	113

Source: *Educational Development Index in India-digitalLearningArticle.mht*

1.4.5 Non Formal Education

Non formal education plays an important role in spreading education in many developing countries. Studies conducted by UNESCO indicate an upward trend in enrolment in non formal education comprising of organized education that are not included in the regular school system. The two important forms of non formal education are adult education and distance education. VKRV Rao said that without adult education and adult literacy, it is not possible to have that range of economic and social development which is required, nor it is possible to have that content or quality or tone to our economic and social development that makes it worthwhile in terms of values and welfare. A programme of adult education and adult literacy should, therefore, take front place in any programme for economic and social development. The National Knowledge Commission of India has remarked that while formal education is useful in building human capital, not all individuals are able to participate in it. Therefore, enough resources must be invested to ensure that distance education is developed as a viable alternative to formal education. The distance education programme launched by IGNOU (Indira Gandhi National Open University) and other open universities and correspondence courses launched by various other universities in India serves

the purpose of non formal education in higher education. The National Open School in India also fulfils the need of secondary school education for school dropout and out of school children. These systems will embolden educational development.

1.4.6 Educational Technology

The use of educational technology is a sign of educational development in this globalization era. The use of ICT (Information Communication Technology) in education has made teaching-learning interesting and broad based. The launch of educational satellites has enhanced the use of ICT in education system. Extension education on various developmental programmes through the educational satellite is more cost effective than the face-to-face extension programme. APJ Abdul Kalam, former president of India, while acknowledging the role of EDUSAT, said that democratization of knowledge indicates knowledge for everyone, anytime, any place. EDUSAT will be extremely helpful in making this shift possible and decreasing the digital divide. The application of ICT in education is an important indicator of educational development.

In this section, you studied the determinants of educational development. Now answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) How is non formal education vital to development?

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2) Explain three important determinants of educational development.

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1.5 PROBLEMS AND CHALLENGES OF EDUCATIONAL DEVELOPMENT

Education plays an important role in the formation of human capital of a nation. It produces skilled manpower, capable of driving the nation towards the path of sustainable development. There is a close link between education and

development. However, education is vexed with a number of problems in many countries, particularly in developing countries. Some of the problems are the poor quality of education, lack of public expenditure on education, disparities between caste, class, and gender, and between regions, and a deficiency of trained teachers, teaching materials, and physical infrastructure.

1.5.1 Poor Allocation of Resources

Education is one of the vital sectors of social development. In most countries education is a public good. However, globalization and privatization has enhanced investment on education, largely in the tertiary sector. But still the expenditure on education as a percentage of GDP in developing countries is low compared to developed countries. For example, public expenditure on education is 2.2 per cent of GDP in India, while in USA it is 5.7 per cent. The low public investment in education has resulted in poor performance in infrastructure, teaching and research in education. The gap between the demand for education and allocation of resources is widening in developing countries, because of the high population. This gap is high in South Asia and subSaharan Africa. UNESCO has calculated that there is a shortfall of 5.6 billion US dollar to meet the external finance requirement to achieve the goal of Education for All by 2015 (UNESCO, 2002).

1.5.2 Quality of Education

The quality of education is of great concern in developing countries. The poor quality of teachers, teaching-learning materials, teacher-pupil ratio, pupil-class room ratio, and outdated curriculum, greatly affect the quality of education in developing countries. According to the World Development Indicators (2006) data, the teacher-pupil ratio in primary schools in India, is 41 as against in USA and UK which is 15 and 17 respectively. As far as the pupil-classroom ratio is concerned, in many primary schools two or three classes are held in a single class room. This has resulted in student absenteeism, dropout and grade repetition even at the primary level of education. Improving educational quality was included among six major educational goals formulated for 2015 at the World Education Forum held at Dakar (UNESCO, 2002).

1.5.3 Educational Disparities

According to Coombs, the access to educational facilities is distributed inequally. Educational disparities are observed in following fields:

i) rural-urban

ii) male and female

iii) among different regions

iv) between different castes and ethnic groups.

The rural people have poor access to education facilities particularly to secondary and post secondary education. Customarily, all the tertiary educational institutions are found to be situated in semi-urban and urban areas, thus, depriving the rural area children of their right to tertiary education in many developing countries.

The second significant inequality in educational attainment is gender disparities, i.e., differences between males and females. In traditional societies, the education of girl children is generally restricted. Among economically weaker families,

people generally prefer to spend on the education of the male child rather than the female child. The Gender Parity Index (defined as female enrolment divided by male enrolment ratios) was 0.93 worldwide, the lowest being in southwest Asia, 0.84; the Arab States, 0.88 and sub Saharan Africa, 0.89 (Szirmai, 2005).

The third inequality observed in education development is the disparities between the nations, and, within a nation, between the regions. Around the globe, the educational disparities are observed between Europe, Asia and USA. Literacy also varies between the nations in Asian countries. In the same country, literacy varies from one region to the other, for instance, in India, the literacy rate and educational development is high among southern region states such as Kerala, Tamil Nadu, Karnataka, and Andhra Pradesh as compared to the central region states of Uttar Pradesh and Madhya Pradesh. Various factors, such as educational governance, peoples' participation, expenditure on education, etc. are responsible factors for regional educational disparities.

Inclusive education is a buzz word in this globalized era. Inclusive education should include both the socially and physically handicapped, who are excluded groups in the educational mainstream. In India, the literacy and level of education among the Scheduled Castes, Scheduled Tribes and the disabled are the lower compared to other group of population. The Education Commission Report (1964-66) of Government of India has envisaged that "One of the important social objectives of education is to equalize educational opportunity, enabling the backward or under-privileged classes and individuals to use education as a liver for improvement of their condition."

1.5.4 Lack of Strong Educational Policy

The developing nations need to have strong education policies. The policy need to establish strong linkages between education and development. It should also be amended from time to time incorporating the changes taking place around the world. However, most of the developing countries do not have strong education policies. Even if some countries do have strong education policies, they do not amend them regularly. Most of the policies are archaic in nature and lack dynamism. For instance, India's New Education Policy was formulated in 1986 (revised in 1992).

1.5.5 Week Public-Private- Partnership in Education

Education in general and primary education in particular is a social good. It is observed that the private sector's educational investments are guided by profit motive and mostly investments are in tertiary education. The public-private partnership for the universalization of primary education is clearly lacking. Therefore, the globalization has created another disparity, where the percentage of expenditure to GDP in tertiary education is comparatively higher than the primary and secondary education. This is because of higher private expenditure in tertiary education.

1.5.6 Poor Community Participation

In developing countries, people are dependent on government grants for educational development of their locality. They consider government as the active provider and communities as the passive beneficiaries. This attitude is detrimental to the proliferation of education at the grassroots. In Bangladesh, the women's

self help groups and in India in many states, panchayati raj institutions are playing important roles in the development of education in their villages and panchayats. The Village Education Committees formulated at each panchayat level actively support the 'Education for All' movement in the countryside of India. Therefore, community participation is one of the key issues in educational accessibility to the unreached masses.

1.6 EMERGING ISSUES IN EDUCATION AND DEVELOPMENT

A few emerging issues in education and development are:

i) education for sustainable development

ii) globalization and education

iii) environmental education

iv) inclusive education.

1.6.1 Education for Sustainable Development

The United Nations General Assembly in its 57th meeting in December 2002 declared the decade 2005-14 as the UN Decade of *Education for Sustainable Development*. The vision of Education for Sustainable Development (ESD) is of a world:

- Where everyone has the opportunity to benefit from quality education and learn the values, behaviour and lifestyles required for a sustainable future and for positive societal transformation.
- It is for everyone, at all stages of life and in all possible learning contexts.
- It engages multiple sectors and stakeholders including media agencies and private sector.
- It utilizes all forms and methods of public awareness raising, education and training to promote broad understanding of sustainable development.
- It addresses all three pillars of sustainable development- society, environment, and economy.
- It enables all individuals to fully develop the knowledge, perspectives, values and skills necessary to take part in decision to improve the quality of life.

1.6.2 Globalization and Education

Customarily, globalization is defined as a set of processes by which the world is rapidly being integrated into a single space. Globalization has touched upon all aspects such as economic, political, social and cultural of life of an individual, community, society and a nation. Therefore, globalization in a holistic sense can be called economic globalization, political globalization, social globalization, and cultural globalization. According to UNCTAD (1993), the essence of globalization is not contained strictly in trade and investment figures nor in the percentage of a national economy that is national, but a new way of thinking about economic and social space and time. Globalization has affected education in many ways.

- With globalization, there is an expansion of science education across the globe. The policy makers, worldwide, regarded economic growth as dependent on the scientific and technological capabilities of their labour force and science education fulfil that requirement.
- There is a pressure on reduce the growth of public spending on education and rise in other sources of funding.
- There is growing emphasis on tertiary education.
- The notion of education is compared internationally and, therefore, there is growing emphasis on quality education.
- Explosion of information and communication technology.
- Globalization has affected the enrolment, governance of education structure, functions and roles, and delivery of higher education across the nation.

1.6.3 Decentralization, Education, and Development

Decentralization of functions, functionaries and funds to the local self government has been proved an effective strategy of development in many countries. The Local Government Declaration to the World Summit on Sustainable Development held in 2002 envisaged that "We live in an increasingly interconnected, interdependent world. Local government can not afford to be insular and inward looking". In the Indian context, Gandhiji maintained that "Independence must begin at the bottom and every village will be a republic of Panchayats having full powers. It is therefore, that every village has to be self sustained and capable of maintaining its affairs even to against the whole world. It will be trained and prepared to perish in the attempts to defend itself against any onslaught." The decentralized model adopted by the Scandinavian countries in Europe, and in Kerala, India, has enabled these nations and states to achieve all round development. The committee appointed by the government of Rajasthan way back in 1964 (Committee Report, 1964) has made the following observations "the Panchayats and Panchayat Samitis have made considerable efforts for enrolment of boys and girls. The attendance of teachers in village schools has significantly improved due to close watch and supervision. People have constructed a large number of school buildings, despite reduction in government assistance." The decentralization of economic decision-making and implementation would not only reduce the cost of development but would also ensure more equitable distribution of fruits of development.

In India, the panchayati raj institutions, after the implementation of the 73rd constitutional amendment, are playing an important role in the educational development. Some of the duties and responsibilities assigned to them under the 11th Schedule of the constitution are

- education, including primary and secondary schools
- technical training and vocational education
- adult and non formal education.

1.6.4 Inclusive Education

Inclusive education, in recent years, occupies an important place in the national, as well as international organizations, helping the developing countries to spread

education. In common parlance, inclusive education means the right of all learners irrespective of caste, colour, creed, gender, and disabilities to receive quality education which meets basic learning needs and enriches lives. It focuses particularly on entitlement of education to vulnerable and marginalized, who, largely, are excluded from mainstream education. The ultimate goal of inclusive education is to end all forms of discrimination and foster social equity. The Education for All Global Monitoring Report, 2008 says, " inclusion means encompassing, the marginalized and disadvantaged, whether they be poor, belong to rural and urban slums, ethnic and linguistic minorities or the disabled; all age groups from early childhood education (ECCE) to adults (especially literacy)."

Vocational education has occupied an important place in the present-day era of privatization and globalization. Modernization and industrialization have enhanced the demand for vocational education. The National Knowledge Commission of the Government of India has noted that "there is a growing demand for skilled workers, but data suggests that this demand is not met by the existing system, since the skills imparted do not match employer's needs. In order to become more relevant in the changing context and to exploit this demographic advantage in future, there is a need to create a model of imparting vocational education that is flexible, sustainable, inclusive and creative." Vocational education prepares the learners for career and profession that are directly related to specific trade and vocation. The labour market has become more diversified and skill driven and requires skilled manpower. Therefore, there is a need for investing in quality vocational education institutions. In the Indian context, as nine out of ten people work in the unorganized sector, the role of vocational education has become more significant. Vocational education in India is imparted mainly through the ITIs (Industrial Training Institutions) and polytechnic institutions. Many private educational institutions and Non-Governmental Organizations are also now a day's providing vocational education in India. Vocational education has a key role to play in the development of the nation.

In this section, you studied about emerging issues in education. Now, answer the questions given in *Check Your Progress 4*.

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) How has globalization affected educational development?

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2) What do you mean by inclusive education?

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1.7 LET US SUM UP

Education is one of the important factors of development. There is a strong relationship between education and development. Besides the relationship between education and development, this unit has focused on the determinants of educational development and various problems and issues in educational development. This unit also outlines two important theories about the contribution of education to development. Thus, education and development complement and supplement each other. Without education, there cannot be faster development. However, globalization has affected the education of a nation to a great extent and the emphasis is largely from literacy to higher education. Like globalization, education is also faced with a lot of problems and challenges which have been discussed in detail in this unit.

1.8 KEYWORDS

Adult Literacy Rate : the literacy rate among people ages 15 and older.

Gross Enrolment Ratio (GER) : the ratio in a given year of the total enrolment at a given educational level (Primary, secondary and tertiary) and the total estimated population in the corresponding age bracket.

$$\textbf{GER (Primary)} = \frac{\text{Enrolment in Primary School}}{\text{Children in the age group (6-11)}} \times 100$$

$$\textbf{GER (Secondary)} = \frac{\text{Enrolment in Secondary School}}{\text{Children in the age group (12-17)}} \times 100$$

$$\textbf{GER (Tertiary)} = \frac{\text{Enrolment in Post Secondary School Education}}{\text{Children in the age group (20-24)}} \times 100$$

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1.10 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) Briefly describe the importance of education to development

   Education, whether formal, informal and/or non formal, through change in knowledge, behaviour, and practices brings development. Education is an investment, which brings development in the long run. According to Amartya Sen the solution to all problems related to the economy, development, or population lies in education. Education, in general, and vocational educational in particular, enhances productivity both in the industrial sector and the agricultural sector as well.

2) Can Education promote modernization and social equity?

   The Education Commission of India (1964-66) has highlighted (Chapter-IV) in *Towards Equalization of Educational Opportunities* : "One of the important social objectives of education is to equalize educational opportunities, enabling the backward or under-privileged classes and individuals to use education as a lever for improvement of their condition" Besides, education helps in the modernization of society. Educated persons

could easily adopt modern values of society as compared to illiterate persons who are largely guided by the traditional believes and values.

Check Your Progress 2

1) What are the key features of Human Capital Theory?

   The key features of Human Capital Theory are:

   - It is not only the physical capital stock that is labour which is important, but also human capital stock, such as labour, which is critical to the growth and development of a nation.
   - When people become more educated, they become more productive. There is a close relationship between the number of years of schooling and the income level of a person. In other words, increasing the level of schooling would lead to higher earning.
   - The human capital theory believes that people are willing to invest in education, which is an investment for the future. Not only the individual, but also the whole society would gain out of investment in education.

2) What are the differences between the Human Capital Theory and Screening Theory?

   The differences between the human capital theory and screening theory are narrated as follows. The advocates of human capital theory were of the opinion that it is not only the physical capital stock, that is labour is important, but also human capital stock such as education of labour is critical to growth and development of a nation. They argued that when people become more and more educated, they become more productive.

   Screening theory believes that education is necessary but not a sufficient condition to contribute to individual productivity. It argues that specific skills required in a profession are acquired on the job, rather than at school. Screening theory states that it is very hard to predict future performance of an individual on the basis of her or his education.

Check Your Progress 3

1) How is non formal education is vital to development?

   Non formal education plays an important role in development. For example, the extension education which is largely a non formal education given to the farmers and the education given to the family regarding their health by the health extension workers, contributes to development in the respective fields. VKRV Rao said that without adult education and adult literacy, it is not possible to have that range of economic and social development which is required, nor it is possible to have that content or quality or tone to our economic and social development that makes it worthwhile in terms of values and welfare. A programme of adult education and adult literacy should, therefore, take a front place in any programme for economic and social development.

2) Explain three important determinants of educational development.

The three important determinant of educational development are literacy rate, educational environment (in terms of enrolment and dropouts), and educational expenditures.

Check Your Progress 4

1) How has globalization affected educational development?

Globalization has affected education in the following ways.

- With globalization, there is an expansion of science education across the globe. Policy makers, worldwide, regard economic growth as dependent on the scientific and technological capabilities of their labour force and science education fulfils that requirement.
- There is a pressure to reduce the growth of public spending on education and rise in other sources of funding.
- There is a growing emphasis on tertiary education.

2) What do you mean by inclusive education?

In common parlance, inclusive education means the right of all learners irrespective of caste, colour, creed, gender and disabilities to receive quality education which meets basic learning needs and enriches lives. It focuses particularly on the entitlement to education by the vulnerable and marginalized, who largely are excluded from the mainstream education. The ultimate goal of inclusive education is to end all forms of discrimination and foster social equity.

UNIT 2 HEALTH

Structure

2.1 Introduction

2.2 Health: Concept and Relationship with Development

2.3 Components of Health Care

2.4 Indicators of Health

2.5 Health Care System: Issues and Challenges

2.6 Let Us Sum Up

2.7 Keywords

2.8 References and Selected Readings

2.9 Check Your Progress - Possible Answers

2.1 INTRODUCTION

Health is considered an important aspect of development. It is one of the primary social needs which every nation has to ensure to its citizen in order to meet its development goal. Healthy individual can make a healthy nation. They are more productive than unhealthy individuals. Therefore, investment in health can be regarded as an investment in human capital, which ultimately promotes development.

After reading this unit, you will be able to

- establish the relationship between health and development
- define health and describe various components of health
- analyze various indicators of health
- explain measurement and the consequences of malnutrition
- list various problems of the health care system.

2.2 HEALTH: CONCEPT AND RELATIONSHIP WITH DEVELOPMENT

You might have heard the proverb, 'health is wealth'. Of course, health is a frequently used term. For the common man, its meaning is to have a well-toned, well –built body. It is usually said that the people of Punjab are healthier than people from other states, but this does not reflect the true health status of the state and there are other heath indicators such as maternal mortality, infant mortality, etc. in which the state might be lagging behind compared to other state.. Let us now discuss a few definition of health.

The word "health" is derived from an old English word "heal" which means "whole", which signifies the whole person and his well-being. A few definitions of health are given below:

According to the World Health Organization, health is "a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity".

Dubos says, "Health is the expression of the extent to which the individual and the social body maintain in readiness the resources required to meet the exigencies of the future".

Parsons said that "health is a state of optimum capacity of an individual for the effective performance of that roles and tasks for which he has been socialized".

2.2.1 Importance of Health

The World Health Assembly in its historic Alma Ata Ata Declaration (1978) advocated that the main social target for countries should be to have all citizens of the world attain a level of health that will permit them to lead a socially and economically productive life. The guiding principles of UN ICPD conference (1994) also state that "everyone has the right to enjoyment of the highest attainable standard of physical and mental health. States should take appropriate measures to ensure on a basis of equality of men and woman universal access to health care services". The enjoyment of good health needs to be one of the fundamental aims of every nation.

2.2.2 Relationship between Health and Development

Many social scientists have noted that there is both direct and indirect relationship between health and development. According to Szirmai, improving the state of health contributes to the realization of other developmental objectives such as economic development, labour productivity growth, responsiveness to innovation, and future oriented-ness. Gills and others said that the relationship between health and development is a reciprocal one. Economic development tends to improve health status, while better health contributes to economic development. Health has a direct association with labour productivity. Illness and malnutrition lead to loss of strength and energy and productivity capacity which, ultimately, has a negative effect on labour income. Basta et. al., found that in Indonesia men with anaemia were 20 per cent less productive than men without anaemia. Gallup and Sachs found a significant negative relationship between the incidence of malaria and economic growth. According to Chambers, illness leads to reduced production in subsistence agriculture.

From all these arguments it could be deduced that health is closely associated with labour productivity, income, and economic growth. Poor health leads to loss of stamina, which further results in less hour of work and less productivity and less income. Less income leads to poor consumption, which further affect health, and this vicious circle continues. In a historical research, Fogel claimed that about one third of economic growth in England in the past 200 years is due to improvements in nutrition and health. It is remarked that investments in healthcare make substantial positive contributions to economic growth and development. The circle of relationship between health and development is given in Figure 2.1

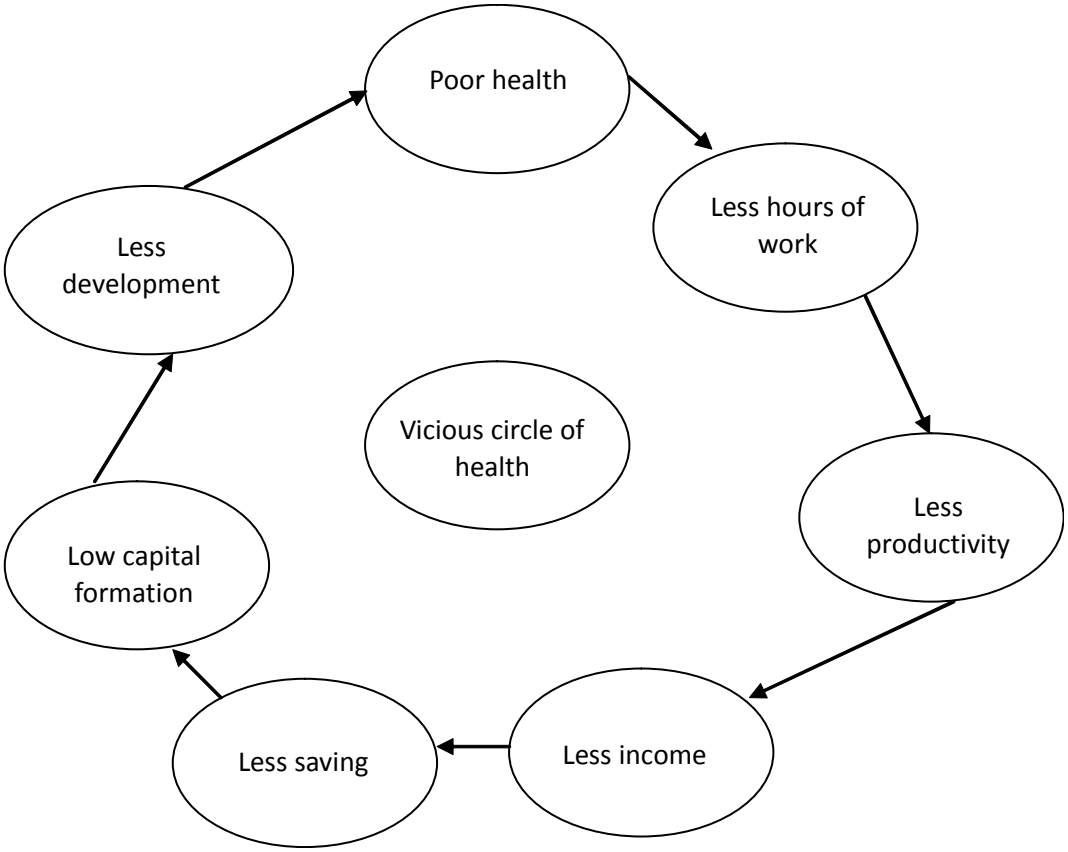

Fig. 2.1: Circle of Health and Development Relationship

Health is regarded as one of the important components of development. The Millennium Declaration by the United Nations in September 2000 has accepted health in general and health care of women and children in particular as important component of development.

The eight Millennium Development goals are:

i) Gender equality and women empowerment

ii) Reduction in child mortality

iii) Improvement in maternal health

iv) Combating HIV/AIDS, malaria and other diseases

v) Ensuring environmental sustainability

vi) Developing a global partnership for development

vii) Eradication of extreme poverty and hunger

viii) Universal primary education

Among the eight Millennium development goals, three goals are related to health. These are: reduction in child mortality, improvement in maternal health, and combating HIV/AIDS, malaria and other diseases.

In this section, we discussed health and its relationship with development. Now, answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What do you mean by health?

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2) How the health and development are related?

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2.3 COMPONENTS OF HEALTH CARE

In the earlier section, you studied the meaning of health and its relationship with development. In this section, you will find discussion on various components of health care. Health care consists of various aspects such as

i) Primary health care

ii) Health care programmes and policies

iii) Occupational health care

iv) Mental health care

The important components of health care are discussed below.

2.3.1 Primary Health Care

In the Alma Ata Ata Declaration, Primary Health Care was accepted as the key approach to ensure health care for achieving the goal of 'Health for All' by 2000. The World Health Organization advocated that primary health care should at a minimum include

- education concerning prevailing health problems
- promotion of food and proper nutrition
- basic sanitation and adequate supply of safe water
- maternal and child health care including family planning
- immunization against major infectious diseases
- prevention and control of locally endemic diseases

- appropriate treatment of common diseases and injuries
- provision of essential drugs.

From these points, it could be identified that some of the key components of primary health care are :

i) maternal and child health care

ii) safe drinking water and sanitation

iii) control of diseases

iv) health education and communication

The Key features of Primary Health Care

i) essential

ii) scientifically sound and socially acceptable

iii) accessible to individual and community through their full participation

iv) it is affordable and cost effective

v) it encompasses preventive, curative, promotive and rehabilitation services

vi) it is delivered through the existing health structure easily

vii) it takes care of all common health problems of the community

i) Maternal and child health care

In India, Primary Health Care services are delivered through health sub centres, Primary Health Centre (PHCs), and Community Health Centre (CHCs), district hospitals, and dispensaries situated at the village, Block and District level.

Maternal and child health care means taking care of the health of the mother and children**.** Maternal and child health care is an essential component of primary health care. WHO (World Health Organisation) has envisaged that maternal health care should ensure that every expectant and nursing mother should maintain good health, learn the art of child care, has a normal delivery, and bears healthy children. As far as child health care is concerned, the WHO has said that every child, wherever he, or she, lives and grows up in a family unit, with love and security, in healthy surroundings, receives adequate nourishment, healthy supervision and efficient medical attention and is taught elements of healthy living.

Key Components of Maternal and Child Health Care

- care for antenatal woman, i.e., care during pregnancy
- provision of institutional delivery, i.e., delivery should be conducted in health care institutions
- post natal care - care of lactating mother after delivery
- nutritional care of ante natal and post natal mother
- care of the new born
- immunization of children
- nutritional care of children
- health education to women and children
- prevention of maternal mortality, infant and child mortality.

The Maternal and Child Health Care has been renamed as Reproductive and Child Health Care. The important aspects included in the Reproductive Child Health Care programme of which maternal and child health care is a component are

- checking of abortion related maternal mortality
- checking HIV/AIDS among the women and new born child, virus transmitted from infected mother to new born child
- checking sexually transmitted diseases (STDs).

The International Conference on Population and Development held in Cairo, 1994, recommended the implementation of the Reproductive and Child Health (RCH) Programme. The important points highlighted at the conference are given below.

a) The empowerment of women and improvement of their status are important ends in themselves. Reproductive health including family planning should, therefore, be promoted within this context in which woman would be provided with greater choices through expanded access to education, health services, skill development and employment.

b) Family planning programmes should not be viewed as instruments for achieving demographic goals but as part and parcel of providing reproductive health care to woman and couples.

c) At no stage in the programme of reproductive health and family planning are women's rights to be violated by incentives or coercion directly or indirectly. There should not be compulsion of any sort regarding the family size and choice of a contraceptive method. Both men and women should be adequately informed and the widest possible choices should be available in the selection of safe contraceptive methods.

ii) Safe Drinking Water and Sanitation

Access to portable drinking water and sanitation is closely related to the health status. Diseases associated with contaminated water supply and/or poor sanitation can be classified as follows.

- Water washed diseases **-** insufficient water use and poor personnel hygiene lead to diseases, these can be scabies, skin infections, typhoid and it also includes certain intestinal infections related to poor excreta disposal that is dysentery, these can be controlled by increasing water quality and improved personal hygiene and sanitation.
- Water related vector-borne diseases - spread by insects that breed in water or bite near it and unrelated to excreta disposal such as yellow fever, filariasis, malaria, and dengue. Can be controlled by providing reliable water supply and sociological management such as clearing of bush, draining out stagnant water.
- Excreta disposal diseases - spread by improper disposal of excreta and open defecation. Associate diseases are hookworm, tapeworm and roundworm.

Another type of environmental sanitation problem which the developing countries are facing, particularly in their rural and urban slum areas, is housing with

insufficient space, ventilation, and access to sunlight. This promotes the spread of airborne diseases such as tuberculosis and asthma. In developed countries, improvement in sanitation has reduced the occurrences of diseases. However, in developing countries it has not been given due importance for a long period. Therefore, the proponents of healthcare programmes have urged that development should not only emphasize on reducing mortality and morbidity; special attention has to be given towards nutrition, healthcare and environmental sanitation.

Table 2.1: Status of Portable Water and Sanitation in selected Countries, 2004

Countries	% of population using improved sanitation	% of population using an improved water source
US	100	100
UK	NA	100
Japan	100	100
China	44	77
India	33	86
Pakistan	59	91
Nepal	35	90
Nigeria	44	48
Uganda	43	60
Zambia	55	58

Source: *World Development Indicators, World Bank, 2007.*

Water and sanitation related diseases are governed by the host-agent-environment triad, shown in Figure 2.2

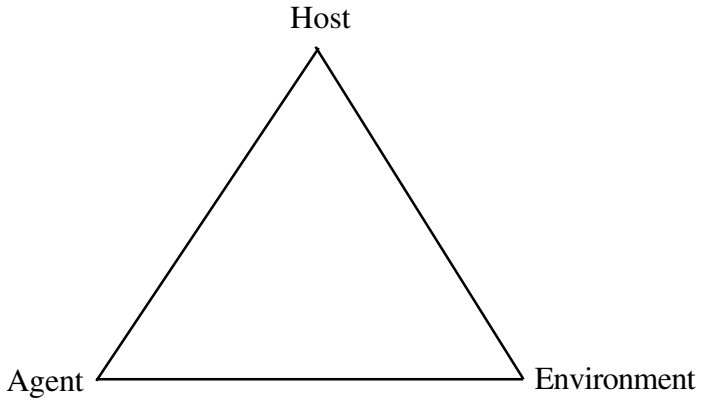

Fig. 2.2 : The Host –Agent-Environment triad

For example, tuberculosis requires an agent - the micro-organism mycobacterium tuberculosis; a susceptible host (the patient who may be a malnourished alcoholic) and an environment (perhaps, sharing an overcrowded shelter for the homeless with others who may have been infected).

iii) Heath Education and Communication

Health education is important for creating awareness and generating demand for health care services by the people for a healthy living. The health education is a process that informs, educates, motivates and helps people to know, adopt and maintain healthy practices for better quality of living. The Alma Ata Declaration (1978) has given a dynamic definition of health education in following words "a process aimed at encouraging people to want to be healthy, to know how to stay healthy, to do what they can individually and collectively do to maintain health and to seek help when needed." Some important aspects that need to be covered in health education are maternal health care, child health care, family planning, nutrition, environmental sanitation, disease prevention and control, mental health, use of health services and health care delivery system, and community participation. However, the content of health education can vary from area to area and from one target group to another. Health education has been integrated into the school curriculum in many countries. Health awareness among the children and adults would promote healthy future parenthood.

Health education can be imparted to the people through various approaches and methods such as, individual, group, and mass approaches. The individual approach includes personal contact, home visits, personal telephone calls, and e-mails. The group approach includes lecture-demonstration, focus group discussion, panel group discussions, role play, folk dances, and dramas. The mass education approach includes television, radio, news paper, posters, and wall painting. To be effective, health education strategy needs to apply certain principles. It should be interesting, create participation among the people, it should be from the known to unknown, it should be motivating, and it should create enthusiasm among the people.

2.3.2 Health Programmes and Control of Diseases

The government and international agencies in different countries are spending a lot of money on health programmes for the control of diseases. For example, important health programmes launched in India for the control of specific diseases are

i) National Malaria Eradication Programme

ii) National Leprosy Eradication Programme

iii) National Tuberculosis Programme

iv) National AIDS control Programme

v) National Programme for Control of Blindness

vi) Universal Immunization Programme

vii) Reproductive Child Health Programme.

The National Malaria Eradication Programme was launched in 1958. It was based on indoor residual spraying of DDT (Diclorodiphenyl trichloroethare). It helped to control malaria, although, it could not eradicate it from the country. The National Filarial Control Programme has been underway since 1955. Under this programme, in rural areas, anti-filarial medicines and morbidity management services were provided through primary health care system. The National Leprosy Control Programme has been underway since 1953.The strategy is based on early detection of cases, short term multi drug therapy, health education, ulcer and

deformity care, and rehabilitation activities. The National Tuberculosis Programme has been in operation since 1962 and it aims at reducing the tuberculosis in the community. The programme includes vaccination of children against tuberculosis and care of tuberculosis case through DOTs (Direct Observed Therapy). The National Programmes for Control of Blindness was launched in 1976 for providing eye care facilities and control of corneal blindness, refractive errors among school going children and control and management of cataract cases. The National AIDS Control Programme was launched in 1985. The programme aims at prevention, care and surveillances, and, because of the seriousness of the disease, the Government of India has formulated a National AIDS Prevention and Control policy in 2002.

The Universal Immunization Programme (UIP) was launched in 1985 by removing the previous Expanded Programmes on Immunization (EPI). Its aim was to ensure immunization facilities to pregnant and lactating mothers and children below five year against vaccine preventable diseases. It is ensured through the existing health care system. The Reproductive Child Health Programme was launched in 1977. The programme incorporated the components of Child Survival and Safe Motherhood and includes two additional programmes such as STD (Sexually Transmitted Disease) and RTI (Reproductive Tract Infections). The National Rural Health Mission (NRHM) is a recent programme, launched in 2005, which aims at delivery of maternal and child health care services and ensures other capacity building and infrastructure development in the health care system through active community participation. These are a few important health programmes, ongoing in India, for improving the health status and quality of living of people.

Considerable advancement has been made in health and medical sciences. But at the same time, developing countries have not been successful in controlling diseases and disease related deaths. Communicable diseases like tuberculosis are responsible for 30 per cent of deaths. More than 20 million people died of AIDS and many more are suffering. Adding to this, non communicable diseases and injuries have surpassed the burden imposed by communicable diseases which accounted for 33.5 million and 5.2 million deaths respectively out of global mortality of 57 million.

Table 2.2 : Incidence of Tuberculosis per 1, 00,000 people in Selected Countries, 2005

Countries	Incidence of Tuberculosis
Bangladesh	227
Botswana	654
China	100
Ethiopia	334
Germany	7
Japan	28
India	168
Sri Lanka	60
UK	14
US	5

Source: *World Development Indicators, World Bank, 2007.*

Non communicable diseases are emerging as the major cause of mortality and morbidity. The global burden of cardiovascular diseases, diabetes, cancer, and stress and associated medical disorders are on rise. The risk associated with medical disorders is on rise. The risks associated with the non-communicable diseases have raised blood pressure, high cholesterol, obesity or overweight and physical inactiveness.

2.3.3 Occupational Health

Occupational health aims at the prevention of diseases and maintenance of the highest degree of physical, mental and social wellbeing of workers in all occupations. Workers in all types of occupations be it in agriculture, or industry, or in the construction sector, and other unorganized sectors are liable to physical, chemical, biological, mechanical, and psychosocial hazards. The workers in the tobacco factories are more likely to be affected by asthma and tuberculosis. The health of the workers needs to be protected, not only to raise their work capacity, but also their well being. Some occupational diseases are cancer, tuberculosis, leukemia. Medical maternity, disability, and sickness benefits should be given to the workers employed in various occupations by the government and by private employers. The government of India in its directive principles of state policy has mentioned that "the state shall, in particular directs its policy towards securing that the health and strength of the workers, man, woman and the tender age of the children are not abused and citizen are not forced by economic necessity to enter vocations unsuited to their strength".

2.3.4 Mental Health

According to WHO statistics, about 500 million people in the world are believed to suffer from neurotic, stress related, and somatoform (psychological problems which present themselves as physical complaints) ailments. The causes of mental illness may be due to organic conditions, heredity, and social causes. The mental health services include early diagnosis and treatment, rehabilitation, group and individual psychotherapy. Mental health affects the family health. Globalization and modernization and growing aspirations have heightened the mental health problems. The tension in the workplace and in the family, day by day enhancing the number of people suffering from mental problems. If the situation is not tackled, it will be a major health problem in the years to come.

In this section, we discussed the components of health care: primary health care, maternal and child health care, health programmes and control of diseases, occupational health, mental health, health education and communication, indigenous system of medicines. Now, answer the questions in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is the focus of the National Tuberculosis Programme?

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2) What is the aim of National Rural Health Mission?

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3) Write a short note on mental health.

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4) Write a short note on occupational health.

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2.4 INDICATORS OF HEALTH

In the previous section, you read about various components of health care. In this section, you will study about the various indicators of health.

The various types of indicators which are used to assess the health development of a nation follow.

2.4.1 Health Services Indicators

Health services indicators such as the number of health care delivery centres and the number of medical and paramedical staff posted per centre, influences the delivery of health care services. Per patient availability of doctors, nurses, and other paramedical staff and hospital beds are also determinants of the effectiveness of health care delivery system. The expenditure on health care influences the health care services provision. Countries which spend more money have better provision of health care services than their counter parts. The per capita health care expenditure of the developed nations is much higher as compared to the developing nations. You will find the expenditure on health care by a few countries, both developed and developing in Table-4. By this figure you can see how the developed countries are more serious about the health care of their citizenry.

Table 2.3: Health Care Facilities in selected Developed and Developing Countries

Country	Birth attended by skilled health personnel (1997-2005)	Physician (per 100000 people) (2000-04)
US	99	256
UK	100	449
Japan	100	198
China	97	106
India	43	60
Nepal	11	21
Pakistan	31	74
Sri Lanka	96	55
Nigeria	35	28
Zambia	43	12

Source: *Human Development Report, 2007/08, UNDP, 2007*

Table 2.4: Health Expenditures in Selected Developed and Developing Countries

Country	% of GDP	Per capita ($)
US	15.2	5711
UK	8.0	2428
Japan	7.9	2662
China	5.6	61
India	4.8	27
Nepal	5.3	12
Pakistan	2.4	13
Sri Lanka	3.5	31
Nigeria	5.0	22
Zambia	5.3	164

Source: *World Development Indicators, World Bank, 2006*

2.4.2 Mortality Indicators

Maternal Mortality Rates and Infant Mortality Rates are largely used as indicators of health development by different nations, and by agencies involved in assessing and promoting health care. The infant mortality rate of India is more than ten times higher than that of U K. The infant mortality rates in developing countries are astoundingly high as compared to the developed countries. The definition and calculation of maternal mortality and infant mortality is given in the keyword at the end of the unit.

Table 2.5 : Mortality rate for under 5 age group per 1000 in selected countries in 2006

Country	Under-Five Mortality Rate
Bangladesh	69
Mozambique	138
Pakistan	97
South Africa	69
Sri Lanka	13
India	76
U K	6
USA	8

Source: *World Development Report, World Bank, 2009*

2.4.3 Morbidity Indicators

The number of people suffering from various diseases are also used as indicators of health. The WHO has devised a new parameter to assess the global burden of diseases called Disability Adjusted Life Year (DALY). DALY is a time based measure that combines the year of life lost (YLL) due to premature mortality and years of life with disability (YLD) or years of life lost due to time lived in states of less than full health. The definition and calculation of maternal mortality and infant mortality are given in the keywords at the end of the unit. Morbidity varies from country to country, and particularly from developed to underdeveloped countries. According to WHO (1987) in poor developing countries infectious intestinal and respiratory diseases are the most important cause of death, while in rich countries neoplasms (cancer), cardiovascular diseases and degenerative diseases rank high among the causes of death. The AIDS-related mortality is quite high in poor African countries, as compared to others developed countries. One of the statistics shows that AIDS is seen as accounting for no less than 22.6 per cent of total mortality and including AIDS, infectious disease accounts for 63.8 per cent of mortality in Africa. The money which could have been spend for other development purposes is used in controlling STD, HIV and AIDS in these countries. According to WHO (2001) in recent years, morbidity which is receiving more attention is mental disorders. World wide, 45 million are affected by schizophrenia, 29 million people suffer from dementia and 40 million people suffer from different types of epilepsy (WHO, 1997). Thus, morbidity eats away the countries resources which could have been utilized for developmental purposes, such as essential infrastructure, provision of basic amenities, education, and primary health care.

Table 2.6: HIV Prevalence % of Population ages 15-49 in Selected Countries, 2005

Country	% of Population
Bangladesh	<0.1
Mozambique	16.1
Pakistan	0.1
South Africa	18.1
Sri Lanka	<0.1
India	0.9
U K	0.2
USA	0.6

Source: *World Development Report, World Bank, 2009*

A recent World Development Report has mentioned that 18.1 per cent of the population is affected with HIV in South Africa, as against 0.9 in India and only 0.2 percent in U K.

2.4.4 Demographic Indicators

Demographic indicators such as birth rate, death rate, and life expectancy rate are also used for assessing the health status of a nation. Both the birth rates and death rates are high for developing countries as compared with developed countries. The quantity and quality of health care services influences birth and death rates. The propensity to enjoy higher standards of living and good health and to remain in workforce participation are among many factors responsible for lower fertility. Frequent pregnancies restrict the workforce participation of woman. Besides the birth rate, death rate, and fertility rate, life expectancy in developing countries is lower compared to developed countries (Table-7). The life expectancy for males and females in Japan is 85.7 and 78.7, respectively, while in India, the rates are 65.3 and 62.3 for males and females. Immunization is nearly universal in developed countries.

Table 2.7: Life Expectancy at Birth of Selected Countries 2005

Country	Male	Female
US	80.4	75.2
UK	81.2	76.7
Japan	85.7	78.7
China	74.3	71.0
India	65.3	62.3
Nepal	62.9	62.1
Pakistan	64.8	64.3
Sri Lanka	75.6	67.9
Nigeria	47.1	46.0
Zambia	40.6	40.3

Source: *Human Development Report 2007-08, UNDP 2007.*

2.4.5 Immunization Indicators

The demographic and health surveys conducted by various international agencies, nowadays, use immunization as one of the indicators of the health status of a nation. Various immunization packages used by countries are BCG, polio, measles, and hepatitis. There is a direct relationship between immunization and child survival rate. Samuel studied the relation between average per capita income and life expectancy and found that there is a positive relation between per capita income and life expectancy. By analyzing world development indicators 2005 data, it was found that of countries with life expectancy below 45 years, 86 per cent of the population lives below the poverty line at two dollar a day; and, in countries with a life expectancy greater than 70 years, only 18 per cent live below the poverty line.

Table 2.8: Comparative indicators of Child Health in Developed and Developing Countries, 2002

Indicators	Developing Countries	Developed Countries
Infant Mortality rate	62	5
Under-5 Mortality rate per 1000 live births	90	7
Percentage of infant with low birth weight (1995-2000)	17	7
Wasting (12-23 months) moderate and server (1995-2000)	10	-
Percentage of one year old fully immunized for TB	81	-
Percentage of one year old fully immunized for DPT	73	95
Percentage of one year old fully immunized for Polio	73	91
Percentage of one year old fully immunized for Measles	73	90

Source: *Status of the World Children, UNICEF, 2004.*

The percentage of immunization influences the maternal and infant mortality rate. Immunization also enhances the access to health care services particularly of children and woman

2.4.6 Nutrition Indicators

Malnutrition is one of the important causes of mortality and morbidity in developing countries. Almost all developing countries are facing this problem and it is more pervasive in rural areas, among the impoverished sections of society, and, particularly, among woman and children. There is considerable evidence that workers who receive higher caloric intake outperform their counterparts who do not consume the required calories. Malnutrition is considered as a primary

cause of deaths among children under five in low income countries. The most common form of malnutrition is known as protein calorie malnutrition (PCM). The deficiency of these specific nutrients resulted in diseases like rickets, scurvy and beriberi. Among the others, deficiency in Vitamin A causes blindness and iron deficiency anaemia. The percentage of population suffering from malnutrition is quite high in South Asia and sub Saharan Africa as compared to other developed countries. Rentlinger and Selowsky remarked that in Asia, the Middle East and Africa, there were shortfalls ranging from 135 to 230 calories per day. To bring the averages for these regions up to the standards would require an additional 269 thousand million calories daily or, approximately 25 million metric tons of food grains annually.

Malnutrition has serious consequences on the health of a population in general, and on woman and children in particular. Some of the consequences of malnutrition are

i) Malnutrition among the toiling masses reduces their labour capacity and consequently affects productivity

ii) Malnutrition in women results in spontaneous abortion, poor conception, and even infertility

iii) Malnourished women may give birth to low birth weight babies, infants that weight less than 2.5 kg, and premature delivery

iv) Malnourishment among women sometimes results in still birth and spontaneous abortion

v) Malnourishment among children is one of the causes of infant and child mortality

vi) Malnourishment leads to loss of memory among school going children

vii) Malnourished children are lethargic compared to normal children, and are less likely to take part in sports and scout activities

Table 2.9: WHO cut off Criteria for Anaemia

Year	Haemoglobin
Children 6 months- 6 years	119/dl
Children 6 -14years	129/dl
Adult male	139/dl
Adult female (Non pregnant)	129/dl
Adult female (Pregnant)	119/dl

Source: *Gupta, P and Ghai OP, Text Book of Preventive and Social Medicare, Second Edition, CBS Publisher & Distributors, New Delhi, 2007, P.147.*

Table 2.10 : Malnutrition status in selected countries

Countries	% of population under nourished (2002-04)	% of children < 5 under weight for age (1996-2005)	% of children < 5 under height for age (1996-2005)	% of infant with low birth weight (1998-2005)
US	< 2.5	-	-	8
UK	< 2.5	-	-	8
Japan	< 2.5	-	-	8
China	12	8	19	4
India	20	47	51	30
Nepal	17	48	57	21
Pakistan	24	38	42	19
Bangladesh	30	48	51	36
Sri Lanka	22	29	18	22
Nigeria	9	29	43	14
Zambia	46	20	53	12

Source: *Status of the World Children, UNICEF, 2004.*

The status of malnutrition of a few countries is given in Table-9 which reveals that the percentage of malnourished people living in developing countries like India, Nepal and Pakistan is eight times higher than in the developed countries like USA, UK, and Japan.

In this section, we discussed the indicators of health, like mortality, morbidity, demographic, immunization, and malnutrition. Now, answer the questions in *Check Your Progress 3.*

Check your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Why is immunization an indicator of health?

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2) Write a short note on demographic indicators of health.

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2.5 HEALTH CARE SYSTEM: ISSUES AND CHALLENGES

The performance of a health care system varies from country to country, and even within the country, from region to region. This performance influences the health indicators. Some of the problems which affect their performances are described below.

2.5.1 Insufficient Allocation of Resources

The percentage of money spend on health to GDP in developing countries is low compared to developed countries. Besides, there is also a gross imbalance in spending in different activities, such as expenditure on service delivery, salary of the staff, construction of health institutions, etc. A major share of health care expenditure goes to the salary component, followed by infrastructure building, and a meager amount of money is spend on the provision of services and capacity-building of health care delivery personnel. Thus, low provision and erratic distribution of health care expenditure is a major problem of a health care system in many developing countries.

2.5.2 Inequity

Inequity is another important feature of health care system in many countries which are facing problems of inefficiency and ineffectiveness of their health care system. Reaching out to the unreached must be the motto of public health care services. However, the people living in the rural areas and belonging to economically weaker sections of society are largely devoid of quality health care facilities. Government spending disproportionately goes into upgrading health care facilities in the urban, sophisticated tertiary care hospitals. The health care delivery units situated in inaccessible, sub mountainous, and rural areas have poor health infrastructure and manpower facilities. Even if posted, many health personnel particularly medical and paramedical staffs are not adequately motivated to work in inaccessible areas. This inequity promotes a health dualism, where modern health care facilities are enjoyed by economically stronger sections, while the poor receive most of their health care services from unqualified private practitioners.

2.5.3 Inefficiency

Inefficiency in spending money and inefficient health care delivery by personnel are largely observed in a country which has poor health status. Ineffective allocation of resources leads to inefficiency in delivery of services by the health centre. Sometimes improper selection of health manpower affects the efficiency of the system.

2.5.4 Inadequate Community Participation

The state led health care services are a one-sided government driven programme, where community is treated as beneficiaries. There is lack of feeling of ownership and participation among the community. Community participation is a process by which individuals and families assume responsibility for health and family welfare for themselves and for the community in which they live. In this way, they become the participants as well as beneficiaries of health care system. The

Community Based Organization's (CBO) role is key to successful implementation of health care services at the grassroot level. They will not only motivate people to use and contribute to health care services, they will also help the health care service providers for effective delivery of services. They would act as go-between the people and the health services providers. Therefore, Simone has remarked " community participation is not just about getting together with a common goal and the desire to make it happen…they are sharing time, space and common path, but no community participation takes place unless they connect with each other in the experience they share. The sense of belonging and feeling related to a larger whole does not happen when each person remains within a separate self-reality even though the physical circumstance is shared. To be able to participate and communicate to each other people need to connect". A relationship of community participation with the local organization is given in Figure 2.3.

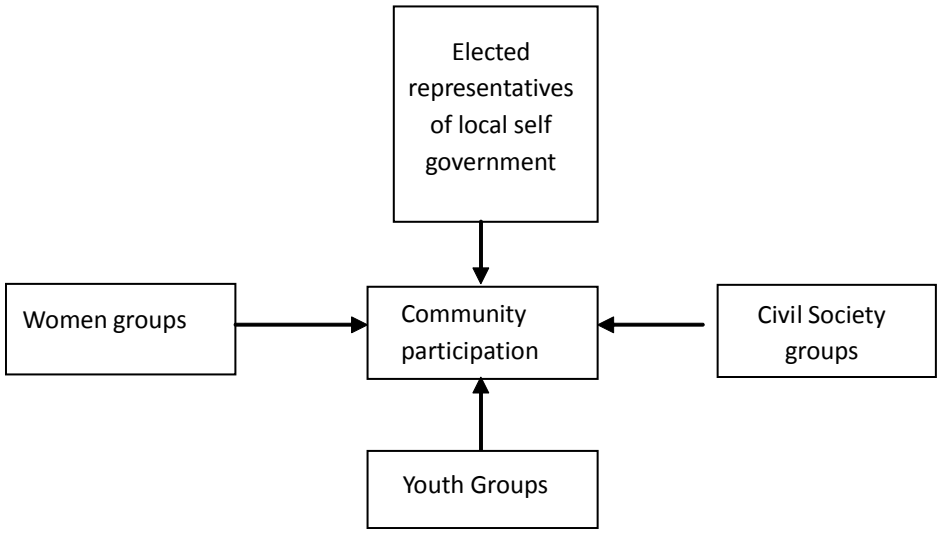

Fig.2.3 : Community Participation

2.5.5 Poor Information Education and Communication (IEC) System

IEC systems are inadequate in rural areas and, particularly in unreached areas in the developing countries. IEC systems are important for countries having low literacy rate. The aim of an IEC system is to inform and educate the people regarding various health and family welfare issues through different communication techniques, and to motivate them to adopt various practices for their health and well being and of their families. Commonly used IEC methods are lecture discussion, radio talk and advertisement, film show, posters, charts, wall paintings, television show etc and face-to-face communications, such as focus group discussions (FGDs), individual counselling , etc. IEC methods are the most effective and appropriate means to promote health care delivery. However, it is very weak in many places and, as a result, the use of health care services has been affected. You will come to know some of the IEC methods used in LIP (local Initiative programmes are one of the innovative project launched for the health care of women and children in the villages of Punjab, Himachal Pradesh and Uttaranchal and urban slums of Kolkata with financial help from the Bill and Milenda Gates Foundation)is given in the box below.

Innovative IEC Practices

- Procuring, developing and distributing BCC (Behavioural Change communication) materials such as posters, charts, pamphlets, etc
- Capturing the attention of the people through wall paintings in every village
- Holding cluster meetings and focus group discussions with ante natal mothers and community members
- Promoting awareness by holding health *melas*
- Holding focus group discussions and organizing lecture in schools with the adolescents.

***Source**: Management Science for Health, Boston, USA; Technical Assistance Incorporated, Dhaka, Bangladesh; Centre for Research in Rural and Industrial Development (CRRID), Chandigarah, India, 2003 www.india-lip.org*

2.5.6 Lack of Inter-sectoral Coordination

Inter-sectoral coordination means the health sector has to coordinate with other related sectors such as public health, woman and child welfare, rural development, and local self government and education for the effective implementation of its various programmes. The coordination with public health department which largely deals with the provision and maintenance of sanitation and drinking water, is essential for controlling diseases associated with water and sanitation. Health and the public health department and its personnel have to be strategically linked for the effective delivery of services of both the departments for their mutual benefit and for the wellbeing of the people. Health development linkages with the woman and child health department and education department would improve the health status of women, children, and adolescents. An example of inter sectoral coordination is given in Figure2.4

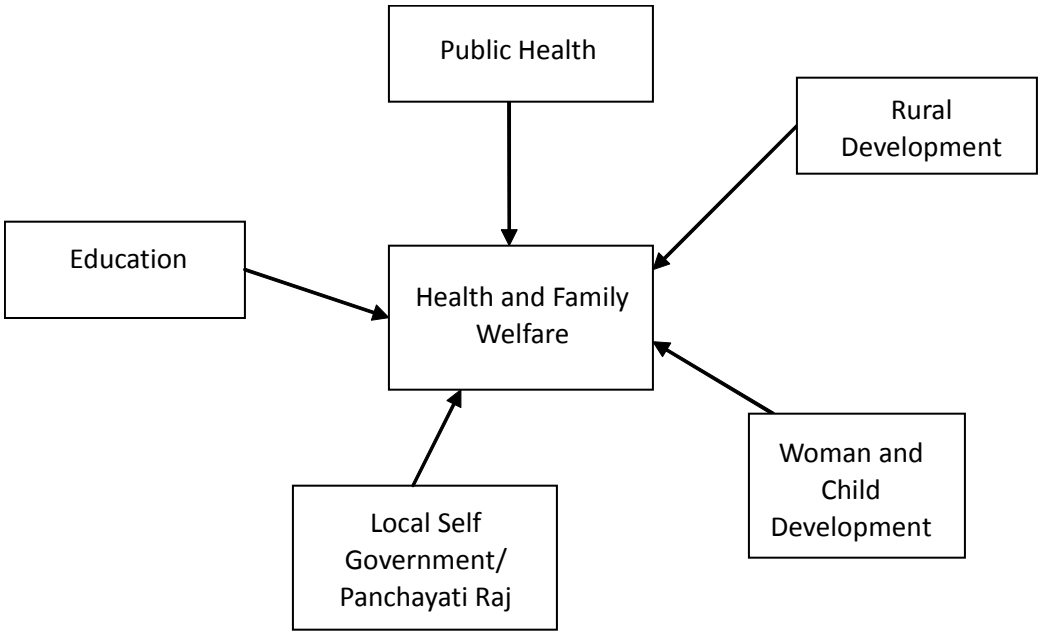

Fig. 2.4 Inter-sectoral Coordination Chart

The linkages of health with the health related departments are weak in many countries, which is adversely affecting the performance of health sector.

2.5.7 Poor Health Security and Health Insurance Facility

In developing countries, there is poor provision for health security, particularly for those who work in the unorganized sector. The impoverished families are even unable to pay paltry insurance premium. The cost of medical services and drugs are increasing day by day, therefore, the economically weaker families in rural and urban slum areas are dependant on low cost and poorly qualified private practioners. Even the critical pregnancy cases are being handled by traditional birth attendants, some of the practices even leading to maternal mortality. Health security is essential in the workplace and for the common man for the enhancement of the health status of the population.

2.5.8 Illiteracy

Education is an important determinant of health. Countries with high literacy rate perform better in health indicators as compared to the countries having low literacy rate. For example, the health indicator of Sri Lanka is better than those of Bangladesh, India and Pakistan. The literacy rate of Sri Lanka is quite high as compared to other South Asian Countries. In India, the health indicator of Kerala which has a literacy rate more than eighty per cent is much higher as compared to Madhya Pradesh, Bihar, Rajasthan and Uttar Pradesh. Lower literacy in general, and women's literacy in particular, affect health and the family welfare status. The relationship between health and literacy is well established in many research studies.

In this section, we discussed the issues and challenges of the health care system. Now, answer the questions in *Check Your Progress 4*.

Check your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Write in brief five problems of the health care system.

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2) What is IEC?

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2.6 LET US SUM UP

Health is one of the important indicators of development. This unit has discussed the relationship between health and development. The unit also comprises discussions on important components of health care and health care indicators. Malnutrition has an adverse impact on health as well as development. The health care system suffers because of some problems in health care delivery system. These are inequity, inefficiency, inadequate community participation, lack of inter sectoral coordination, etc. Health and development are deeply interrelated. Healthy people are necessary for the promotion of development.

2.7 KEYWORDS

$$\textbf{Birth Rate} = \frac{B}{P} \times 100$$

B = Number of birth occurred in a given period

P = Mid-year population during the given period

$$\textbf{Death Rate} = \frac{D}{P} \times 100$$

D = Number of death occurred in a given period

P = Mid-year population during the given period

Total Fertility Rate = is an estimation of the average number of children that would be born alive to a woman throughout her reproductive age span as per prevailing specific fertility rates. TFR = sum of ASFRs

$$\textbf{ASFR} = \frac{\text{Number of live births to mothers of a specified age group}}{\text{Mid-year female population of the same age-group}} \times 1000$$

$$\textbf{MMR} = \frac{\text{Number of deaths due to puerperal causes in women}}{\text{Number of live births}} \times 1000$$

IMR = Number deaths of infants under one year of age in a given year per 1000 live birth in that year

$$\textbf{IMR} = \frac{\text{Number of deaths under 1 year of age in a year}}{\text{Number of live births in that year}} \times 1000$$

Life Expectancy at Birth- The average number of years a new born could expect to live if he, or she, were to pass through life subject to the age specific death rates of a given period.

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2.9 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by health?

   The word "health" is derived from an old English word "heal" which means "whole", which signifies the whole person, and his wellbeing. It has been

defined differently by different organizations and individuals. According to the World Health Organization (WHO, 1947) it is "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity".

2) How are health and development related?

Many social scientists have noted that there is a positive relationship between health and development. Economic development tends to improve health status, while better health contributes to economic development. Health has a direct association with labour productivity. Illness and malnutrition lead to loss of strength and energy and productivity capacity; and, which ultimately have a negative effect on labour income. According to Szirmai (2005) improving the state of health contributes to the realization of other developmental objectives, such as economic development, labour productivity growth, responsiveness to innovation, and future oriented-ness.

Check Your Progress 2

1) What is the focus of the National Tuberculosis Programme?

The main focus of the National Tuberculosis Programme is to reduce tuberculosis in a community. The programme includes vaccination of children against tuberculosis and care of tuberculosis cases through DOTs (Direct Observed Therapy).

2) What is the aim of the National Rural Health Mission?

The National Rural Health Mission (NRHM), a recent programme launched in 2005, aims at the delivery of maternal and child health care services, and ensures other capacity building and infrastructure development in the health care system through active community participation.

3) Write a short note on mental health.

According WHO statistics, about 500 million people in the world are believed to suffer from neurotic, stress related, and somatoform (psychological problems which present themselves as physical complaints). The causes of mental illness may be due to organic conditions, heredity, and social causes. The mental health services include early diagnosis and treatment, rehabilitation, and group and individual psychotherapy. Mental health affects family health. Globalization and modernization and growing aspirations have enhanced the mental health problem.

4) Write a short note on occupational health.

Occupational health aims at the prevention of diseases and maintenance of the highest degree of physical, mental, and social wellbeing of workers in all occupation. Workers in all types of occupations, be they in agriculture, or industry, or in construction, and in the unorganized sectors are liable to physical, chemical, biological, mechanical and psychosocial hazards. The workers working in the tobacco factories are of greater chance to be affected by asthma and tuberculosis.

Check Your Progress 3

1) Why is immunization an indicator of health?

   Immunization is considered one the important indicators of health because in developing countreis it plays an important role in the survival of infants and children. The polio vaccination programme has checked occurrences of polio to a great extent in India. It also influences the maternal mortality of pregnant and lactating women.

2) Write a short note on demographic indicator of health.

   Demographic indicators, such as birth rate, death rate, and life expectancy rate are also used for assessing the health status of a nation. Both the birth rate and death rates are high for developing countries as compared to developing countries. The quantity and quality of health care services influences the birth and death rate. The propensity to enjoy higher standards of living, enjoy good health; and, the work force participation rate among woman are a few among many factors responsible for the lower fertility rate.

Check Your Progress 4

1) Write in brief five problems of the health care system.

   The five problems of the health care system are: (i) inefficient allocation of resources; (ii) inequity and inefficiency; (iii) inadequate community participation; (iv) poor information, education, and information system; and (v) lack of intersectoral coordination.

2) What is IEC?

   IEC systems are a means to inform and educate the people regarding various health and family welfare issues through different communication techniques, and to motivate them to adopt various practices for their health and wellbeing, as well as of their families. Different IEC methods usually used are lecture discussion, radio talk and advertisement, film show, audio-video like poster, charts, wall paintings and television, and other face-to-face communication, such as focus group discussions (FGDs), and individual counselling, etc. IEC is the most effective and appropriate means to promote health care delivery.

UNIT 3 GENDER

Structure

3.1 Introduction

3.2 The Relationship of Gender with Development

3.3 The Role of Gender in Development

3.4 Gender Empowerment and Development

3.5 The Gender Development Index

3.6 The Gender Empowerment Measure

3.7 Gender Adversaries

3.8 Measures for Engendering Development

3.9 Let Us Sum Up

3.10 References and Suggested Readings

3.11 Check Your Progress - Possible Answers

3.1 INTRODUCTION

Gender and development are considered important areas in the study of social sector issues in development. The historical development of societies has placed women at distinctively disadvantageous position. Historical studies reflect that women have played a marginal role in the development of societies. However, modern development theories attribute significant participation by all sections of society, including women as a gender category, in the development process. Women constitute almost half of human population, and their role in the development process has critical significance in the success or failure of nations.

After reading this unit, you will be able to

- establish relationship between gender and development
- define gender and describe various components of gender and development
- analyze various indicators of gender and development (GDI, GEM)

3.2 THE RELATIONSHIP OF GENDER WITH DEVELOPMENT

3.2.1 Meaning of Gender

Gender is the social dimension of being male or female. Gender identity is the sense of being male or female, which most children acquire by the age of three. Gender is not being masculine or feminine. According to the Children's Health Encyclopaedia, "Gender identity is a person's sense of identification with either the male or female sex, as manifested in appearance, behaviour, and other aspects of a person's life". The World Economic Forum explains that gender is not synonymous with women as it is commonly understood. It refers to both men and women, and to their status, relative to each other.

3.2.2 Relationship between Gender and Development

Gender as a concept or category has emerged to understand the complexities of women's subordination in society. The word gender does not necessarily refer to women as a group or class of society. Rather it is used as an analytical social category to study the problems of women. The theory of development is closely related to gender because of the large scale exclusion of women from the process of development. Margaret Synder and Mary Tadesse in their book, *African Women and Development: A History*, defined women and development as follows: " 'Women and development' is an inclusive term to signify a concept and a movement whose long term goal is the well being of society - the community of men, women and children". Amartya Sen has made a compelling case for the notion that societies need to see women less as passive recipient of help, and more as dynamic promoters of social transformation which is supported by the viewpoint that the education, employment and ownership rights of women have a powerful influence on their ability to control their environment and contribute to economic development.

The study of development with gender perspective needs to be understood for the reasons that follow.

- The gender perspective in development manifests the efforts towards ensuring equitable distribution of fruits of development.
- The idea of gender as a category has emerged as an outcome of the prevalent disparity and discrimination between men and women in almost all societies.
- Study of development and gender enables us to quantify the results of development efforts and also reflects the relative share of each segment of society which helps in devising sector specific policies and goals.

3.3 THE ROLE OF GENDER IN DEVELOPMENT

Gender roles can be defined as the behaviour and attitudes expected from the male and female members of a society. Gender roles may vary from country to country, culture to culture and even in the same country from region to region depending on the defined perceptions of people in that society. For example, in rural societies the gender role of a woman is limited to household chores because of women's exclusion from the educational framework, but in an urban environment, gender roles are defined a bit differently, since, with better educational opportunities, women get involved in economic and political activity. There are multiple factors which determine the gender role in a particular society or environment.

A theoretical approach to development is important to understand the evolution of development, thinking and policy. Development initiatives in the 1930s largely ignored women. The focus of development was on modernization and the adoption of western technology, institutions and beliefs. Development was identified with modernization and modernization was identical with the western world, anything which the western world identified with, i.e., technology, institutions, and belief was defined modern.

After the Second World War, the US became the model for third world countries which desired modernization. In the quest for such modernization and

development, equality for race, class, and sex in the third world countries was ignored. Both third world leaders and western development specialists assumed that western development policies would position fragile third world economics for take off. Few questioned whether this prosperity would extend equally to all classes, races, and gender groups. According to Ester Boserup, most of these projects undermined women's economic opportunities and autonomy. In reaction to this thinking, a new approach towards development of women was developed during the 1970s. It stressed the distinctiveness of women's knowledge, work, goals, and responsibilities. Thus, due credit for women began to be recognized. The UNDP has emphasized gender equality and women empowerment in the following four areas of development:

i) democratic government

ii) poverty reduction

iii) crisis prevention and recovery

iv) environment and energy

v) HIV/AIDS.

Six out of ten of women in the world are poor and the upliftment of women from poverty and hunger should be the main focus of each nation. Women play important role in the management of household activities and even manage the livestock, agricultural land and business in many countries. Thus, women play a critical role in household development as well as the development of a nation. Women's social and political participation refers to women's ability to participate equally with men at all levels and in all aspects of public and political life and decision making.

3.3.1 Empowerment of Women

Development is not sex neutral. It is biased towards men. Women's exclusion from the development process at social and political levels has not only cost them their due share in society, but it has made the task of achieving prosperity in developing countries much more difficult. The issue of discrimination against women and the need to formulate appropriate policies towards this has been debated for many years, but serious attempts to isolate the problem and target it comprehensively was started in 1995 in the UN's Beijing Declaration. Among other things, the mission statement of the declaration said: "It aims at accelerating the implementation of the Nairobi Forward-looking Strategies for the Advancement of Women and at removing all the obstacles to women's active participation in all spheres of public and private life through a full and equal share in economic, social, cultural and political decision-making".

The positive developments that took place after the Beijing Declaration were

- increased awareness
- policy reforms
- improved legislative frameworks
- institutional developments at the national level. These included actions in the following areas:
- establishment of national policies and strategies for gender equality

- adherence to international and regional instruments for the protection of human rights of women
- Increased diversity in the mechanisms promoting and monitoring attention to gender equality
- attention to resource allocations through gender sensitive budgeting
- efforts to engage men and boys more actively in the promotion of gender equality

However 10 years after Beijing, it was noticed that there were large gaps between policy and practice. The Millennium Task Force on Education and Gender Equality identified the following three critical dimensions of empowerment and enhanced participation of women in development

- capabilities in the areas of education and health
- access to opportunities and resources, i.e., to employment and land
- agency, i.e., women's ability to participate in the decision making processes in political institutions and policy making.

Besides international endeavour, it is pertinent to mention here that the Indian Constitution guarantees equality of gender. India is a signatory to the Beijing Declaration and its commitments. But the achievements on this front have been far from the desired objectives. The complex nature of Indian society and polity has further compounded the problem in India. If we have to find some objective parameter to judge women's participation in social and political development, it has to be evaluated on the following variables

- access to education
- access to health
- participation in work and labour
- representation in political institutions like legislative bodies.

In this section, we discussed gender and the role of gender in development. Now, answer the questions in *Check Your Progress 1*.

Check your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What do you understand by the term, gender?

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2) How are gender and development related?

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3.4 GENDER EMPOWERMENT AND DEVELOPMENT

Women, even if playing an important role in development, are neglected and marginalized in the process of development. Empowerment of women is essential for development. A few critical areas of gender empowerment and development are

i) economic participation

ii) economic opportunity

iii) political empowerment

iv) educational attainment

v) health and wellbeing

3.4.1 Economic Participation

The economic participation of women in the workforce, in qualitative terms, is important, not only for lowering the disproportionate levels of poverty among women, but also as an important step towards raising household incomes and encouraging economic development in the countries as a whole. Amartya Sen opined that women need to be seen less as passive recipients of help and more as dynamic promoters of social transformation; and the education, employment, and ownership rights of women have a powerful influence on their ability to control their environment and contribute to economic development. The idea of gender in labour market appears because of the pattern of employment offered to people defined by their gender. Women have always been present in the labour market in India. In fact, women have made huge advances relative to men in labour force participation, occupational status, and educational attainment. It is important to understand their conditions in the labour market and the reasons for discrimination against women. The question of gender in the labour market gains importance only when a perceptible pattern is noticed in terms of treatment of women in the labour market which is either discriminatory in nature or, places women in a distinctively disadvantageous position vis-a vis men. The labour market disadvantages can be manifested in a number of differences. The following occupation categories define the nature of disadvantages by their specific role expectations.

- Managers
- Professionals

- Associate professionals
- Clerical and secretarial
- Skilled manual
- Personal services
- Sales
- Plant & machine (shop floor) operators

Women are often perceived as unfit for certain types of occupation which results in the segmentation of the labour market. For example, employers are generally not keen on employing women on shop floor jobs or shift work. Thus, discrimination becomes a natural outcome of the very structure of labour market. Here, we have to differentiate between two phrases- discrimination and disadvantage. Even if there is no discrimination against a particular group or section (in our case - women) a certain degree of disadvantage may occur because of either women's placement in the structure or because of the inherent mismatch between the characteristics of women as a labour force and specific requirements of a specific job in the labour market structure, or, the disadvantage which may emanate due to discrimination somewhere else in society, e.g., education, training opportunities, or responsibilities for children. Women are discriminated against in the labour market. Discrimination can be defined as unequal treatment to two individuals on the basis of their race, caste, religion, gender, or any other socio-economic characteristics. In the context of the labour market, discrimination appears as a result of certain characteristics: gender, race, religion, age. The reasons for labour market discrimination against women as a category can be because of the following reasons

- internal dynamics of the labour market
- external factors

The internal structure of the labour market demand certain characteristics out of an occupation and women may be perceived as not fitting into the frame. For example, more women are found in the profession of managers, professionals or secretarial jobs than in skilled manual jobs or plant and machine operators. The discrimination against women is perceived as an outcome of a series of external factors affecting women's position in the labour market. These factors are:

- Social characteristics of gender sometimes determine women's positions in the labour market. Women are bearers of specific social characteristics which play a major role in determining their labour market positions.
- The traditional division of labour between men and women within the family has a significant impact on their relationship in the labour market
- Women tend to have less investment in human capital or training which renders them unsuitable for certain category of jobs
- Women's overwhelming social responsibilities towards family and children also has a bearing on their job preferences which reduces their employment options and also partly explains their low wages

Men are judged on their productivity while women are judged on other parameters which have no relevance to their role as a labour force or impact on their

productivity. The discrimination against women in labour market, either due to compelling external reasons or perceived notions of labour market players results in the following consequences.

- It impacts the wages women command in the market. Gender pay differential is the obvious outcome of discriminations
- Women are forced to accept low paying jobs
- It results in productivity differences
- Women's position in society further deteriorates due to her subordinate status in job market.

3.4.2 Economic Opportunity

Traditionally as well as culturally, the role assigned to women in many societies deprives them of economic opportunity. In most of the society, women are vested with the responsibility of bearing, rearing and caring of children. This prevents them from participating in employment opportunities in the private sector, as well as in the public sector. Women employed in the unorganized sector of developing countries, including India, do not get paid for maternity leave. The duration of maternity leave, the percentage of wages paid during the covered period, and the number of women in managerial positions are important aspects of economic opportunities available to women in various countries. In addition, women who are in managerial positions often make a painful choice between a successful career and family. A study in the United States has found 49 per cent of high achieving women to be childless as compared with only 19 percent of their male counterparts.

Table 3.1: Landholding pattern in different countries

Country	% of women land holders
Italy	32.2
Spain	28.8
Thailand	24.4
France	23.1
UK	18.8
Malaysia	13.1
India	10.9
Nepal	8.1
Bangladesh	2.8

***Source**: Food Agricultural Organisation and Times of India, March 8, 2010*

The landholding pattern among women is higher in Europe compared with Asian countries (Table 1). In Italy and Spain 32.2 and 28.8 percent respectively of women are landholders as compared to2.8 and 10.9 percent respectively in Bangladesh and India. In India, women constitute almost a third of the agricultural labour force and about 72 per cent of employed women are in agriculture. Thus, the women's right to land is considerably lower, particularly in Asian countries. This has resulted in women's poor access to credit, and their restricted say in

household decision making. The right to land is an essential component of economic empowerment of women.

3.4.3 Political empowerment

It is said that, there are three places where women have always been excluded, these are military, religion, and politics, and it is in the political arena that they have the least access. The United Nations has admitted that women's increased participation in mass politics has been predominantly concentrated in the lower echelons of public administration, and has not been matched by the same presence at the higher levels of policy and decision making.

Women's political empowerment means equitable representation of women in the decision making structure. Women are poorly represented in democratic institutions. The Inter-Parliamentary Union report has envisaged an average of only 15.6 percent of women representation in the combine Houses of Parliament. The participation of women in political institutions is probably the most significant indicator of women's contribution in development process. The following table reflects the percentage of women in Lok Sabha in India, since the first General Elections.

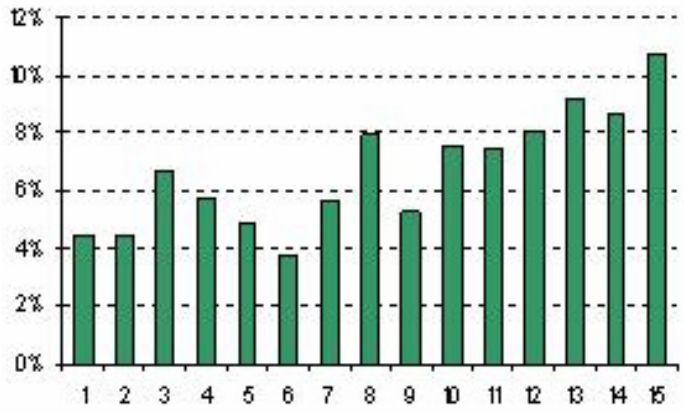

Fig. 3.1 : Percentage of Women MPs in Lok Sabha (From 1st to 15th)

The 15th Lok Sabha elected 58 women MPs which is 11 per cent of the total MPs and the highest percentage of women MPs since Independence. It is also the highest number of women MPs in any Lok Sabha since Independence. However, this is well below many developed countries as seen in the table below (Table 3.2).

Table 3.2: Women in Parliament, 2006

Country	% of Women Parliamentarians
UK	20.7
USA	15
Sweden	45
Bangladesh	15
Norway	38
India	8
Denmark	37

Source: *World Development Indicators, 2006*

Table 3.2 shows that the participation of women in political institutions is higher in Scandanavian countries compared with other countries of the world. The presence of women in Parliament is a direct reflection of their contribution in highest decision making body of the country. The pattern of women's representation in State Assemblies still lags behind, but with the enactment of the 73rd constitutional Amendment, 1/3 of women are now representing the local bodies. However, in many places they are the *de jure* heads, but *de facto* heads are their husbands and relatives. Women have to go a long way to stake a de facto claim in political arena.

Thus, it is clear that women have made significant progress in terms of their participation in social and political development and government, international agencies, and non government agencies have been trying to provide a conducive environment to ensure gender parity in the development process. But there are many constraints which have to be removed for widespread success of the mission. Table 3.3 shows the percentage of women representatives in legislatures.

Table 3.3: Countries with the highest proportion of women in National Legislatures

Country	Kind of quota	% of women
Rwanda	Constitution-Reserved Seats	56
Sweden	Voluntary Political Party Quotas	47
South Africa	Voluntary Political Party Quotas	45
Iceland	Voluntary PoliticalParty Quotas	43
Argentina	Constitution-Legislated Candidate Quotas	42
The Netherlands	Voluntary PoliticalParty Quotas	41
Norway	Voluntary Political Party Quotas	40
Senegal	No quota	40
Denmark	No quota	38
Angola	Electoral law-Legislated Candidate Quotas	37
Costa Rica	Electoral law-Legislated Candidate Quotas	37

Source: *Times of India, 8th March, 2010*

3.4.4 Educational Attainment

Education is one of the fundamental prerequisites for empowering women. Education helps in reducing infant and maternal mortality. The importance of education in general and literacy, in particular, is greater for women.

However, women still constitute two-thirds of the world's illiterate population. Educational empowerment of women will

- enhance self-esteem and self confidence of women
- develop the ability to think critically
- enable women to make informed choices in areas like education, employment and health

Information and communication technology has become a driving force of development in recent years. A study by the USAID says that countless women in the developing world are further removed from the information age. It further envisaged that without access to information technology, an understanding of its significance and the ability to use it for social and economic gain, women in the developing world will be further marginalized from the mainstream of their communities, their country and the world. The literacy rate among women in India remains below international standards and has wide interstate differences. The World Development Indicator, 2004 envisages that among the female youth (15-24 years), the literacy rate is 97 per cent in Sri Lanka, as against 41 percent in Bangladesh.

Women's educational empowerment will boost their social, economic and political empowerment. Jawaharlal Nehru once said, "to awaken the people, it is women who must be awakened; once she is on the move, the village moves and the nation moves".

3.4.5 Health and Wellbeing

The World Health Organisation (WHO) expects that every mother maintains good health, learns the art of child care, has normal delivery, and bears healthy children. A healthy mother is required for the wellbeing of a family. Women are not in a better position as compared to men in health and wellbeing because of biological reasons. According to the World Health Organisation, 585,000 women die every year, over 1600 every day, from the causes related to pregnancy and child birth. The Planned Parenthood Federation of America estimates that of the annual 46 million abortions worldwide, some 20 millions are performed using unsafe methods resulting in the deaths of 80,000 women, which accounts for at least 13 per cent of global maternal mortality and causing a wide range of long term health problems. Female life expectancy in Japan is 86 years, while in India and Bangladesh, it is 67 and 65 years respectively. This, itself, shows how bad the status of female is in the underdeveloped countries.

Table 3.4: Maternal Health Indicators

Indicators	Countries					
	USA	UK	Japan	Banga-ladesh	Sri Lanka	India
Maternal Mortality ratio for 1,00,000 live births (2005)	11	8	6	570	58	450
Birth attended by skilled health staff (2006-2007)	___	___	___	18.0	98.5	46.6
Female expectancy at birth (2008)	81	82	86	67	78	65
% of female population with HIV (age 15-24) (2007)	0.31	____	____	_____	____	0.3

Source: *World Development Indicators, 2010, World Bank*

The maternal mortality ratio in India is 450 which is significantly higher than those of US, UK and Japan. This shows that the health status of women in South Asian countries is comparatively lower than the other developed countries in the world.

Table 3.5 reinforces the fact that discrimination is faced by women throughout the different phases of their life.

Table 3.5: Phases of Gender Discrimination

Women's Life	Phase Type
Pre natal	Prenatal sex selection, battering during pregnancy, coerced pregnancy (rape during war).
Infancy	Female infanticide, emotional and physical abuse, differential access to food and medical care.
Childhood	Genital cutting, incest and sexual abuse; differential access to food, medical care and education, child prostitution.
Adolescence	Dating and courtship violence, economically coerced sex, sexual abuse in the work place, rape, sexual harassment, forced prostitution.
Reproductive	Abuse of women by intimate partners, marital rape, dowry abuse, sexual abuse with disabilities
Old age	Abuse of widows, elder abuse (which affects mostly women).

Source: *Heise L. 1994, Violence against Women: The Hidden Health Burden. World Bank Discussion Paper. Washington D.C. The World Bank*

In this section, we discussed the economic opportunity, economic empowerment, political empowerment, educational attainment, health and well being and status of women**.** Now, answer the questions in *Check Your Progress 2.*

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the critical areas of gender and development?

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2) What do you mean by political empowerment of women?

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3.5 THE GENDER DEVELOPMENT INDEX

The GDI was developed in 1995 by UNDP to consider gender disparity on overall human development of a nation. The indicators used for measuring HDI and GDI are common, but for GDI, it is further narrowed down to calculate gender specific disparities in each parameter.

The three areas which are used to measure human capabilities for HDI are:

- life expectancy to measure longevity
- educational attainment or literacy level to represent level of knowledge
- an appropriately adjusted real GDP per capita to ensure a decent standard of living

For the purpose of calculating GDI, the above indices are adjusted to find out the gender based results which explain the level of gender inequality prevailing in a country. The GDI is designed to evaluate the achievement of women along each of the following three components:

- life expectancy at birth
- illiteracy level
- standard of living reflected in income level of women

Life expectancy at birth is a reasonable indicator of a category (particularly women) in achieving growth and prosperity. It depends directly on the following factors:

- health care in society in general
- availability of facilities to mother and child
- society's cultural preferences

A higher life expectancy for male than a female indicates that there is perceptible disparity existing in the society. Measurement of GDI using this indicator categorically points out the level of gender inequality in a country. Similarly, the educational attainment level or literacy rate determines the access to education. In developing countries, with substantial population living in poverty, the accessibility and affordability of educational facilities is a question mark for the majority. GDI uses this indicator to correctly point out the level of gender inequality which cannot be determined through HDI because it concentrates on the overall development level. The standard of living is largely determined by the income level of the people.

But, calculating any parameter by using an absolute level of income can be misleading. Income level of the population can be highly skewed with large sections at the very end with meager income levels, while a few can be at the top of the pyramid with huge levels of income. The GDI uses the income levels of both men and women to decipher the extent of inequality between men and women. Whenever and wherever there is wide disparity, the GDI will deteriorate. According to UNDP reports, developed countries consistently score high on GDI index, compared with developing countries. India ranks moderately on GDI scorecard at 113 with a GDI score of 0.6 among 177 countries. The following table (Table 6) shows the top ten and bottom ten countries on GDI score.

Table 3.6: GDI Countries Ranking

Top Ten Countries			Bottom Ten Countries		
Country	**Rank**	**GDI**	**Country**	**Rank**	**GDI**
Iceland	1	0.962	Congo	148	0.398
Australia	2	0.960	Ethiopia	149	0.393
Norway	3	0.957	Mozambique	150	0.373
Canada	4	0.956	Mali	151	0.371
Sweden	5	0.955	Chad	152	0.370
Netherlands	6	0.951	Central African Republic	153	0.368
France	7	0.950	Burkina Faso	154	0.364
Finland	8	0.947	Niger	155	0.355
Switzerland	9	0.946	Guinea-Bissau	156	0.355
United Kingdom	10	0.944	Sierra Leone	156	0.320

Source: *Human Development Report, 2007/2008*

3.5.1 Methods of Calculation of GDI

The following three steps are applied for the calculation of GDI.

Step I

- The first step is to estimate male and female development indices. As there are three indicators, we need to estimate six development indices.
- male education development indices
- male health development index
- male income development index
- female education development index
- female health development index
- female income development index

Step II

Step II involves combining female and male indices in each indicator /dimension in a way that penalizes differences in achievements. The resulting index is called equally distributed index.

Step III

The final step arranges the three equally distributed indices in an outweighed manner to obtain the value of GDI.

The GDI is the average of these three equally distributed indices and has a value ranging from 0 to 1. GDI of one (GDI=1) indicates that a country has reached its goal on its way to development and has eliminated gender based disparities among its population.

In this section, we discussed the GDI, its indicators, and methods of calculating the GDI**.** Now, answer the questions in *Check Your Progress 3.*

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Define Gender Development Index.

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2) Differentiate between GDI and HDI.

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3.6 THE GENDER EMPOWERMENT MEASURE

The GDI is a significant indicator of the spread of development initiatives in a country. It is a gender specific measurement of development parameters. Another very important gender specific measurement index, developed by UN and used for analysis, is the Gender Empowerment Measure (GEM). The UN, in 1975, started focusing on the plight of women and declared it the Decade of Women. It led to further focus on women through initiatives in various conferences (Copenhagen, 1980, Nairobi, 1985, and in Beijing, 1995). Another UN initiative in this direction was HDI in 1990 and GEM in 1995.Empowerment is the power of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. The World Bank's 2002 Empowerment Sourcebook identified empowerments as "the expansion of assets and capabilities of poor people to participate in, negotiate with, influence,

control and hold accountable institutions that affect their lives". Empowerment of women involves the improvements of their status in the family, community, and society. It ensures women's accessibility to modern development facilities and extends their participation in social, economic and the political process, and decision making. GEM has emerged as an important indicator of women's empowerment in a community. GEM helps immensely in highlighting the deficiencies in policies and their implementation.

GEM is a measure of inequalities in opportunities between men and women in a country. GEM combines inequalities in three areas:

- political participation and decision making
- economic participation and decisions making
- power over economic resources.

When the UNDP first introduced GEM in 1995 it said in its report, "The recognition of equal rights for women along with men, and the determination to combat discrimination on the basis of gender, are achievements equal in importance to the abolition of slavery, the elimination of colonials, and the establishment of equal rights for social and ethnic minorities".

UNDP has been calculating GEM for countries to compare their relative status in terms of empowering the weaker gender. It ranks countries on a scale of 0 to 1 to advise National Governments on appropriate policy initiatives and investment decisions. The aggregate score for GEM for India was 0.413 in 1996 and 0.451 in 2006.

3.6.1 Components of GEM

According to the Employment Paper, 2003/04, of the International Labour Office, Geneva, the Gender Empowerment Measure has three components

- the share of women in earned income
- the relative weight of women among administrators and professional workers
- share of women in parliamentary seats.

These three components indicate women's active role in socioeconomic and political process of a country. The United Nations, in 1999, evaluated the GEM data for 102 countries. The value of these indicators range from a low of 0.120 (Niger) to a high of 0.810 (Norway). India falls in between the two extremes.

3.6.2 Factors Affecting GEM

There are multiple factors which may affect the GEM score of a country. Some of the factors which may affect GEM are given below.

- Social structure of a country - a patriarchal social system may not permit higher role for women in decision making process. Muslim countries have perennially encountered lower participation of women in the economic and political process.

- Historical settings - if there is relative deprivation of women vis-à-vis men it may take longer to alter the historical setting in a country.

- Literacy rate - lower literacy rates for women could result in their exclusion from control over resources and in the decision making process.

- Level of urbanisation - typically urban societies extend greater roles for women at all levels. Rural societies are closed societies with limited resources as well as decision making opportunities; whatever is available is concentrated with men.

In this section, we discussed the GEM, its components and the factors affecting it. Now, answer the questions in *Check Your Progress 4.*

Check Your Progress 4

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Define the Gender Empowerment Measure.

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2) What are the different components of GEM?

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3.7 GENDER ADVERSARIES

In the earlier section, you studied gender empowerment and its measurement. In this section, you will study about the adversaries faced by women. The two main adversaries are:

i) missing women

ii) violence against women.

3.7.1 Missing Women

'Missing women' reflect the gender disparities of any society. The higher performing gender is favoured, whereas the gender with low performance is neglected. This leads to further additions to the missing women. Discrimination against women can begin early in life. Parental selection, female infanticide or abandonment, childhood sexual exploitation, genital mutilation, and limited access to adequate nutrition and health care; all affect the number of girls, in some parts of the world who survive into adulthood. These factors combined

with limited access to education, early marriage and early child-bearing affect the health and wellbeing of girls, and can have lasting effects throughout their lives. Some of the causes of missing women are

- patrilocal exogamy
- economic value
- patriarchal society
- poverty

Patrilocal exogamy: whereby sons remain with the origin or parental household and contribute to joint income, while daughters migrate from their households to move into their husband's parental household. Investment in sons, in terms of education and share in property, seems to pay off, whereas investment in girls is seen as wasteful expenditure.

Economic Value: although women do the majority of work, they do not share equally in income, earnings and wealth. Discrimination against women in earnings, employment, access to credit and capital accumulation mechanism, and private social benefit systems also affects the economic wellbeing of their children and other house hold members.

Patriarchal Society: one important reason for declining sex ratio is a patriarchal society. The desire for male heirs of property is another reason for discrimination against daughters.

Poverty: the situation of women becomes worse for those living in poverty. The disproportionate burden of family limits access to education, training and participation in paid employment. Women are forced to enter informal unorganised employment, thus, leading to exploitation - economically, physically and mentally.

Declining sex ratio: The declining sex-ratio is one of the reasons of which foeticide is a cause of concern. Many girl children are missing before they are born. The sex ratio of Northern Indian States of Punjab and Haryana is low as compared to Southern Indian State. The sex ratio of Kerala is 1058, the highest in India (Table 7).The all India sex ratio for 1991 is 927 which increased to 933 in 2001.

3.7.2 Violence against Women

Despite the protections guaranteed by the Universal Declaration on Human Rights and the convention on the rights of the child, gender discrimination and violence against women and girls persists everywhere and is a growing phenomenon in many parts of the world. Despite promises in the convention to end all forms of discrimination against women, the Beijing Platform for Action and the Millennium Development Goals, girls continue to be exploited by individuals and victimized by laws that fail to adequately protect them.

Forms of Violence

Gender based violence both reflects and reinforces inequities between men and women and compromises the health, dignity, security and autonomy of its victims. It encompasses a wide range of human rights violation, including sexual abuse

of children, rape, domestic violence, sexual assault and harassment, trafficking of women and girls and several harmful traditional practices.

Witchcraft: sometimes a woman living in a village is alleged to be a witch and the cause of mishaps in the village. She is tortured and sometimes killed. Low education and superstition leads to such practices.

Devadasi: Girls in their childhood are made *devadasis* to serve in temples and they have to leave their home and stay in the temple complex. These girls grow up under the supervision of priests in the temple and when they are grown up, most of them are exploited.

Table 3.7: Sex Ratio (No of female per 1000 males)

Sl No	States/Union Territories	1991	2001
1	Jammu and Kashmir	896	900
2	Himachal Pradesh	976	970
3	Punjab	882	874
4	Chandigarh	790	773
5	Uttaranchal	936	964
6	Haryana	865	861
7	Delhi	827	821
8	Rajasthan	910	922
9	Uttar Pradesh	876	898
10	Bihar	907	921
11	Sikkim	878	875
12	Arunachal Pradesh	859	901
13	Nagaland	886	909
14	Manipur	958	978
15	Mizoram	921	938
16	Tripura	945	950
17	Meghalaya	955	975
18	Assam	923	932
19	West Bengal	917	934
20	Jharkhand	922	941
21	Orissa	971	972
22	Chhatisgarh	985	990
23	Madhya Pradesh	912	920
24	Gujarat	934	921
25	Daman & Diu	969	709

26	Dadra & Nagar Haveli	952	811
27	Maharashtra	934	922
28	Andhra Pradesh	972	978
29	Karnataka	960	964
30	Goa	967	960
31	Lakshadweep	943	947
32	Kerala	1036	1058
33	Tamil Nadu	974	986
34	Pondicherry	979	1001
35	Andaman & Nicobar Islands*	818	846

Source : *Census of India, 2001*

Dowry: this is one of the most prevalent crime against women. At the time of marriage, a bride is supposed to bring dowry in terms of cash or kind as demanded by the bridegrooms' family. In the absence of dowry, the marriage is not finalized, and after marriage, if the dowry is not given the bride is tortured or even burnt to death. A number of lacunae in the legal system allow the culprits to escape any punishment.

Exploitation at the workplace, in schools, and at home: This kind of exploitation is seldom reported as the culprit is a known person. The crime against women is done either by colleagues, boss, teacher, or some relative. Social stigma and inability to prove the crime of a trusted person leads the victim to suffer in silence.

Rape: This is among the most common crimes against women. All rape cases are not reported to police. Laws are not victim-friendly rape victims. Many times, culprits are either close relatives, friends, or known persons.

Blackmail: with the development of technology, women have become more prone to blackmail. The use of spy cameras and conversion of these into CDs and DVDs have made blackmailing more convenient.

Sex determination: another disadvantage of technology is sex determination. The deteriorating sex ratio is due to sex determination. Recent research shows that missing women are more in rich northern Indian states compared to the south, and in poor States.

Selling of Girls: girl children are sold for a petty amount of money, and sometimes, they are sold under the guise of marriage also. Many of them end up as prostitutes or bar girls. The selling of girls as domestic help or sex workers is also driven by poverty of the family.

Other forms of violence: these include forcing girls into prostitution and honour killings. Honour killing is killing females if they revolt against their families or relatives wishes and decide to marry into other castes or religions.

3.7.3 Programmes for Prevention and Care

It is recognized that gender based violence exists in domestic and public spheres. Every effort should be made to prevent such inhuman acts of violence. Elimination of discrimination against women in employment and in access to capital and technology with attention to developing economic opportunities for women in private enterprise, in agriculture and all sectors of formal employment must be prioritized to enable women, their families, and their communities to reach their full potential. Education and training skills are essential tools for achieving economic wellbeing. The abolition of traditional discriminatory practices like *sati, devadasi*, genital mutilation and enforcement of law should be strongly followed. Legislative reforms should be formulated for the protection and promotion of women's rights. Awareness about the laws, rights, and responsibilities in family life must be made. Victims of violence must be offered psychological and financial support.

The following are a number of strategies adopted by UNFPA to address gender based violence.

- Ensuring that emergency contraception is available for victims of sexual violence.
- Strengthening advocacy on gender based violence in all country programmes in conjunction with other United Nations partners and NGOs.
- Advocating for women with Parliamentarians and Women's National networks.
- Integrating messages on the preventions of gender based violence into information, education and communication projects.
- Conducting more research on gender based violence.

In this section, we discussed the causes of missing women, various forms of violence against women, and about the prevention of violence against women. Now, answer the questions in *Check Your Progress 5.*

Check Your Progress 5

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What are the different forms of violence against women?

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2) How can we prevent violence against women?

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3.8 MEASURES FOR ENGENDERING DEVELOPMENT

Promoting gender equality is an important part of a development strategy that seeks to enable all people - women and men, alike - to escape poverty and improve their standard of living. Economic development opens many avenues for increasing gender equality in the long run. A considerable body of evidence around the world supports this assertion. The strategy for engendering development could include the following points.

i) Establishing incentives that discourage discrimination by gender: The structure of economic institutions also affects gender equality in important ways. Markets embody a powerful set of incentives that influence decisions and actions for work, saving, investment, and consumption. Evidence from Mexico and the United States suggests that firms operating in competitive environments discriminate less against women in hiring and pay practices than the firms with significant power in protected environments. The reservation of jobs for women in private and corporate sector will discourage gender discrimination.

ii) Designing service delivery to facilitate equal access: The design of program delivery such as school systems, health care centres, financial organizations and agricultural extension programs can facilitate or inhibit equitable access for females and males. In parts of West Africa 'mobile bankers' bring financial services to local markets, workplaces and homes, eliminating the need for women to travel long distances to save or borrow. In Bangladesh, group-based lending programs use support groups and peer pressure as a substitute for traditional bank collateral to ensure repayment. Both designs have increased women's access to financial resources.

iii) Foster economic development to strengthen incentives for more equal resources and participation: when economic development raises income and reduces poverty, gender inequalities often decline. As with basic rights, higher incomes generally translate into greater gender equality in resources whether in health or in education. In education, studies suggest that the largest improvements from income growth are likely to occur in the poorest regions of South Asia and sub Saharan Africa. Globalisation has seen more women working in different capacities in the private and corporate sector in India.

iv) Taking active measures to redress persistent disparities in command over resources and political voice: active measures which can be implemented quickly including reservation for women in political institutions give women an opportunity to reduce persistent disparities in command over resources. Recent experience from more than 30 countries, including Argentina, Ecuador, India, Phillipines, and Uganda suggests that political reservation can be effective in increasing political participation and representation in local and national assemblies in a relatively short period of time. 'Reservation' legislation takes different forms in different countries but, generally, it stipulates that a minimum number (or proportion) of political parties' candidates or of electoral seats in national or local assemblies be reserved for women. The passing of the Women's Reservation Bill in the Rajya Sabha is a significant step towards the political empowerment of women in India.

v) Institutional mechanisms for the advancement of women: it can be government (central, state, or local) or non government organizations which support the cause of women's advancement. Though institutional mechanisms exist at all levels, they need to be strengthened. The National Policy for Empowerment of women provides for strengthening the existing mechanisms through appropriate interventions, viz., provision of adequate resources, training, and advocacy skills to effectively influence macro policies, legislations, programmes, etc., to empower of women. The equal opportunity and gender budgeting policy measures should be regularly monitored by both the central and provincial governments in various states.

vi) The role of the media in portraying the female gender leaves much to be desired. Press and the print media are generally found unduly sensationalizing traumatic events such as rape, thereby invading the privacy of the victim. Very few positive stories of women who have stood up for their rights are published. The media has to become gender sensitive and more responsible while portraying women and, thus, play a significant role in bringing about attitudinal changes in society. A gender friendly media policy needs to be formulated for this purpose.

3.9 LET US SUM UP

Gender and development is one of the important issues of today's society. This unit deals with the critical areas of gender and development like economic participation, economic opportunity, political empowerment, educational attainment, health and wellbeing of women. In spite of advancement in various sectors like technology, education, and health, the position and condition of women in societies especially developing societies is still very much behind than their male counterparts .It is important to understand that the development and wellbeing of women will also lead to the development of the nation.

3.10 REFERENCES AND SUGGESTED READINGS

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3.11 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress I

1) What do you understand by the term, Gender?

   Gender is the social dimension of being male or female. Gender identity is the sense of being male or female, which most children acquire by the age of three. Gender is not being manly or feminine. Gender is how you feel inside. Gender identity is a person's sense of identification with either the male or female sex, as manifested in appearance, behaviour, and other aspects of a person's life.

2) How are gender and development related?

   Development is a process of expanding human capabilities or a process of enlarging choices or options. By exercising these choices or options people can develop their power and, in turn, can develop their country. These choices can be of various types, e.g., to be educated, to be creative, to lead a longer and healthy life, and so on. Development may be gender specific in many contexts. It can assign a greater role to one gender, marginalizing another, or, it can provide equal opportunity to all. This depends on the priority of development policy. Gender has played an important role in the overall development of a country depending on the socioeconomic and political environment.

Check Your Progress 2

1) What are the critical areas of gender and development?

   A few critical areas of gender and development are

   i) Economic participation

   ii) Economic opportunity

   iii) Political empowerment

   iv) Educational attainment

   v) Health and well being.

2) What do you mean by political empowerment of women?

   The political empowerment of women means the equitable representation of women in decision-making institutions which are critical for the policy formation. In the Indian context, they refer to the representation of women in Parliament, state assemblies, and, more recently, in local self government institutions.

Check Your Progress 3

1) Define the Gender Development Index.

   The Gender Development Index is the quantitative projection of the development of a country with reference to parameters which reflect the extent of gender disparity prevailing in any society. It is measured on the following three parameters of development.

   - Life expectancy at birth
   - Illiteracy level
   - Standard of living reflected in the income level of women.

   The GDI attempts to bifurcate the achievements between the genders. The GDI was developed in 1995 by UNDP to consider gender disparity on overall human development of a nation.

2) Differentiate between GDI and HDI.

   The Human Development Index is the measurement of overall development of a country on an average without giving any specific weightage to any particular indicator. The Gender Development Index measures development on parameters with reference to their focus on gender based indicators. The indicators used for measuring HDI and GDI are common, but for GDI, it is further narrowed down to calculate gender specific disparities in each parameter.

Check Your Progress 4

1) Define Gender Empowerment Measure.

   Gender Empowerment Measure is a measure of inequalities between men's and women's opportunities in a country. GEM combines inequalities in three areas

- Political participation and decision making
- Economic participation and decisions making
- Power over economic resources.

GEM focuses on the empowerment of women in a country with reference to their role in development. Since it is extremely difficult to quantify empowerment, the above parameters are generally accepted as reasonable indictors of women's role in any society.

2) What are the different components of GEM?

GEM has three components

- share of women in earned income.
- relative weight of women among administrators and professional workers
- share of women in Parliamentary seats.

These three components indicate women's active role in the socioeconomic and political process of a country, and also manifest their relative control over resources and institutions.

Check Your Progress 5

1) What are the different forms of violence against women?

Gender based violence reflects and reinforces inequities between men and women and compromises the health, dignity, security, and autonomy of its victims. It encompasses a wide range of human rights violation, including sexual abuse of children, rape, domestic violence, sexual assault and harassment, trafficking of women and girls, and several harmful traditional practices.

2) How can we prevent violence against women?

Legislative reforms should be formulated for the protection and promotion of women's rights. Awareness about the laws, rights, and responsibilities in family life must be made. Victims of violence must be offered psychological and financial support.

A number of strategies adopted by UNFPA Fund to address gender-based violence follow.

- Ensuring that emergency contraception is available for victims of sexual violence.
- Strengthening advocacy on gender based violence in all country programmes in conjunction with other United Nations partners and NGOs.
- Advocating for women with Parliamentarians and Women's National networks.
- Integrating messages on the preventions of gender based violence into information, education and communication projects.

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