



# Arth Anvesan

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## Editorial Message

Study of economics has become all pervasive, more so the demand for economics as a discipline seems to have transcended every boundary line. Name any discipline, there is the requirement of economic analysis. Understandably, economics could reach to this level precisely because of the dynamism it has shown over time. Rigorous economic analysis and tools have been developed to provide empirical content to actual phenomenon. This has also empowered the discipline with improved forecasting techniques which makes it more quantitative, measurable and scientific. However, the role of research in economics can not be undermined in achieving this status. Research also requires to be documented and patented as intellectual property. Publication of research papers, research notes and articles serve a good purpose in this regard. This also helps dissemination of knowledge for its spill-over. The School of Economics at SMVDU endeavours to provide one such platform for students, researchers and faculty in the form of launching of In-House Economic Journal. This is expected to go a long way in strengthening of teaching-research linkages. Ladies and Gentlemen, we present to you the first issue of Artha Anvesan, a symbol of synergy and the product of combined effort at the SMVDU School of Economics.

Dr. Prabhat K.Pankaj

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## Message



*This gives me immense pleasure to know that SMVDU School of Economics under the College of Management has launched a monthly in-house Economic Journal, Artha Anveshna. Such an endeavour is well appreciated as it could become a platform for intensive discussion, sharing of on-going research findings and understanding of teaching-research linkages. Faculty, Research Scholars and Students are likely to be the beneficiary of such activities. At this stage when SMVDU is poised to find a niche, research works and their publications for wider circulation holds utmost significance.*

*I would like to congratulate the entire team of people who have worked towards this idea and wish them all good wishes for future endeavour.*

**Professor N. K. Bansal**  
Vice-Chancellor



*I am happy to note that students of M.Sc. Economics are bringing out an academic journal which includes contribution from faculty and students. A journal of this kind will help in developing research aptitude among students. Besides this the students of economics will also develop writing skills on topical economic issues bothering their mind. Intellectual discomfort or uneasiness due to any economic issue bothering them will force them an outlet to put these issues before academic community. In the era of globalization and after establishment of WTO it has become more important to have outlet of our contentment and discontentment over changing world economic scenario.*

**Professor N. D. Mathur**  
Dean, College of Management

## Indian Economy Beyond 2005

Prof. N.D. Mathur, College of Management

### Prologue

There have been several vision documents for India. 10<sup>th</sup> plan document is one of them. One is confused with the growth scenario of Indian economy in next 10-15 years. If scenario is favourable it may be 8 percent worst to worst it may be 5 percent. If scenario is moderate it may be settle at 6.5 percent.

To quote Bibek Debroy "India has three economies now. The Business Class, the Bike Economy & the Bullock Cart Economy. Business class is 2 percent of population, Bike economy is 15 percent of population and bullock cart economy is 83 percent of population". First generation of reforms (1991-2001) has benefited the business class. But reforms have put Bike economy and Bullock cart economy on the process of Growth.

Globalization has also allowed bikes climbing business and bullocks climbing bikes. Most of the business class is in big industrial cities and towns.

National figure of people below poverty line (BPL) is 26 percent. In Punjab people living below poverty line is 6.5 percent. In Jammu and Kashmir which is terrorism affected state it is surprisingly 3.8 percent only. It has to be seen whether it is because of central assistance. Dr. Manmohan Singh has announced a central assistance package of Rs. 24000 Crore in Jammu and Kashmir in the recent past.

### Context of Globalization and Various Indicators

Various Indicators are gaining importance in the context of Globalization in India. There have been several exercises and indices. Broadly following indicators may be taken into consideration.

#### 1. Economic Indicators

These indicators include growth of income and level of income. Saving and investment rate and performance of external sector also come in this indicator. Indian economy has large size but we are lowest in GNP. Indian growth performance has been impressive. Despite higher GDP growth India continued to remain low in the league of per capita GNP. But this is because of higher population growth and low income base. Our saving rate which is nearly 24 percent is comparable with any developing and developed country. That too is the case with our investment rates. Growth rate of exports of our goods and services was 11.3 percent during nineties which was highly impressive. India is among 20 largest FDI attracting countries, though China, Singapore, Mexico are ahead of India on FDI Count. World Economic Forum has created "Economic Creativity Index". This index reflects growth performance of country. Out of 59

countries surveyed in 2000 by World Economic Forum, India ranked 38<sup>th</sup> where as China was ranked at 48<sup>th</sup>. In Competitiveness Index prepared by World Economic Forum in 2000, India was ranked at 49<sup>th</sup> out of 59 countries surveyed. This index measures the factors that contribute to future growth of per capita income of an economy which further explains that why some countries are growing faster than other countries. "Emerging Market Index" measures the market openness of a country. Our index 46 in the year 2000 was higher than China only. Globalization index measures integration of domestic economy with the rest of the world. India's rate of integration is about 2 percent per annum.

#### 2. Institutional Indicators

Corruption Perception Index which shows perception of business people on the transparency of politician and public officials, ranks India at 46<sup>th</sup> country out of 54 countries surveyed. Governance is poor in India. To quote Arun Shorie "It took 12 months in India to decide whether a government official can write decision on the file through red or green ink instead of usual blue or black ink. India is placed better with regard to rule of law and business environment as compared to neighbouring ASEAN countries. Our general public administration is also ranked higher.

#### 3. Infrastructural Indicators

Infrastructure is the back-bone of any economy. Transport, Power, Water, Telecommunication and Sanitation is essential infrastructure for sustainable development. These facilities make the economic activities comfortable and smooth. In India power consumption per capita is 363KWH, China consumed almost double of India. There are lots of transmission and distribution losses in power sector which is nearly 20 percent. We have 45.7 percent Paved Roads as compared to 57 percent in Pakistan and 95 percent in Srilanka. Railway network in India is extremely good. Railway is the biggest public sector departmental undertaking in India. We have a vast pool of scientific personnel. India has not done much on safe water resources. To quote World Bank Report (2000) India was ranked 53<sup>rd</sup> out of 53 countries surveyed on infrastructural count.

#### 4. Social Indicators

This includes Food, Shelter, Clothing, Health and Knowledge. Human Development Index and Human Poverty Index are the true measure of social development. Adult literacy rate is 55.7 percent in India which is better than Pakistan. Education index has improved as UPA government is committed to spend 6 percent of GDP on education. World Bank prepares Human Poverty Index (HPI) as against Human Development Index(HDI). This measures the extent of deprivation rather than development.

### Epilogue

Economic Indicators show that Indian economy is on a fast track of development. India's position in current competitiveness Index shows confidence in our growth performance. India's performance since planning has been mixed in terms of our needs and capacities but reasonable on a global scale. Refocused role of government for better transparency demands both professional skills and personal integrity among all concerned-stake holders.

India beyond 2005 has to be a transformed economy. It needs a clear vision of future scenario. Time is ripe now when our intention has to be translated into strategy; strategy has to be translated into well defined time bound target and to translate targets into ground realities. India has to discover, revisit or reinvest itself. There is no doubt that if we have a will, and we are able to realize even half of our potential in next 20 years, India's poverty would have become a distant memory. In the new millennium, we should frankly assess where we are lacking in terms of various indicators.

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### Interfacing Agricultural Trade with Environment in the Context of WTO

Dr. Prabhat K. Pankaj, School of Economics

**Keywords:** Green Purchase, Externalities, Trade and Environment, WTO, Rural Transformation.

Agriculture is still the backbone of India's rural economy. Agriculture is significant from many points of view such as means of livelihood and income (economic); nucleus to the prestige-system and holding on of joint family (social); and source of political power and supremacy (political). One of the persistent views holds that agriculture is a traditional sector and in the era of globalization and liberalization perhaps, it does not fit into the scheme of thing and hence may be considered unimportant. On the contrary to this view a careful analysis suggests that the significance of agriculture sector in the national economy has increased tremendously perhaps, more than ever before. In a short while this paper will argue that assimilation of agriculture into multilateral trading environment in the wake of globalization may hold the possibility of significant rural transformation.

#### I. Agriculture sector has significant development implications

Though the share of value added by agriculture in the national GDP is slowly declining, it still makes a substantial contribution. The World Bank Indicators database suggests that the value added in agriculture as percentage of India's GDP is as high as 23 per cent in 2002, which was 25 per cent during 2000 and 2001. Some of the LDCs during the same period demonstrated almost half of GDP contributed by agriculture. Another indicator could be percentage share of agriculture in total merchandise exports. This share for India in 2001 stood at 15.1 per cent, of course declined from 19 per cent in 1990. Finally, one of the most significant indicators is the percentage of economically active population engaged in agriculture. The figure seen astonishingly high as 53.2 per cent population in India was still found engaged in agriculture in 2001. In terms of engagement patterns in agriculture, not much seems to have changed over time. The per cent of population engaged in agriculture in 1999 and 2000 was 54.1 and 53.7 respectively.

This is evident that agriculture sector in India has tremendous potentiality for value addition, exports and income generation. Unfortunately, the potentiality of agriculture could never be realized in India. This can be seen in two contrasting perspectives. One, the manner in which agrarian relations have been defined over time, both in pre and post-independence period; and Two, the manner in which market access has been denied to agricultural products in the global market in the post-WTO regime. Both the perspectives need elaborations. A brief elaboration on these two perspectives has been furnished in the following two sections.

#### II. Bad land relations resulted in 'agrarian stalemate'

The historically determined tenurial system and the emergence of a strong semi-feudal agrarian structure in the post-independence India has resulted in a kind of 'stalemate

situation which has brought about a sub-optimal outcome for agricultural development and hence held back rural transformation. This is reflected in the post-Green Revolution outcome wherein despite high degree of complementarity between public and private investment, gross capital formation started suffering since 80s after an initial climbing up of mid-60s to late 70s. This is because advanced agricultural technology could not prove 'neutral-to-scale' as against the scientific belief and generated 'income diffusion'. Production function changed but due to differences in 'ground realities' and outmoded land relationship, benefit of this change could not bring about rural transformation. This is again substantiated by an extremely moderate change that has occurred in the land and asset distribution pattern over last five and a half decades of planning.

The root cause of 'agrarian stalemate' was historically determined tenurial arrangements, wherein the rates of land revenue per acre were high in relation to the value of net output per acre, at any rate prior to the Second World War. These rates continue to be exploitative which left little surplus for re-investment with owner-cultivators. Rents had a tendency to grow which affected adversely the surplus with tenants. In the process, the most important variant of increasing agricultural productivity, i.e. investment, suffered. Surplus got frittered away and used for the development of petty business and other non-agriculture pursuits.<sup>1</sup>

Post-independence move for land reform is a sad story of failure. This is mainly because land owners were the political power holders who believed in diluting the whole exercise to escape the process.<sup>2</sup> This resulted in semi-feudalism, retaining of the main functions of feudal structure by big-farmers.

Introduction of modern technology, NPK-use, in agriculture changed the production function dramatically. However, it could not break the 'agrarian stalemate' fully. Instead, yet another dimension has been added to the problem by the environmentalists. Use of chemical fertilizer has been found extremely hazardous to health. Agrarian technology has large 'negative externalities' and environmental economists are of the opinion that if the total cost of such externalities are calculated and internalized in the costs of production then the value of enhance agricultural output would fall terribly short of costs. The apprehension does not seem to be unfounded. For example, in a recent study by the Centre for Science and Environment (CSE), New Delhi has revealed that the levels of pesticides residues in human blood samples taken from

villagers of Punjab have been "very high". Blood samples collected from four villages in Punjab showed 15 to 605 times higher residues, as compared with samples of people in US, of certain persistent *organochlorine pesticides* (OCs). The study found the presence of 6 to 13 pesticides in the samples. The average levels of *monocrotophos* in the blood samples (0.095 ppm) were found to be four times higher than the short-term exposure limit for humans set by World Health Organisation and Food and Agricultural Organisation.<sup>3</sup> Therefore, it does not make good economic sense to carry forward with the NKP-technology. On the other hand, modern technology also failed to solve the bad agrarian relationships, plaguing rural economy. Rural transformation remained a far fetched dream, marred though roughly over a long period of time.

### III. Market access for agriculture products in post-WTO era

The Marrakesh Agreement, establishing WTO in 1995, understood the benefits of multilateral trade regime for developing countries. This belief was based on the understanding that free trade would enhance the share of developing countries, especially the least developed countries (LDCs), in the global trade which would also commensurate with their needs for economic development. The understanding seemingly was placed more on theoretical ground than the actual practices on which trade rules have been made to operate. This was evident from the dominance of US and EU in the trade negotiations and thereby in setting agenda for further negotiations. The issues of substantial interest slowly but gradually drifted out of focus, resulting in the growing frustration of poor countries. The Doha Declaration in 2001 tried reconciliation of agenda by emphasizing that WTO was seeking to place the needs and interests of developing countries at the centre of the work programme incorporated in the declaration. The Doha Declaration did contain guidelines for achieving development related results in a stipulated time period. Focus was drawn on special and differential treatment and implementation issues, including the need to create an effective mechanism for addressing difficulties faced by developing and least developed countries. Deadlines were set for opening core market areas access, including agriculture, non-agriculture and services. The developing countries lack of manufacturing capabilities in pharmaceutical sector drew special attention in the final declaration.

Promises were made. Promises were broken. Deadlines passed. Disappointment mounted, finally manifested in the concerted effort of developing countries (India as an active partner) to defy the 'misplaced focus' of negotiations during the fifth Ministerial Conference of the WTO in Cancun during mid-September 2003.

Agriculture remained the focus of differences across the North-South. The main bone of contention was the agriculture subsidy provided by the developed countries, to

<sup>1</sup>A. M. Khusro, "Land Reforms since Independence", in V. B. Singh (2002) *Economic History of India 1857-1956*, Allied Publisher, Delhi, pp. 181-83.

<sup>2</sup>For detail understanding of the subject see S. K. Ray (1996) "Land System and its Reforms in India", *Indian Journal of Agricultural Economics*, Vol.51, January-June. Also see V. M. Dandekar (1994) *The Indian Economy: 1947-92, Volume I, Agriculture*, Sage Publications, New Delhi.

<sup>3</sup>"Pesticide level high in Punjab blood samples", *Time of India*, New Delhi, June 8, 2005.

be read mostly as US and EU, and the related issue of export dumping a long pending demand on which the EU has agreed to talk on gradual phasing-out. Developed countries allow heavy subsidies on agriculture which enables them to sell their products at a rock bottom prices resulting in a sharp fall in the international prices of agricultural products. The US based Institute of Agriculture and Trade Policy in its report on "US Dumping on World Agriculture" revealed that commodities like corn, soybeans, cotton, wheat and rice have been sold even below the cost of production. Farmers from poor countries who fail to get real returns face the brunt of such subsidies. According to Oxfam International, nearly 25 million coffee farmers in Latin America, Asia and Africa had to face a 70 per cent decline in prices over last five years. Therefore, the stalemate occurred when G21+<sup>4</sup> refused to accept the joint draft of a framework for the agricultural modalities was submitted by EU and the US.

The resumption of dialogue for further negotiations in the post-Cancun environment looked fairly difficult. However, the failure could and should not have been interpreted as the end of the road, since WTO has been seen as an instrument of vital change all across the globe, especially the developing countries. Similarly, the failure to proceed further would definitely have its own opportunity costs as well. The efforts from all corners, developed as well as developing countries, have been successful in bring the derailment back on track, albeit with a greater understanding of the needs of poor nations. Member countries have adopted a Framework Agreement on August 1, 2004. The Framework provides the outlining of the basic principles and elements on which further negotiations with respect to agriculture and non-agricultural market access can be launched. The Framework is an interim stage and some vital agreement on negotiations will be done before the Sixth Ministerial Conference, scheduled to be held at Hong Kong, China during December 13-18, 2005. The Framework can be seen as a sort of 'fresh' beginning. A beginning of an era of better understanding, which possibly can help in bridging North-South gap more than ever.

A progressive and substantial reform in agricultural trade has been called for. This must take care of legitimate food and livelihood security and rural development concerns of developing and least developed countries. The requirement of eliminating all forms of exports subsidies within a credible time frame and substantial reductions in trade-distorting domestic support have been emphasized. The Five Interested Parties (FIPs), which is EC, US, Australia, Brazil and India, resolved on some of the key aspects concerning agricultural negotiations. An explicit agreement of imposing a down payment of 20 per cent on overall trade-distorting domestic

<sup>4</sup>The G-21+ included Argentina, Brazil, Bolivia, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador (later withdrew), Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela. Egypt, Senegal and Turkey joined the group at the start of the Cancun meeting, Indonesia and Nigeria towards the end.

support has been made. It has been agreed upon that developing countries need to pursue agricultural policies which are supportive of their own development concerns and the use of instrument such as special products is desirable for them. A new special safeguard mechanism may be used against likely import surges and thereby developing countries may create market access opportunities for products of export interest and safeguard farm products of critical significance.

Liberalization of agriculture is perhaps the most important item on the agenda of multilateral trade negotiations. It was already picked up in early 2000 under the Agreement on Agriculture (AoA), which provided the basis for market oriented policies. Under AoA, domestic support measures with minimal impact on trade (known as *Green Box* policies) were excluded from reduction (i.e. subsidy) commitments contained in Annex 2 of the Agreement. From the beginning there has been a large gap on the positions taken on the extent of liberalization to be pursued in agriculture. This was basically because of two facts:

One, agriculture is still the mainstay of rural economy in developing countries and small farmers could lose livelihood in the wake of open competitiveness, rather agriculture still need to be protected by sufficient domestic measures, and

Two, the level of support and protection remain exceptionally high in a number of major industrialized countries.

For example, in the US, there were 24 tariff lines above 10 per cent, with the highest rate at 350 per cent, in the EC there were 141 tariff lines with the highest of over 500 per cent, and in Japan 142 tariff lines with the highest above 2000 per cent. While on the contrary, protection and support of agriculture in the developing countries is generally low. Since many developing countries have the capacity to export agricultural products they would like to ensure that they get a fair share of the increased market access resulting from the liberalization. India emphasized that developing countries could be expected to reciprocate in market access only if they get adequate concessions and commitments by the developed countries, amounting to reductions in peak tariffs and tariff escalation in products of export interest to developing countries.<sup>5</sup> Reduction commitments on domestic support must be undertaken on a product-specific basis, covering trade-distorting support in the amber and blue boxes as well as those covered by paragraphs 5, 6, and 7 of Annex 2 of the Agreement. Developing country exemption under Article 6 must be retained; all export subsidies must be eliminated.

<sup>5</sup>P.Gibson, J.Wainio, and M. Bohman (2001) *Profiles Tariffs in Global Agricultural markets*, Agricultural Economic Report No.196, Economic Research Service, U.S. Department of Agriculture, quoted in Anwarul Hoda (2004) "Post Cancun agenda for WTO negotiations on agriculture: Perspectives from the ESCAP region after the fifth WTO Ministerial Meeting: Ideas and Actions following Cancun Studies in Trade and Investment 53, ESCAP, United Nations p.40.

excepting those under Article 9.4 of the Agreement for developing countries.<sup>7</sup>

It looks like that the stage is set for getting 'ready-steady-go'. However, it all depends on the domestic capacity to export which needs to be strengthened in the open market access situation. However, there is yet another side of the story. Accessing the market of developed country is not simply a matter of winning it through negotiations, but a lot more than this. There is great deal of harmonization which developed countries have done between trade and environment. Only a high standard compliant product is likely to get real entry in the global market. Therefore, it is pertinent at this stage to understand the issue of interfacing trade with environment, especially in the context of WTO.

#### IV. Interfacing trade with environment: argument of our time

The intersection of trade and environment has been the growing concern of policy makers in the 1990s. The task at hand is to balance environmental and trade concerns and determine the changes necessary in the existing trade regime. Trade tends to produce negative externalities if environmental considerations are not attached to it. The solution lies in internalization of such externalities. There have been two issues in this regard one, whether the necessary changes in the policy required at the domestic, regional and global level are enforced and followed, and two, whether such internalization of externalities are going to hamper trade due to increased costs of production. The question of minimizing the conflict between trade and environment would rest finally on how the developing countries would go about addressing the above two issues.

'Environment' has not been an agenda in either GATT or WTO. The 1982 Ministerial Meeting of GATT Contracting Parties decided to examine the export of 'prohibited goods' and 'hazardous substances' and finally in 1994 the issue was handled by a Committee on Trade and Environment (CTE). Since 1995, the CTE of WTO has been the main body for the integration of trade and environmental issues. WTO provides a host of provisions with environmental implications. Some of the main provisions in the WTO agreements dealing with environmental issues are incorporated in GATT Article I, III, XIV, XX, TBT, AoA, SCM, and TRIPS. There is also the issue of setting environmental standards (such as prescribed SPS measures) and bringing cross-country intra-industry parity in it. Developing countries argue that developed countries standards are quite stringent and they are far above the 'necessary' requirements to address the concerned environmental problems and therefore, they are facing the

new form of protectionism by developed countries called 'green-protectionism'. Further, too much rising of standards in developed countries has also resulted in relocation of dirty industries to developing countries as strict pollution and other related norms have not been put in place. Developing countries find themselves ill equipped to deal with such cases as they in general lack technical expertise and resources. A fierce struggle to find a 'level playing field' seems to be in the offing.

On the contrary, it has been argued that the global market for environmentally compliant products, such as the case of Organic Agricultural Products (OAPs) has increased tremendously<sup>8</sup> and the future belongs to this kind of market. Such products have comparative advantage over other products in the market. The global market for environmentally friendly products is expected to touch US\$ 600-800 billion. Therefore, the need of the hour is to look into the possibility of making agricultural products more and more environmental friendly and standards compliant. Once a proper system for eco-labelling, mandatory labelling, product standards in terms of SPS measures, and packaging standards are streamlined, export earnings from agricultural products may increase dramatically. These earnings may become the source of rural transformation.

Linking of trade with environment will also have the potentiality of addressing the institutional issues and might help in breaking up of the 'agrarian stalemate'. Increased income may become the source of high agrarian reinvestment and thereby a possible source of rural transformation.

#### V. In lieu of a conclusion

Green products leading to green purchase may become the possible source of exports earning for the agriculturists. This requires the understanding of the synergy between trade and environment. In the context of WTO policies and rule-based trading system, interfacing agricultural trade and environment may yield extremely favourable results. The stage for thinking on this line seems to be all set, when the WTO forum seems to have realized (in the post-Cancun environment) the concerns of developing countries and started accommodating their concerns for market access in agricultural products.

<sup>7</sup>Anwarul Hoda (2004), "Post Cancun agenda for WTO negotiations on agriculture", Perspectives from the ESCAP region after the fifth WTO Ministerial Meeting: Ideas and Actions following Cancun, Studies in Trade and Investment 53, ESCAP, United Nations, p.47.

<sup>8</sup>Ibid., p.47.

<sup>8</sup>United Nations (2001) *Exchanging Export Opportunities Through Environmentally Sound Business Development*, ESCAP Studies in Trade and Investment (44).

## Development and its Impact

Dr. W. C. Singh, School of Business

In this world the primary objective of a person in a civil society, irrespective of caste, creed, age, religion and race, is the achievement of a reasonable standard of physical quality of life. Such an objective is fulfilled through many means one of them is economic development and the other may be advancement in science and technology. But the fulfilment of this main objective has been frequently deprived by many forces like wars, the developmental processes, the natural calamities and other individual problems.

Wars have caused great miseries to the human life. The monetary cost of the World War II has been estimated at more than \$ 1,000,000,000,000. Around 25 million soldiers and around 25 million civilians died and millions reduced homeless in this Great War. The Indian freedom struggle, partition of India, Korean War, Vietnam War, Indo-Pak War, Afghan War, Gulf War, Kargil War, the US bombing to Iraq and so on have also added more miseries to the human life. All these devastations, miseries, sufferings, displacement of human and animal populations and properties are all creations of the conscious and advanced human minds. The process of growth, development and advancements in the field of technology produces more and more intellectual people and finally some of these intellectual minds produce the miseries of the human being. Let's look at our own country India. Besides wars, the development induced forces also create suffering of the human population. Large, centralised industries, irrigation projects, hydroelectric projects have been the symbol of development, which through the process of industrialization promised to set India on the path of modernization and developments. Since independence from the colonial rule, the government has been continuously implementing through the Five Year Plans many innovative policies like construction of more dams, more power projects, more industrial units, more public infrastructures and so on.

The process of development has transformed India from the land of snake charmers to the land of information technology and we are sure India will be the future economic superpower. Today, India has achieved 8 per cent economic growth annually and has been one of the fastest growing economies of the world since economic reforms were implemented in the year 1991. Indian companies recorded a 19 per cent increase in sales and 28 per cent rise in net profit in the year 2004-05. Total assets of the Indian companies grew by 15 per cent and gross value added by 12 per cent. The Gross domestic Products at constant prices grew by 26 per cent from 2002-03 to 2004-05. The growth looks very impressive and if you look only to this, it is obvious, you will be very happy.

One of the inevitable outcomes of these developments has been massive development inducing displacements of people. The voice of millions of innocent people displaced by development remained echoed in the far off forest and meadows. No one from the policy makers matters to their slogan for help and of course rehabilitation to a justifiable extent. Few of such developmental impacts are of great

concerns till now. There are 4291 dams in India. 3596 have been built and 695 are under construction. These projects are treated as large development projects of India. It is estimated that about 4 crores of people have been displaced by dams since independence. Out of these total displacements of people only 25 per cent have been rehabilitated.

The hydro power projects also displaced large number of population. The Loktak Hydroelectric Project, the Loktak Downstream Project, the Thoubal Multipurpose Project, the Khoupum Dam, the Khuga Dam, and the Tipaimukh Hydroelectric Project submerged many villages and large areas of agricultural lands. Thousands of people became homeless, thousands lost their source of lifeline. The Tehri Dam project submerged the beautiful Tehri town under the water. 37 villages are fully affected and 88 villages are partially affected. Thousands of people become homeless and their income generation activities have cut off. The rehabilitation process of the Bhopal Gas tragedy of 1984 has not been accomplished yet.

Under the new Industrial Policy more than hundred old industries are established in Uttaranchal. The industrialist give tax holidays. The big business groups like HLL, Ranbax and LG etc had already stated their business units in Uttaranchal. The farmers have been asked to sell the agricultural lands to these industrialists. But by surrendering their fertile lands are they getting jobs in these industries? No way, they are not qualified to become an employee of the industries except working as class IVth employees.

It proves that many of them have been perished in the process of industrialization and modernization. The establishment and operation of a big business unit can be done in 3-5 year but the rehabilitation process and miseries of the displaced population remain as an unfulfilled task. It means the development have produced more miseries to a section of the population. It has deepened again the gap between the poor and the rich. Everybody talks about poverty eradication but are we actually eradicating it. The real tastes of development to a section of population are:

1. Many surrender their fertile land to illuminate the nation but they still burn kerosene oil in their huts. Is this the problem of them only?
2. Many who have been displaced are still suffering from health hazard. Who is responsible for this?
3. Those who surrender their all for the welfare of others are victimized in the society. Is this because of their sins in the past generation?
4. Many could not create a new source of income in the newly established place. They cannot educate their children and they are not provided civic amenities. To which God should they pray for all these?

It is a fact that we have come up to a great extent in the process of modernization and technological advancement. But we have left many of our friends and valuables far behind. How to bring them up is a matter of great concern. This is a very tough task that we should take up before the miseries get them.



## Strength and Opportunities of IT Enabled Services in India

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Over the last few years, no industry in India has been as much a topic of discussion and debate as the Information Technology (IT) industry. The term information technology includes computers and communication technology along with associated software. This high profile industry has contributed much to the economy in terms of pushing up exports, enticing FDI inflows, bolstering foreign exchange reserves, creating new avenues of employment, informatization, e-learning, e-governance, corporate governance, transparency and wealth creation. The industry has grown at an incredible rate of 50 percent per annum over the past few years. It is also highly export-oriented and extremely knowledge intensive. It has established India as an exporter of knowledge intensive services, and has displayed a number of other spillover benefits such as employment generation, productivity increase and revenue augmentation, thereby contributing to the overall development of the nation. The nation is pinning high hopes on this industry in its developmental agenda.

Thus, Information Technology is a buzzword today. Rapid advancements are taking place in the field of Information Technology all over the world. Generation, acquisition, dissemination and application of information, data, ideas and knowledge are vital for the development of all sectors. In this knowledge based society, highly technical and educated personnel are engaged in putting knowledge to work. Sharing of this knowledge is the "mantra" of 21<sup>st</sup> century. During the end of last century, IT sector has been transforming every aspect of human life such as trade, communication, medical, education, entertainment, manufacturing etc. and in the coming years, IT will have a much more significant role in transforming the life of human beings.

The Indian IT industry has gone through three phases of development since its origin. In the first stage of its development, it quickly realized the benefits of exports. By the mid-80s Indian software industry realized the reputation building through low value added work. Then by 2000, when it found the advantage of off shoring, the rates were very much less compared to onsite and IT industry switched on to offshore-customized software development. This marked the industry's second stage of development. With increased competition, the Indian firms are currently trying to improve value addition through offshore package development. This constitutes the third stage of development of the industry. This phase is also marked by second wave of IT revolution. In this stage ITES sector is registering a spectacular growth even while generating employment opportunities and improving profit margins.

The essence of IT is the microprocessor, data storage devices, data transmission elements etc. The IT services mainly include product support, hardware and software development

and IT consultancy. Besides these, there are few other IT enabled services such as transcription, publishing, digitizing etc. IT enabled services are an important area since they have the scope to higher state. Jobs in big cities and even in small towns, introduction of INTERNET the technology which has inter-connected millions of computer in worldwide network have been the most significant achievement in the information communication system. Therefore, it is essential, that the fruits of this amazing technology are shared equally by the whole society.

### IT-Enabled Services

Any activity carried out based on the application of Information Technology could be termed as IT enabled service (ITES). In other words, IT enabled services cover the entire range of services which exploit information technology for empowering an organization with improved efficiency or a type of service which may not be possible to be rendered cost effectively without IT. The activity could be internal to the organization, i.e., meant to increase the operational efficiency through work force residing within the organization or could be outsourced. Therefore, the phrase IT enabled service refers to the front office work as well as back office work. For instance, any e-commerce activity operated in India and serving the European market would be offering an IT-enabled service. It needs not to be limited to the back office work, as it could have a direct interface with the customer. Earlier, the volume of the front-office work being done remotely from India was rather small but the outsourced or cross border IT-enabled service is now receiving greater attention as this category of ITES has a great potential for growth and contribution towards employment opportunities in India.

The IT-Enabled services sector performs several important functions to promote the development of all countries and more prominently of developing countries, for example, this sector provides forward and backward linkages with infrastructure, education, health, banking, finances and many other aspects, thus creating meaningful, effective and productive relations of services with almost all sectors of economy. The volume of IT-enabled services is estimated to be worth 7 per cent of all exports revenue, which is reported to be Rs.65, 300 millions. So, IT-enabled services in India earn over a hundred million US dollars per year.

The spectrum of IT-enabled services applications already evident in India includes the following broad segments:

#### Call Centre

A typical call center is a service centre that has adequate telecom facilities, trained consultants, and access to wide databases, internet and other on-line information support infrastructure to provide information and support to a customer. It operates to provide round the clock and year round service. Call centers are normally operated by large airlines, by banks to provide services to the customers/callers, by investment banks, mutual funds, insurance, telemarketers, telecom services, companies providing customized and high value services, IT products companies, amongst other.

### Medical Transcription

In developed countries like the U.S.A., doctors' time is at high premium. The current practice by doctors is to simply record their findings through a Dictaphone or some datacom lines to overseas companies (where costs are much lower) that employ "medical transcriptionists" who hear these recordings, transcribe them into reports and send them back electronically through datacom lines.

### Back office operations, Revenue Accounting, other Ancillary Operations

Industries such as banks, airlines require large scale data entry and revenue accounting work to be done. For revenue accounting and other back office accounting operations, paper documents/raw data are sent to remote locations, which are used for data entry and necessary reconciliation. Using high speed datacom links for their back office and data processing operations, these banks, airlines and other organizations with extensive data turnover and customer interface, are able to save costs and valuable resources. The prime concern of these companies is 100 per cent availability of data and uptime of facility. This can be ensured through high speed datacom links from India to the parent country.

### Insurance Claims Processing

Large insurance companies get myriad claims. Since there are well laid down rules on how they are to be processed. Such processing can be done anywhere, as long as there is availability of graduates who can read and write English in large numbers, a few doctors and a few accountants. As a result, to save costs, large insurance companies in the U.S. are outsourcing a lot of work of this type. This is another good opportunity area.

### Legal Databases

There is a constant need for lawyers who counsel cases to go through relevant laws, rulings and precedents in order to build up their case. This is usually done by very junior lawyers in legal firms. However, in the U.S. and other developed countries, even junior lawyer's services are highly priced. One of the ways to get around this hurdle is to have a readily accessible source of well managed and intelligent information.

### Digital Content Development / Animation

New media content development is emerging as one of the fastest industry. It caters to the needs of website management, production of content or new media such as internet enabled TV. It offers a large emerging potential, as more and more offices, homes, institutions, students and professional realize an ever growing need to have easy access to information that can also be suitably fused with other media.

There are several other such as where the potential is high. The acceptability of outsourcing such work to distant countries and the recognition of the cost savings is rapidly growing. India is emerging as an attractive outsourcing destination to companies around the world in software sector. What India now needs to do, is to replicate its success of the

software sector in IT-enabled services.

### Potential of IT-based Services in India and its implications

#### What makes India a player in this market?

A huge pool of English speaking and computer literate manpower is available in India. Salary costs in India are fraction of salaries in comparison to developed countries. There, a medical transcriptionist gets between \$ 36,000 and 50,000 a year, while in India it ranges from Rs.36, 000 to Rs.72,000. This cost effectiveness is more than offsets an additional telecom costs. Add to this, the 12 hours time zone difference with U.S. and other major markets is a big advantage. IT-enabled services largely needs medium and lower-end software people and in this area India has strong economic fundamentals. Attracted by their employer potential, some states are planning entire IT parks for such services. The Indian government has made it easier by allowing Export Processing Zone to be converted to free areas. This means much less government interference. The lower investment costs in some cases make this sector attractive to small and medium scale industries. At an extreme, one could set up a web content development unit with an investment of just Rs.0.5 million, and a medical transcription unit of 50 people need just Rs.5 million.

#### Hence India offers many advantages

India offers many advantages to serving as an IT-enabled services destination for major global companies. These include:

- A virtual 12 hours time zone difference with USA and other major markets for IT-enabled services.
- A huge pool of English speaking and computer literate manpower that can continue to cater to the growing demand for professionals for IT-enabled services. These professionals are skilled as well as quality conscious.
- Cost of qualified personnel is amongst the lowest in the world.
- Stable legislative and economic framework.
- Many state Governments in India offer special incentives and infrastructure for setting up IT enabled services.
- Thrust by Government of India to make India an IT-driven nation with a focus on the services sector where potential for value addition and thus premium is higher.
- India enjoys very strong brand equity in major markets, thanks to its growing and globally competitive software industry. The proliferation of IT-enabled services and its continuing demand led growth may well emerge to generating employment and export.
- IT-enabled services are a major boon for India as it provides tremendous potential for employment opportunities and attracting foreign investments. Amongst others, the benefits include:
  - Generation of new direct or indirect investment.
  - Earning of foreign exchange leading to higher earnings

of local staff.

- More revenues to telecom carriers.
- Transfer of skills to India.

Therefore, IT can potentially be used in every sector of the economy. The true impact of IT on growth and productivity continues to be a matter of debate, even in the United States, which have been the leader and largest adopter of IT. However, there is no doubt that the IT sector has been a dynamic one in many developed countries, and India has stood out as a developing country where IT, in the guise of software, and exports has grown dramatically, despite the country's relatively low level of income and development.

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## Energy Plantation Problems and Solution

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### Introduction

India's rank 6<sup>th</sup> in the world in terms of energy demand accounting for 3.5% of world, share energy demand in 2004. With a Gross Domestic Product (GDP) growth of 8% the energy demand is expected to grow at 5.2%. Since the transport sector consumes about 68% of the oil and gas in the country the import of crude oil is rapidly increasing. Widely fluctuating global oil prices and the depleting resources of fossil fuel have started to destabilize India's dependence on fossil fuel. This has forced the Indian Government to look into alternative energy sources and consider a national biodiesel policy.

Biodiesel derived out of *Jatropha* is fast emerging as a viable alternative to fossil fuel. With its potential to grow in any type of soil and weather conditions, *Jatropha* is gaining universally accepted as an energy crop. The inherent properties of *Jatropha curcas* weather-enduring tree that produces oil producing seeds over a 50-year life span - has advantage over other energy crops. Among the positive strengths of *Jatropha* is its promotion as better use of Land.

The basic need of any successful plantation is quality planting material. In the rush to increase acreage under *Jatropha* plantation quality is taking backseat. Besides, the lack of knowledge among the growers on the importance of the crop and its maintenance in order to exploit the total yield potential of *Jatropha* is a matter of concern. In the meantime confusion among the financial institutions to find out means to support *Jatropha* plantation is another impediment in the progress.

Now-a-days everyone is talking about and concerned with the depleting fossil fuel reserves. There is lot of speculation about the availability of "Black stuff" and the price. The price is at its height now. The world is working out on alternate renewable energy sources such as solar, wind, water, hydrogen, nuclear, plant-based oil etc. Clearly, plant-based oils, commonly referred as bio-diesel, have become the buzzword of the day.

The current diesel demand in India is about 50 million tonnes for 2005-06. Considering a 10% blending of bio-diesel with the regular diesel, a supply of about 5 million tonnes of bio-diesel is required.

Among the many contenders that are studied for field cultivation, *Jatropha curcas* is the forerunner for obtaining bio-diesel. The plant is able to establish in any kind of soil. It grows well in any type of weather conditions as well, except for areas of heavy rainfall (more than 4000mm annual rainfall).

The plants of *Jatropha curcas* are shrubs or small trees, 1-5(-8) m high with thick branches and soapy latex. It has large (15-40 cm long) leaves which triangular-ovate or orbicular in outline and frequently 3-5 lobed. The petioles are up to 15 cm long. The flowers arise in axillary cymose inflorescences

which are loosely flowered and much shorter than leaves. The petals of the flowers are yellowish green. The flowering and fruiting period is usually December to next year April but under various climate conditions the flowers and fruits may also appear during the months from June to October. The fruits are initially fleshy but ultimately drying to a capsule, subglobose to ovoid-ellipsoid in shape and 2.5-3.5 cm in diameter. These are green to pale yellow and turning to black on drying. The seeds are ellipsoid, 1.5-2.5 cm long and 1.20-1.5 cm wide, dark brown or blackish in colour.

Under the perspective, a number of players have come to the scene promoting *Jatropha* cultivation, including the State and the Central Governments, the NGOs and individuals. Each State Government has set certain target to cover land under *Jatropha*. Sincere efforts from everybody attempting to promote *Jatropha* plantations would result in a minimum coverage of one million hectares in the next two years. Considering a minimum of 2500 plant density per hectare, the planting material requirement is about 2500 million numbers. Are we suitably geared up to supply this huge quantity of quality planting material?

#### What do we mean by quality planting material?

- 1. Genetic uniformity:** *Jatropha* is multiplied through seeds and cuttings. Since the crop is highly cross pollinated, seeds collected from the wild will not be genetically uniform.
- 2. Region-specific selection:** When supplying the planting material, the adaptability of the selection is not being considered in most of the cases.
- 3. Seed germinability:** Whenever seeds are being distributed, the seed vigour and the seed viability are not tested before distributing them for plantation.
- 4. Seed-borne diseases:** So far no efforts have been made to study the importance of seed-borne diseases of *Jatropha* and the transmission of diseases from seeds to seedlings to plants and to seeds.
- 5. Diseases in the plantation:** No database is available so far on the plant pathogens of *Jatropha curcas* fungal, bacterial, viral and insects, that cause economic losses in *Jatropha* plantation.
- 6. Seed certification methodology:** There is a need to evolve a clear protocol so that seed certification agencies are entrusted with the purity and quality certification of *Jatropha* seeds.
- 7. Seed oil content/seed yield potential:** No systematic efforts are being made to test the oil content of the seeds before they are distributed for plantation. We need to develop strategies and facilities to check the seed yielding potential and oil content of the seeds by taking proper samples of the seed lots.

In the absence of the above quality parameters implemented at the stages of seed or seedling distribution, we will be creating millions of hectares of plantations with uncertainties largely looming over the future of farmers/growers. We will end up in un-yielding or low seed-yielding plantations, disease susceptible plants in the field, low oil containing seeds from such plantations and so on. Sincere efforts should be made in distributing quality planting materials so that the

farmer grows *Jatropha curcas* without any apprehension and with confidence. If the growers' interests are taken care of, the entire supply chain of seed to crude oil to refined oil will be stronger and longer.

#### Role of Financial Institutions

Progress in successful cultivation of *Jatropha curcas* is also dependent on the financial support provided by the Financial Institutions such as NABARD, National Banks, Private Banks, Co-operative Banks etc. Non-availability of a clear financial model for the banks has created lots of confusion, understanding the whole project. Varied data available on the yield potential, plant density per unit area, oil content and the amount of investment and the returns have become an impediment in the involvement of these Financial Institutions for the successful implementation of the project.

#### The Advantages of Micro propagation in *Jatropha*

- Availability of planting materials irrespective of the seasonal fluctuation
- Supply of high quality planting materials, based on the selection of explants from highly reliable good mother plants
- Supply of disease-free plants
- If the selected mother plant is disease resistant, the progenies supplied are also disease-resistant plants
- Production of large number of plants (seed stock) on a relatively smaller area. For example, in half an acre of land it is possible to produce and supply about 5 million plants per year
- Preservation and maintenance of germplasm in a germplasm bank

#### Commercial micro propagation of *Jatropha*

Plants are produced in large numbers mainly through a series of distinct stages. Generally all crops undergo the following stages to reach the ultimate end product.

Stage 0	:	Selection and preparation of explant
Stage 1	:	Culture establishment
Stage 2	:	Multiplication
Stage 3	:	Rooting
Stage 4	:	Transplanting and Acclimation

All culturing activities are carried out in 100% clean room sterile cabinets. The tissues are placed in sterile containers containing chemically defined medium. Such cultures are incubated in specially designed, culture growth rooms where temperature and light are controlled as per the requirements of the growing tissues/plants. Completely grown plants are sent out of the laboratory for greenhouse acclimatization. Finally, these plants go to the end user to be planted in the open land.

#### Conclusion

*Jatropha curcas* is a potential crop for production of a non-edible oil, which can serve as a raw material for the production of biodiesel. But, it strongly feels that the supply of quality planting materials and proper training to the growers are the basic necessities for the successful implementation of *Jatropha* cultivation.

deriving Biodiesel. The promotion of *Jatropha curcas* plantation will generate tremendous job opportunities among the rural masses, simultaneous production of indigenous biodiesel from its oil will resist the outflow of valuable foreign exchange caused by the import of crude petroleum. As long as the policy makers, the refinery people, the dealers, the growers and the promoters understand these two important parameters, the vision of growing *Jatropha curcas* as an energy crop is going to be a successful story.

## ILO Conventions on Child Labour

*Dr. Jyoti Sharma, School of Business*

Today's children are considered as tomorrow's future. They are considered as the future leaders of any nation. But what will be the future of that nation if most of its children start working at the age of four years under unhygienic working conditions for 12-14 hours at a stretch everyday without any break. Child labour is a cause of concern for all because of two reasons. Firstly, a large number of children are affected and secondly, the prevalent working conditions which can prevent their personal development and in turn hinder economic and social development of the country concerned. The problem of child labour is especially the problem of developing countries. According to an estimate, there are about 250 million child labour prevalent in developing countries ([www.news.bbc.co.uk/1/hi/specialreport/1999/11/99/battle\\_for\\_free\\_trade/5324756.html](http://www.news.bbc.co.uk/1/hi/specialreport/1999/11/99/battle_for_free_trade/5324756.html)). About 120 million children work on full time basis which means they can neither go to school or learn a trade and have very little time to play ([Boukharihttp://www.unesco.org/courier/1999\\_05/ethiq/ue/txt1.htm](http://www.unesco.org/courier/1999_05/uk/ethiq/ue/txt1.htm)). As per the ILO estimates (see table 1), almost half of the working children are employed in Asia and Sub-Saharan Africa countries.

**Table 1**  
Regional Estimate of Economically Active Children  
Ages 5-14 in 2000

Region	Number of Children ('000)	Work Ratio (%)
Developed Economies	2.5	2
Transition Economies	2.4	4
Asia and Pacific	127.3	19
Latin America & Caribbean	17.4	16
Sub-Saharan Africa	48.0	29
Middle East and North Africa	13.4	15

Source: *Labour Statistics, Indian Journal of Labour Economics, Vol 45(3), 2002*

Children are involved in all types of work which are even denied to adult. Their job profiles includes herbing cattles, picking tea, cutting synthetic jewels, labouring for up to 16 hours a day in small huts knotting carpets, weaving silk sarees, making glass, bangles, digging quarries, embroidering kurtas. Some even work as prostitutes, rag pickers or even as porters on railway and bus stations. Some

are even involved in hazardous manufacturing sector like glass factories, match factories, carpet industry, brass industry, lock industries, where they face all types of physical as well as mental hazards. They are demanded because they are cheap, lack collective bargaining power and can be forced to work for longer work hours on employer's terms and conditions. They work under such conditions because of poverty, lack of proper or inadequate schooling facilities, population explosion etc.

#### ILO Conventions on Child Labour

ILO has been a major factor in furthering the cause of human rights at the work place. ILO has formulated two conventions, namely, C182 Worst Forms of Child Labour Convention, 1999 and C138 Minimum Age Convention, 1973 for the eradication of the problem of child labour in the world. These conventions call for immediate suppression of extreme forms of child labour including:-

- slavery and slavery-like practices;
- forced labour, debt bondage and serfdom;
- use of children in illegal activities, prostitution and pornography; and
- any work or activity which is likely to jeopardise the health, safety or morals of children.

Table 2 shows the conventions relating to child labour ratified by different countries.

Table 2

#### Countries ratified ILO conventions relating to Child Labour

Name of Country	Convention 138	Convention 182
U.S.A	---	✓
China	✓	✓
India	---	---
Canada	---	✓
Australia	--	---
Japan	✓	✓
Nepal	✓	✓
Bangladesh	✓	---
Pakistan	---	✓
France	✓	✓
Germany	✓	✓
Sri Lanka	✓	✓
U.K	✓	✓

Source: [www.ilo.org/ilolex/english/docs/dedworld.htm](http://www.ilo.org/ilolex/english/docs/dedworld.htm)

In the following paragraphs a brief description of the conventions has been presented.

#### Worst Forms of Child Labour Convention, 1999

The General Conference of the international labour organisation adopted convention which was cited as Worst Forms of Child Labour Convention, 1999 on 17<sup>th</sup> June, 1999. Any member country, which ratifies this convention, shall take immediate and effective measures to secure prohibition and elimination of the worst forms of child labour as a matter of agency. Each member country shall design and implement programmes of action to eliminate as a priority the worst forms of child labour. For the purpose of this convention worst forms of child labour include:

- ❖ all forms of slavery or practices similar to slavery such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
- ❖ the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- ❖ Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

This list of worst forms of work shall be periodically examined and revised after consultation with the employers and employees concerned. For this convention the term child includes all persons who are under the age of 18 years. Each member country after consultation with the employers' and workers' organisations, establish an appropriate mechanism. Further it assigns the competent authority responsibility to monitor the implementation of the provisions of the convention. The formal ratifications of this convention shall be communicated to the Director-General of the international labour office for registration. A member who has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered has passed. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article. The Director-General of the International Labour Office shall notify to all Members of the International Labour Organization of the registration regarding all ratifications and acts of denunciation communicated by the Members of the Organization. When notifying the Members of the Organization for the registration of the second ratification, the Director-General shall draw the attention of the Members of the Organization to the date upon which the Convention shall come into force.

### Minimum Age Convention, 1973

The convention was adopted in June 26<sup>th</sup>, 1973 cited as Minimum Age Convention, 1973. Each member country which ratifies this convention shall specify in a declaration appended to its ratification, a minimum age for admission to employment or work within its territory. The table 3 presents the various options made available by Convention No. 138 with regard to fixing the minimum age.

Table 3

General Minimum Age (Article 2)	Light Work (Article 7)	Dangerous Work (Article 3)
15 years or more	13 years (dispensation)	18 years (16 years)
14 years or more	12 years (dispensation)	18 years (16 years)

The minimum age for admission to any type of employment or work which by its nature or the circumstances under which it is carried out is likely to jeopardise the health, safety or morals of young persons i.e. dangerous work, shall not be less than 18 years. A member whose economy and administrative facilities are insufficiently developed may, after consultation with the organisations of employers and workers concerned, where such exist, initially limit the scope of application of this convention. The provisions of the convention shall be applicable as a minimum to the industries, namely, mining and quarrying, manufacturing, construction, electricity, gas and water, sanitary services, transport, storage and communication, plantations and other agricultural undertakings mainly producing for commercial purposes. But it excludes family and small-scale holdings producing for local consumption and not regularly employing hired workers. Furthermore, this convention does not apply to work done by children and young persons in schools for general, vocational or technical education or in other training institutions, or to work done by persons of at least 14 years of age in undertakings, where such work is carried out in accordance with conditions prescribed by the competent authority, after consultation with the organisations of employers and workers concerned, where such exist, and is an integral part of:

- a course of education or training for which a school or training institution is primarily responsible;
- a programme of training mainly or entirely in an undertaking, which programme has been approved by the competent authority; or
- a programme or guidance or orientation designed to facilitate the choice of an occupation or of a line of training.

This convention shall be binding only for those members of the ILO whose ratifications have been registered with the Director-General. It shall come into force twelve months

after the date on which the ratifications of two members have been registered with the Director-General. A member country which has ratified this convention may denounce it after the expiration of ten years from the date on which the convention first comes into force, by an act communicated to the Director-General of ILO for registration. Such denunciation should not take effect until one year after the date on which it is registered. Each member which has ratified this convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this article, will be bound for another period of ten years and, thereafter, may denounce this convention at the expiration of each period of ten years.

### Conclusion

The problem of child labour is a vast, complex and multifaceted. To overcome the problem of child labour ILO has formulated certain conventions. But it is normally argued that ILO is an organ without teeth. It can only condemn countries that break the convention and so lack power to punish. Additionally, it is not obligatory for every member country to apply these conventions in their countries. That is why these conventions are unable to serve the purpose for which these had been designed. Moreover, these conventions provide the broad framework. Within that framework ratifying member country has to develop its own programmes to apply these conventions. No doubt these types of steps create a lot of awareness among the people regarding the problem of child labour. But due to lack of mandatory nature, it does not serve the purpose. So besides the formulation of these conventions, efforts should be made to create an environment whereby children will no longer have to work; where it would be worthwhile for them to attend school; and where parent's income alone will be sufficient to provide children all the basic requirements of their life.

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- a course of education or training for which a school or training institution is primarily responsible;
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- a programme or guidance or orientation designed to facilitate the choice of an occupation or of a line of training.

This convention shall be binding only for those members of the ILO whose ratifications have been registered with the Director-General. It shall come into force twelve months

after the date on which the ratifications of two members have been registered with the Director-General. A member country which has ratified this convention may denounce it after the expiration of ten years from the date on which the convention first comes into force, by an act communicated to the Director-General of ILO for registration. Such denunciation should not take effect until one year after the date on which it is registered. Each member which has ratified this convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this article, will be bound for another period of ten years and, thereafter, may denounce this convention at the expiration of each period of ten years.

### Conclusion

The problem of child labour is a vast, complex and multifaceted. To overcome the problem of child labour ILO has formulated certain conventions. But it is normally argued that ILO is an organ without teeth. It can only condemn countries that break the convention and so lack power to punish. Additionally, it is not obligatory for every member country to apply these conventions in their countries. That is why these conventions are unable to serve the purpose for which these had been designed. Moreover, these conventions provide the broad framework. Within that framework ratifying member country has to develop its own programmes to apply these conventions. No doubt these types of steps create a lot of awareness among the people regarding the problem of child labour. But due to lack of mandatory nature, it does not serve the purpose. So besides the formulation of these conventions, efforts should be made to create an environment whereby children will no longer have to work; where it would be worthwhile for them to attend school; and where parent's income alone will be sufficient to provide children all the basic requirements of their life.

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## WTO Update

Shallu Sehgal  
Research Scholar, School of Economics

### World Trade Organisation

The World trade organization replaced the General agreements on Tariffs and Trade (GATT). WTO is much more powerful because of its institutional foundation and its dispute settlement system. Countries that do not abide by its trade rules are taken to court and can eventually face retaliation. The GATT (the initial face of the WTO) had 23 member countries in 1948, while today there are 148 member countries of the WTO.

The WTO commits its members to lowering of tariffs on industrial goods, abolition of import duties on variety of items, progressive abolition of quotas on textiles and garments, reduction of trade distorting subsidies and import barriers, agreements on intellectual property and rules for civil aviation.

By virtue of benign the member of this important organization, India's policies are also guided by it, directly or indirectly. There have been many issues that explain the equation between India and WTO. Rather these issues have become a matter of concern to all developing countries like India.

### Issues for negotiation or discussion in the WTO

#### TRIPS

The Agreement on Trade Related Aspects of Intellectual property Rights (TRIPS) has remained one of the most contentious issues in the WTO. To keep up the India's commitments to the WTO, the Patent Act of 1970 was amended and Patent (Amendment) Act 2005 was passed by Parliament to meet the deadline for bringing its patent law into full TRIPS compliance after an intense debate which longed for several months. The new LAW extends protection to pharmaceuticals, chemicals and agricultural products.

There is great controversy relating to the new Patent regime and its impact on Indian economy especially the Pharmaceuticals and agriculture.

#### Pharmaceuticals

The opponents of raising patent standards fear that allowing product patent in India would destroy 16000 flourishing industries as firms would no longer be able to find alternative processes to produce drugs patented abroad. Indian pharma companies will not be able to manufacture various medicines locally with cheap materials. They will have to purchase from foreign companies at exorbitant price. Doctor Without Borders / Medicines scan Frontiers and other non-governmental organizations are worried that newer Aids and other Life saving drugs will become much more expensive and therefore less available to patients in poor countries. However Pro-Patent lobby argues that after introduction of product patent there would not be much changes in the prices of drugs. Since patents of over 95% of the drugs available in

India and on WHO list of essential products have expired these drugs will continue to be available on current prices. Also the National Pharmaceutical Pricing Authority (NPPA) have a power to control the prices of drugs, if found excessive.

#### Agriculture

A measure issue concerns with agriculture is its patent right from seed varieties. The large multinational firms are descending on Indian and other countries that are economically poor but rich in biological wealth and are using forests and bushes for plant varieties. These MNCs are taking selected specimens out of the country and then crossbreeding with other varieties, reducing new varieties that they are claiming to be unique and destined and then patenting those in their countries. The most talked about case of bi-piracy has been patenting of Neem tree which is a part of the Indian folk culture and whose medicinal and other properties had been known to Indian people from time immemorial. However in case of Haldi due to efforts of CSIR, the U.S. Medical school was forced to revoke patent on its use for healing wounds.

In view of New Patent Regime patent activity by the domestic actors should be increased. Currently, India's share of the world patent is only 0.25% while Japan has 25%. Currently 8000 to 12000 patents are being filed each year of which 80% to 90% are from abroad, which should also forge strategic (R&D) research and development alliances with foreign companies. Indian companies on average spend only 2% of their turnover on R&D while this ratio is 15% for world leading firm. So far agriculture is concerned we should not resort to the concept of "prior-art" and patent the Indian plant variety in India itself before it is done by anyone else.

#### Agreement on Textile and clothing

With compliance to WTO framework the Agreement on Textile and Clothing (ATC) was phased out on 1<sup>st</sup> Jan 2005 and developed countries removed textile quota system. In World Trade Report 2004, WTO estimated that India's share in the total textile exports of the world will increase 16% from the present level of 4%. China's share expected to reach a level of 67% from the present level of 16%. Thus there is a very rosy picture for India's level of exports yet there are some challenges before Indian textile manufacturers. There are some of the govt. policies hindering growth in Indian textile/garment sector. Due to reservation policy followed in garments sector, small size plants have been established in which economies of scale are very rare to be found. If we compare Indian plants with Chinese plants then Indian plants are 80% to 90% small than Chinese plants. Only this the technology of Indian plants is also old. In view of the above situation we are going to face a strict competition from Chinese exports. In a study of planning commission was estimated that nearly Rs.97500 crore would be required for the upgradation of textile industries. In addition to this must be noticed that 96.5% of the total textile production is being manufactured by an organized sector which is having branded products. Apart from this different rate

taxation for organized and unorganized sector makes them uncompetitive. The Labour Laws promotes a culture of low accountability and productivity. In view of the above situation, we are required to change our internal system so that our industries can make a hold in the world market.

#### Agreement on Agriculture

The objective of the Agriculture agreement is to reform trade in the sector and to make policies more market oriented. This would improve productivity and security for importing and exporting countries. WTO agreement on agriculture (AOA) stipulated that developed countries would reduce their subsidies by 20% in 6 years and developing countries by 13% during 10 years. But developed countries tried to circumvent disagreement by providing Green Box subsidies to support agriculture. Consequently, hampering the exports of Indian farmer due to cheap farm products availability. The phenomenon of farmers suicide and the growing unrest in several states is serious human problem. Not only this, the tariffs of OECD countries are heavily biased against low price farm products produced by Developing countries. Nearly 60% of imports from developing countries by Canada, EU, Japan, U.S were subject to peak tariffs. The upshots of the above analysis is that while the developed countries want to penetrate the markets of the developing countries in agriculture. They continue to use tariffs, quota and subsidies to help their farmers. There has been no perceptual change on policies of the United states and OECD countries to share the benefits of globalization in an equitably manner. The good news is that many developing countries are fighting back, forming their own coalitions to press the developed countries to end subsidies and to allow the poor countries to defend their own farmers interest. In view of this much is expected from the sixth WTO Ministerial conference which is going to be held in Hong Kong 13-18 December 2005

### Students Column

#### Macroeconomic Problem

Megha Dogra (M.Sc Economics, Semester-I)

Macroeconomics is a study of the economic system looked as a whole; the twentieth century macroeconomics has been oriented towards a number of "problems"-that is, economic trends and development that have been seen as problem by at least some economists and others. These are the problems that could not be understood and solved without an understanding of working of market economic system as a whole. The four distinctively macroeconomic problems are:

#### 1. Recession, Depression and Economic Fluctuations

A recession is defined as a period of two or more successive quarters of decreasing production. Recessions are period of decreasing production. The greatest recessions are sometimes called "depression". The 1930's recessions provide a classic example of depression.

#### 2. Unemployment

The recession causes unemployment, which is another Macroeconomic Problem. It seems that relatively large number of people has become unemployed in recession, but there are some difficulties of measuring and interpreting unemployment. It may be of the three kinds: Frictional unemployment, Cyclic unemployment and Structural unemployment. Unemployment seems to be an instance of failure to use the available labour. That is why many economies see Unemployment as an economic problem.

#### 3. Inflation

Recession and Unemployment create trouble enough, but many people, in the modern world see a danger in too much prosperity. The "Danger" is Inflation. It is defined as a continuous increase in the price level and Hyperinflation (increase of the price level by large numbers). Inflation creates uncertainty, discourages savings and investment. It reduces the competitiveness of the country in international trade.

#### 4. Stagnation

Stagnation is economic growth that while positive, is less than the potential growth of the economy. Some economists believe that the Stagnation is a serious problem and a cause of other problems in the economy but since identification of stagnation depends upon one's idea of the potential, it remains controversial.

#### Outcome Budget: 2005-06

Nidhi Mahajan (M.Sc Economics, Semester-I)

Presenting the Union Budget 2005-2006 in the Parliament on Feb 28, 2005 the Finance minister P.Chidambaram had said, "I must caution that Outlays do not necessarily mean outcomes. The people of the country are concerned with outcomes". In order to measure the development, the outcomes of all major programmes, have been put in together with the Planning

commission in form of a budget: Outcome Budget.

#### What is Outcome Budget?

The outcome budget is a progress card, which explains what various ministries and departments have done with the outlay announced in the annual budget. It is a performance measurement too, that helps in better service delivery; decision making; evaluating programme performance and results; communicating programme goals; and improving programme effectiveness. It measures all the development outcomes of all government programmes.

#### How will it change the way the Government works?

The outcome budget to be presented for the first time will display various ministries in their spending by ensuring that they do not stagger it towards the last quarter of the fiscal year. The outcome budget also aimed at changing the outlook of the government officials. The idea is to make government more result oriented and keep them from delaying projects. The focus will shift from 'Outlays' to 'Outcome'. The outcome budget will also gauge the effectiveness of the money spent on various heads by different ministries.

#### Which schemes will be under Outcome Budget?

Plan Schemes will come under the outcome budget. However, the finance minister had said that in the next year the expected outcomes for non-plan schemes too would be listed. From the fiscal year 2006-07 outcome budget will be a part of the main budget. Every ministry will present a preliminary outcome budget at the time of demanding grants from the finance ministry of any scheme.

#### Who will monitor this exercise?

The finance ministry together with planning commission will keep an eye on whether results are being achieved vis-à-vis the money being spent on a particular scheme. A programme outcome and response monitoring division under the planning commission will help to coordinate the outcome budget. The outcome budget, after it is presented in Parliament will also be put upon the finance ministry's website for the public to comment upon it.

The outcome budget is expected to ensure efficient service delivery, transparency and accountability.

### Pradhanmantri Gram Sadak Yojana

*Santosh Kumar (M.Sc Economics, Semester-I)*

Rural Road connectivity is a key component of rural development by promoting access to economic services and generating increased agricultural incomes and productive employment opportunities in India. As a result, it is also a key ingredient in ensuring any sustainable poverty reduction programme. Despite the efforts made at state and central levels, through different programmes, about 40 percent of the habitations in the country are still not connected by All-weather roads. It is well known that even roads constructed are of such quality that they can not be categorized as All-weather roads.

The Pradhanmantri Gram Sadak Yojana has been launched in December 2000 with the objective of providing connectivity to all unconnected habitations through All-weather roads by 2007. About 1,60,000 habitations are expected to be covered under this programme, with an anticipated investment of Rs. 60000 crore. This programme is entirely funded by the Government of India. The central Government formulates the policy guidelines and facilitates the making of good quality of roads through insistence on planning, clearance of road works, better methods of execution, time bound implementation and quality control. The planning execution of road work is carried out by the states. Even 50% of the tax on high speed diesel (HSD) is imposed for this programme.

**Objectives:** The primary objective of the PMGSY is to provide connectivity by way of All-weather roads to unconnected habitations in the rural areas in such a way that habitation with a population of 1000 persons and above are covered in three years and all unconnected habitations with a population of 500 persons and above by the end of the 10<sup>th</sup> plan period.

**Guiding Principles of PMGSY:** The spirit and objective of this Yojana is to provide good All-weather road connectivity to unconnected habitations. It must be ensured that provision of new connectivity should be given precedence in keeping with the objectives of the programme.

Unconnected habitation is one with a population of 500 or more located at a distance of atleast 500 meters or more from an All-weather roads.

The PMGSY shall cover only the rural areas. Urban roads are excluded from the purview of this programme. Even in rural areas, PMGSY covers only the rural roads i.e. roads that were formerly classified as 'Other District Road(ODR) and Village Road (VR). The other district roads(ODR) are roads serving rural areas of production and providing them with outlet to market centers, Taluka Headquarters, Block Headquarters or other main roads. Village roads are roads connecting villages with each other and the nearest road of higher category. Major district roads, state highways and national highways cannot be covered under the PMGSY, even if they happen to be in rural areas. This applies to new connectivity roads. Thus we can say that an All-weather is one which is negotiable during all weathers.

### Econometrics

*Aditi Sharma (M.Sc Economics, Semester-I)*

Econometrics literally means "Economic measurement". It is a combination of mathematical economics, statistics, and economic theory. Econometrics is related to economics and is a technique of economic analysis that expresses the economic theory in terms of mathematical relationships and then tests it empirically through statistical research. Econometrics attempts to develop accurate economic forecasting and to make successful policy planning. The term Econometric is generally attributed to Norwegian economist Ragnar Frisch, who made important studies on the subject in the mid-20<sup>th</sup> century and founded the econometric society. During 1930's

econometrics emerged as an important method of economic study. In the 1950's, economists such as Lawrence Kelvin applied Keynesian principles to econometrics and formed macro econometric models of the economy of the United States.

The main purpose of econometrics is to give empirical context to economic theory. For example, econometric can empirically verify if needed, a downward slope of given demand curve, as economic theory suggests. Empirical context provides numerical value, while economic theory alone usually remains mute on actual specific values.

Arguably the most important tool of econometrics is regression analysis. Econometric analysis can often be divided into time series analysis and cross-sectional analysis. Time series analysis examines variable over time, such as effect of interest rate on national expenditure. However, cross-sectional analysis studies relationship between different variables at a point of time, for instance, the relationship between income, locality and personal expenditure. When the time series analysis and the cross-sectional analysis are conducted simultaneously on sample space, it is called panel analysis. If the sample is different each time, it is then called as pooled cross-sectional data. Multidimensional data analysis is conducted on data sets that have more than two dimensions to provide more information that can be gleaned from two dimensional panel data sets. A simple example of a relationship in econometrics is

$$\text{Personal Expenditure} = \text{Propensity to spend income} + \text{random error.}$$

This statement asserts that the amount a person spends is dependent on his or her income and his willingness to spend money. The estimated coefficient can then be compared across samples and the conclusions are made.

### Introduction to Economics

Tarjinder Kaur (M.Sc Economics, Semester-I)

Welcome to the science of economics. Yes, Economics is a social science, like physics is a physical science. It is true that there are no equipments required to study economics, but just as physical sciences are means to understand how the real world around us works- our planet, the solar system or the universe, in economics we try to understand how the economy of a particular region, a country or the global economy works. There are laws of economics and with the help of these principles, we analyse how an economy works.

What is economics after all? There is no universally accepted, single, definition of it. Economics is about making choices in the presence of scarcity. Scarcity and choice are very important in economics. Scarcity and choice go together: if things are available in plenty then there would have been no choice problem; we can have anything we want. Unfortunately, this may be true only in heaven, not in the real world. Even the richest person on earth would have to face scarcity and make choices. If nothing else, time is scarce. Ratan Tata, a leading industrialist of India, between 6p.m. and 8p.m. in a particular evening, may have to decide whether to

go to a musical concert, or just keep working in his office. Think about the length of syllabi of various subjects that students have to cover before the final exam. We do not need to convince ourselves that time is scarce. Likewise food, clothing, housing, clean air, drinkable water etc. are scarce in every country in the world, except that the degree of scarcity varies. The point is that problems of choice arise because of scarcity. The study of such "choice problems" at the individual, social, national and international level is what economics is about.



## Know Yourself: Applying the Johari Window

Arti Devi, School of Business

Like computers, humans are information processors. Today's complex computers are still relatively simple information processing units when compared with human information processing. People's individual differences and uniqueness are largely the result of the cognitive processes. Although there are a number of cognitive processes (imagination, perception, and even thinking), it is generally recognized that the perceptual process is a very important one that takes place between the situation and the behaviour.

Knowing yourself----becoming more aware of your values, beliefs, and prejudices---- is a powerful way to improve your perceptions. Suppose that you dislike a particular person who treated you badly a few days ago. If the person meets you to re-establish the relationship, you might be more open-minded about this opportunity if you are conscious of these emotions. Moreover, if your friends are also aware of your unique values and past experiences, they are more likely to understand your actions and help you improve in the future. If you act harshly toward the person, your friends are likely to understand the reason for your behaviour and draw this to your attention.

The **Johari Window** is a popular model for understanding how people can increase their mutual understanding. Developed by Joseph Luft and Harry Ingram (hence the name "Johari"), this model divides information about yourself into four areas----open, blind, hidden, and unknown----on the basis of whether your own values, beliefs, and experiences are known to you and to others.

The **open area** includes information about you that is known both to you and to others. For example, both you and your friends may be aware that you don't like to be near people who

lie. The **blind area** refers to information that is known to others but not to you. For example, your friends might notice that you are embarrassed and awkward when meeting someone who is more knowledgeable than you; but you are unaware of this fact. Information known to you but unknown to others is found in the **hidden area**. We all have personal secrets about our likes, dislikes, and personal experiences. Finally, the **unknown area** includes your values, beliefs, and experiences that aren't known to you or to others.

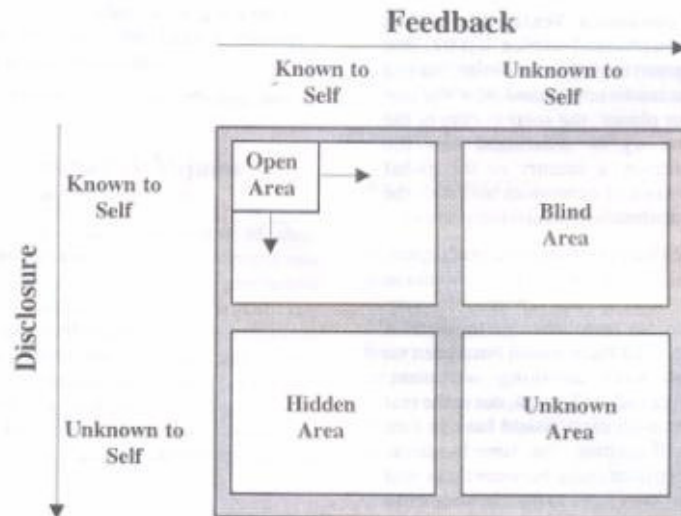
The main objective of the Johari Window is to increase the size of the open area so that both you and your colleagues are aware of your perceptual limitations. This can be done by reducing the hidden area through disclosure----informing others of your beliefs, feelings, and experiences that may influence the relationship. Disclosure must be reciprocal among members; that is, they should provide information about themselves as you reveal information about yourself. Fortunately, self-disclosure by one person tends to cause others to make a self-disclosure. The open area also increases through feedback from others about your behaviours.

This information helps you reduce your blind area, because colleagues and friends often see things in you that you do not see. Finally, the combination of disclosure and feedback occasionally produces revelations about information in the unknown area.

Thus, by knowing how other people perceive one individual and how that individual perceives other people we can make it easier for ourselves to see others accurately, accept criticism and try to improve upon ourselves and our relationships.

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## Learning to Research Interdisciplinary Perspective

(An abstract of the Lecture by Karori Singh, South Asia Studies Centre, University of Rajasthan, JAIPUR)

### Why Learning?

Curiosity-inquisitive Nature of Human being (Cognitive Aspect)

Understanding- the rules governing the universe and composition of matter (natural sciences) and society (social sciences) for the betterment and improvement (Practical aspect)

To systematize and standardize the curiosity and understanding

The process of learning is being strengthened through research and, thus The Learning leads to Research

**Conditioning** to make you to think the way we want you to think

**Imparting Skills**- very short time

**Acquaint** with the recent changes taking place in the field of knowledge

### How?

Sound-Energy

Music

Language

Natural Science- Tempering with the Nature (Matter and Bio-physical aspect), we want to understand the rules and also attempt to regulate in a particular manner.

Organize Life-Social Science

### When?

From Learning to Research-Fundamental and Applied aspects

### Who?

Dedicated and committed Staff and Team

### Where?

University, Research Institutes and Research Centers

### What is Research?

Qualitative Change in the forms of ideas, institutions, matter or any other aspect. The output is qualitatively different from the original.

Learning-Conditioning, developing skills, living in harmony and inward looking etc.

### Historical Evolution

-Vedic-Dharmashastra and Arthashastra/Greek-Roman Period-Politics and ethics. All the religions are of Asian origin, not the western and **philosophies** are based on religion.

-Medieval Period

Modern

-Divorce between philosophy and Science- 1750-1850

-Emergence of social science-1850-1945-Departmentalized

and Disciplined

(Version I Countries were colonized)

- Science Became important (Nomothetic Social Science) 1945-70

(Version II Decolonized and MNC's became important, Yalta arrangement of political institutions and Bratton Woods arrangement of economic institutions)

- Opening the Social Science- **analytic truth, moral choice and political wisdom meaning without teleology, history without historicism and action without activism**

- 21<sup>st</sup> Century IT/BPO and Resurgence of Asia and Greater Relevance of research as a social product, not merely technological or economic.

### Circumstantial Evidence

Accumulation through the way and models developed in the Western World Dissemination through the Universities/ Research institutions/research centers

Accumulation and dissemination must be for generating

### Wisdom

Tsunami of information and knowledge

**What our role Today-** to develop our own discourse- we should play a vanguard role. Practice should not lead the intellectuals but intellectuals must shape/lead the practice. Research must harmonize both the explicit and implicit (technical dimension-skill generating, know-how and cognitive dimension-cognition-thinking-philosophy) aspects of knowledge. Such a harmony will shape the future and thereby posterity will live in peace and harmony.

## Research Note

The data presented below was published in the March 1, 1984 issue of the *Wall Street Journal*. It relates to the advertising budget (in millions of dollars) of 21 firms for 1983 and millions of impressions retained per week by the viewers of the products of these firms. The data are based on a survey of 4000 adults in which users of the products were asked to cite a commercial they had seen for the product category in the past week.

Firm	Impressions, millions	Expenditure, millions of
Miller Lite	32.1	50.1
Pepsi	99.6	74.1
Stroh's	11.7	19.3
Fed'Express	21.9	22.9
Burger King	60.8	82.4
Coca Cola	78.6	40.1
McDonald's	92.4	185.9
MCI	50.7	26.9
Diet Cola	21.4	20.4
Ford	40.1	166.2
Levi's	40.8	27
Bud Lite	10.4	45.6
ATT/Bell	88.9	154.9
Calvin Klein	12	5
Wendy's	29.2	49.7
Polaroid	38	26.9
Shasta	10	5.7
Meow Mix	12.3	7.6
Oscar Meyer	23.4	9.2
Crest	71.1	32.4
Kibbles 'N Bits	4.4	6.1

The first problem at hand for a researcher is to know whether it pays to advertise. In other words, whether a rise in advertisement expenditure increases customer impressions. On drawing scatter diagram, it is revealed that there is a positive relationship between the two variables, although it does not seem to be very strong. This probably suggests that it pays to advertise; otherwise, it is a bad news for the advertising industry.

Next problem for the researcher would be to determine the extent of relationship through a proper modeling. Letting Y represent impressions retained (ADRET) and X the advertising expenditure (ADEXP), we may estimate the following regressions:

$$\text{Model I: } Y_i = a + bX_i$$

$$\text{Model II: } Y_i = a + bX_i + cX_i^2$$

The estimated Models are as follows (output obtained from using SPSS software):

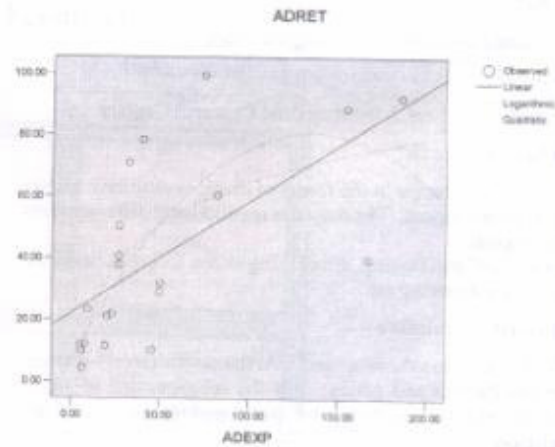
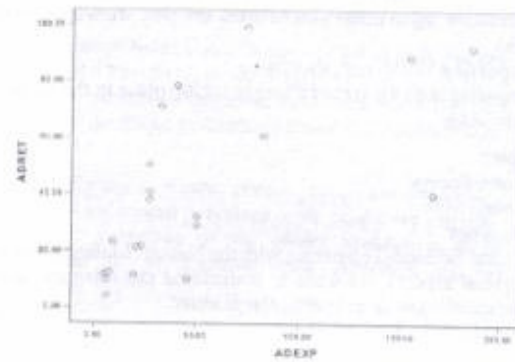
	R <sup>2</sup>	F	Sig.	Constant	b1	b2
Linear	.424	13.9	.001	22.1	.363	
Quadratic	.530	10.1	.001	7.05	1.08	-.004

In Model I the slope coefficient tells us that per unit increase in the advertising expenditure, on average, retained impressions go up by 0.363 units.

In Model II, the average rate of increase in retained impressions depends on the level of advertising expenditure. Taking derivative of Y with respect to X, you will obtain:

$$dY/dX = 1.0847 - 0.008X$$

This would suggest that retained impressions increase at decreasing rate as advertising expenditure increases.



We can treat Model I as the abridged, or restricted, version of Model II and hence can use the restricted least-squares technique to decide between the two models. Since the dependent variable in the two models is the same, we can use the  $R^2$  version of the  $F$  test. The results are as follows:

$$F = \frac{(0.53 - 0.424)/1}{(1 - 0.53)/18} = \frac{0.106}{0.0261} = 4.0613$$

Under the usual assumptions of the  $F$  test, the preceding  $F$  value follows the  $F$  distribution with 1 df and 18 df in the numerator and denominator, respectively. For these dfs the critical  $F$  value is 4.41 (5% level) and 3.01 (10% level); the  $p$  value is 0.0591 or about 6%, which is close to 5%, suggesting that the exact probability of committing Type I error is only about 5-6%. It seems that we should retain the squared  $X$  variable in the model.

There are diminishing returns to advertising expenditure; if the coefficient of the  $X$ -squared term were positive, there would have been increasing returns to advertising. Equating the derivative ( $dY/dX$ ) to zero, we obtain:

$$1.0847 = 0.008X, \text{ which gives } X = 135.58$$

We can say that at the level of expenditure of about 136 millions of dollars there is no further gain in retained impressions. This is also evident from the plotting of Quadratic estimated line, peaks at around 136 and thereafter declines.



*Following papers were presented in the workshop on Gandhi and Globalisation organized at Shri Mata Vaishno Devi University on 2<sup>nd</sup> October 2005.*

### Relook at Gandhi for Globalisation

*Dr. Binod Kumar Singh, Registrar  
Shri Mata Vaishno Devi University*

**"I Do Not Want My House To Be Walled In All Sides And My Windows To Be Stuffed. I Want The Cultures Of All Land To Be Blown About My House As Freely As Possible. But I Refuse To Be Blown Off My Feet By Any."**

**--MK Gandhi**

I had the opportunity of witnessing the programme organized by the students at Shri Mata Vaishno Devi University on 2<sup>nd</sup> October 2005, the birth anniversary of Mahatma Gandhi where I was invited by Dr. Prabhat Kr. Pankaj, Director, School of Economics & organizer of the programme to be the Chief Guest at the occasion.

In fact, it was an enlightening event on relevance of "Gandhian Thoughts & Principles in Context of Globalized World" which consisted of presentations including visuals by students and the Faculty Members. The event predisposed me to relook & introspect my own understanding about Gandhi.

It has taken a form of annual exercise that Every year on 2<sup>nd</sup> October, we find numerous events & programme including articles & talks through electronic and print media taking place in India with a view to reexamine relevance of Gandhi in today's context which in other words hints as if there has been diminution in it.

But I personally believe that in Context of Globalisation, the principles propounded by Gandhi in recent times, have gained paramount importance. The following words of J.P. Narayan also establishes continued relevance of Gandhi:-

**"As Long As There Is Violence Which Threatens The Very Future Of The Human Race, The Relevance Of Gandhi Would Continue. He Would Remain Relevant Till This Danger Of Total Annihilation Of Human Race Is Removed."**

If we look at the world in today's context, it would be apparent that there had been no diminution in the relevance of Gandhi despite the fact that Technocrats & Futurologists are not tired of boasting of Globalization & Globalized World. In fact, the term 'Globalization' has originated very recently. The networking due to Internet, Cultural Similarity due to Satellite TV and Speed in Transport due to advanced technology and conferencing facilities due to "Video" telephones have converted the earth into a Globalized Society. It is likely that it is only a matter of time before the whole world becomes one in terms of Goal, Life Style, and Language & Culture.

In fact, the Globalized World as we see it today is quite distinct from the vision of Gandhi for a Global Village. Gandhi thought of a village as different & distinct with its

individual identities, characteristics & uniqueness. The concept of Globalisation on the other hand, concentrates on uniform way of living on the basis of technological advancement which ultimately is non viable. The ecological threat, the possibilities of nuclear Catastrophe & the fatal effects from genetic maneuvering are direct & adverse aftermath of Globalisation. Gandhian thoughts take the individual human beings and their needs very seriously. Such concerns & priorities of Gandhi are of vital importance for very survival of human society. The future of a viable society can be built only on a model propounded by Gandhi and not on the model of Globalisation. Gandhi's relevance lies in the correctness to the culture emanating from Globalisation based on concept of self sustaining villages. Gandhi could identify himself totally with dispossessed, the losers & the leavers *The Harijans*.

#### Commitment to the Harijans

The magnitude of commitment of Gandhi towards *Harijans* revealed in his speech at the meeting of Minorities Committee on November 13, 1931 where he said, "I claim myself in my own person to represent the vast mass of the untouchables. Here, I speak not merely on behalf of the Congress, but I speak on my own behalf, and I claim that I would get, if there was a referendum of the untouchables, their vote and that I would top the poll."

In pursuance to his above principles, he pleaded for opening of temples to *Harijans*: "Temples are for sinners, not for saints: but who is to judge where no man is without sin?"

Such commitment to the *Harijans* & then towards the minorities, the muslims, was the prime reason for his life and for his death.

#### Targetted the System, Not the Person in that System

The life of the Gandhi clearly depicts that he was totally against Corruption & exploitative System perpetuated by the British people. But such opposition was not targetted against any individual, in the System. He said, "I cannot intentionally hurt anything that lives, much less fellow human beings even though they may do the greatest wrong to me. Whilst, therefore, I hold British rule to be a Curse, I do not intend to harm a single Englishman or any legitimate interest he may have in India."

The cherished Concerns of Gandhi of the *Harijans* were his identification with the "least, lost & lowest", interest for the individual needs, priority to the basic needs of the people & respecting the persons in the System even when opposing the System.

It is vividly understandable that there is a clear privation of concern for those individuals who are in the category of *Harijan*..... the least, lost & lowest in the concept of Globalized World or Globalization and therefore it is not viable in the long run. It is both vicious & venal way of life as it brings other cultures to its powerful grasp. Any other

Culture or Community which is not compatible with preconditions & goals of globalization is even not allowed to maintain its existence. Either one has to swim with it or one is forced to drown.

On the other hand the society envisaged by Gandhi is life supporting, self sustaining & Community fostering and therefore it is viable. We should affirm that the basic vision which Gandhi fosters is much more sound and viable than the vision fostered by concept of Globalisation. Although we may not simply go back to the tribal and village culture advocated by Gandhi, but without giving serious thought to the concerns introduced by Gandhi for Poor, Underprivileged, no viable civilization can be built and sustained. Today, the symbols of common salt, Charkha and Sevagram may not evoke that same profound impact which they once did, but what they stand for can be ignored only at the risk of losing our human Culture.

In view of the above, we may notice that despite being old and outmoded the Gandhian concepts still hold good and are very much relevant for safeguarding the interests of human beings from the adverse effects of Globalisation.

**“Recall The Face Of The Poorest And Weakest Man You Have Seen And Ask Yourself If The Step You Contemplate Is Going To Be of Any Use to him. Will He Gain By It?”**

**—MK. Gandhi**

### Relevance of Gandhi in the Globalised World

*Dr. Prabhat K. Pankaj, School of Economics*

Gandhi and his thoughts seem to have been dying out in the sparkle of modernization, especially in the context of globalization. Today, Gandhi in general means outdated, anti-technology/progress, out rightly traditional and backward. The triumph of neo-liberal free market economic system, in the wake of fading out of socialism, perhaps has necessitated this kind of thinking. However, contrary to this, when we analyze the development pattern ensued and ensured by global integration under the multilateral trading mechanism, we tend to realize that strands of Gandhian thinking could be more called for today than ever before. Gandhi provides the “essential bridge” over the gap in development, inflicting civil society rather seriously, to the extreme peril sometimes.

### Whither Civil Society?

One of the strongest economies of today's globe, the United States, has revealed several weaknesses leading to crisis in civil society. Some of the aspects of this crisis is reflected in breaking up of the family, highly fragmented interpersonal relationship, mechanical way of life leading to stress and suicide, growing psychosomatic problems in children and adults, psychologically depressed old generation passing time in old homes, so on and so forth. Clearly, economic progress has taken huge toll in terms of social and psychological disorder. This unholy trade-off has been aptly described in Barlett and Steele's *America: What Went Wrong?* and *America Who Stole the Dream?*

Economic dimension of the problem is articulated in several depressing macroeconomic indicators. The supposed 'convergence' attempt has led to trade divergence emanating from structural trade deficits. The gains have been disproportional, tilting away from small and least developed countries. At micro level, wages seem to have stagnated. Big and powerful economies are suffering from the signs of recession and low growth rates. Incomes between the economies have drifted apart over time. Growing income inequality within the economy has emerged as one of the prominent reasons for social unrest, political upheaval, instability and finally the disintegration.

Problems are much larger than economic. President Bill Clinton provided a glimpse of it when in one of his public speech in 1995 he said “But the rising tide is not lifting all boats. While our nation is enjoying peace and prosperity, too many of our people are still working harder and harder, for less and less. While our businesses are restructuring and growing more productive and competitive, too many of our people still can't be sure of having a job next year or even next month. And far more than our material riches are threatened; things far more precious to us our children, our families and our values. Our civil life is suffering in America today. *Citizens are working together less and shouting at each other more. The common bonds of community which have been the greatest strength of our country from its very beginning are badly frayed.*”

The overall milieu is comprised of very many disturbing features such as unemployment, criminality, violence, disintegrated families, wage stagnation and cultural vertigo. All these have contributed to "private affluence and public poverty" in every nook and corner of the globe.

#### Is globalization necessarily a road to progress and prosperity?

Globalization is not a new phenomena neither a new concept, especially in the context of Indian society and economy. Historically, India's involvement in the external trade has been significant. In terms of both the absolute volume of trade and its proportion to total national income, Indian economy was much more globalized in the past than now. External trade constituted as high as 30 to 40 per cent of national income in the pre-British period with a significant diversification in exported items. On the other hand, the very concept of *vasudhaiv kutumbakam* (global family) tended to open our mind and heart to the global world. What is new in the recent wave of globalization is the element of technological deepening. Two processes have clearly defined the globalization one, the internationalization of financial capital through MNCs and two, spread of new technology. While the first seems to be an old recipe, the second one is a new element. The protagonists of globalization would always hold that both one and two above are good and desirable. However, the net outcome of development so far has proved the weaknesses of this presumption. The financial deepening all across the globe has outpaced the real development by more than double. One of the indicators of this trend is the negative relationship witnessed between growth of stock market and growing unemployment everywhere. Even a formidable economy like the US is seriously grappling with the problem of unemployment.

Nature of profit earning has changed. This is not happening more through productivity jacking up, rather through wage stagnation/fall. In the process the real growth suffered. Financial capital has become a source of income inequality and homelessness. Statistics reveal that the richest 20% of the world had 32% times that of the poorest 20% in 1970, which has now become almost 100%. This gives the impression that globalization has increased employment, income, and output but also has resulted in wage stagnation in some part of the economy, reflected more in the excessive concentration of the gains. Deprivation and vulnerability increased over time. Globalisation also exposed the weakness of the business civilization.

#### Have we realized our weakness?

Recent consciousness on the "side effect" of globalization has been well reflected in the alternative indices developed for measuring progress. Some of the indexes take good care of the quality of life and value non-materialistic things constituting good life. To enlist a few:

1. Physical Quality of Life Index (PQLI)
2. Human Development Index (HDI)
3. Index of Sustainable Economic Development (ISEW)

4. Genuine Progress Index (GPI)
5. Index of Social Health (ISH)

Statistics have proved that the benefits of globalization and liberalization have been realized more by countries which started with a better record in human and social capital formation. It is, therefore, not surprising that our small and landlocked neighbour Bhutan has centered her development towards the realization of Gross National Happiness, rather than Gross National Product.

What is our track record measured in term of alternative indices? It can easily be seen that indices like ISEW, GPI and ISH have been increasing till early 1970s, and started declining thereafter. Today, these indices have gone back to the level of 1950s. Clearly, when we start valuing things like health, environment and social capital, we quickly realize that development has taken aback. Surprisingly, even the growth rate measured in terms of GDP averaged 1.5% per annum during 1965-90, slide down to 1.2% per annum during 1980-90. The world seems to have witnessed a decline in real as well nominal growth during the period when new technology and financial globalization increased.

#### What alternative Gandhi has in the new scenario?

It should not take much to realize the need for a paradigm shift towards 'spiritual-cum-ecological-cum-ethical values'. Some of Mahatma Gandhi's profound ideas may have a clue to such an order. We do not need many of them. A mere couple of ideas have the potentiality to remove all our scurrilous problems. They represent, of course, a difficult order. But we need them, if we want to survive better.

#### From 'End' to 'Means'

Focus must be put on means for realizing an end. In today's world, end result has become all important. It does not make any sense as to what means has been adopted to achieve the end result. This is because our yardstick to progress is the output generated, not the process adopted. Alternatively, Gandhi says "They say, 'means are after all means'. I would say means are after all everything. As the means, so the end. There is no wall of separation between means and ends. Indeed, the Creator has given us control (and that too, limited) over means, none over the ends. Realization of the goals is in exact proportion to that of the means. This is a proposition that admits no exceptions." Emphasis on mere "ends" encourages corruption. As Gandhi says "Impure means result in impure end."

#### From 'Rights' to 'Duties'

As emphasis shifts from 'ends' to 'means', it necessitates another shift i.e. from 'rights' to 'duties'. Emphasis on 'means' result in defining 'duties' rather than mere 'rights'. Gandhi shares his experience, which explains a great deal as to what order is needed today.--"As a young man I began life by seeking to assert my rights and I soon discovered I had none, not even over my wife. So I began discovering and performing my duty by my wife and children, friends, companions and society and I find today that I have greater rights."

Following duties means following dharma. Following dharma requires integrity of character, so fundamental to the Gandhian concept of Rama Rajya. Given a chance, people would prefer Rama Rajya to any other form of rule. Rama wins the heart and how long will it take him to win elections?

Gandhi's method is based on the 'doctrine of the original goodness' of human being. It emphasizes interconnectedness of us alla concept so vital to ecologists. This requires a change in the lifestyle, which is possible only in a family environment. Family sustains in community. Community is possible only at a particular place. That is why Gandhi emphasized on swadeshi. Hillary Clinton is very right, when she says "It takes a village". It is no accident that even Toffler's Third Wave future lie in a Gandhian Electronic Village.

#### What is the final recipe?

The undesirable effects of globalization can be curbed following Mahatma's recipe. On deconstruction of Gandhi's paradigm of development and self-correction, we tend to enlist the following:

1. Assume personal responsibility of the problem of the world.
2. Build desired infrastructure of family, community and the village.
3. Improve productivity.

## Gandhian Philosophy and Globalisation

*Dr. Suparn K. Sharma, School of Economics*

Globalisation means an expansion of economic activities across political boundaries of nation states. It refers to a process of deepening economic integration, increasing economic openness and growing economic interdependence among countries in the world economy. Globalisation is associated not only with a phenomenal spread and volume of cross border economic transactions, but also with an organization of economic activities which straddles national boundaries. Globalisation has more recently, i.e., in last fifteen years, made a quantum jump. The nature of links among nations and people has recently undergone a sea change. The integration of a global economy is the product of three principal forces - increase in trade in goods and services, increase in investment of transnational corporations, and an explosion in financial and foreign exchange transactions. These forces have expanded choices and created more of quality goods and services for consumption.

Fifty five years ago, India's Independence marked a defining moment in history. It was the culmination of a struggle in which Mahatma Gandhi strode as a colossus. It started a world-wide process of decolonization. The handover of Hong Kong from Britain to China is the last chapter of that movement. Now, globalisation, not colonization, has become the defining moment in history. It has consequences ranging from our philosophical understanding of ourselves to more mundane, material circumstances governing our lives. The era of globalisation may be seen to commence with the end of the Cold war, the fall of the Berlin Wall, and the establishment of the "Washington Consensus" of the Bretton Woods institutions affirming the merits of markets. However, in the India it had kept pace since 1991 after the financial crunch in the country.

Gandhi had never opposed world or international trade as long as it is for the trade purpose only. So, it seems ironic that world wide anti-globalisation movements often portray Gandhi as someone who shared the same side of the ideological spectrum, when Gandhi himself was clearly a product of globalisation. He was educated in London, started his political activities in South Africa before he even joined the political arena in India and greatly influenced by western figures such as Jesus, Tolstoy, Thoreau and Ruskin. Gandhi himself identified globalisation as an ancient phenomenon whereby he claimed that it was not a bigger threat to India as various races starting from the Greeks and Huns to the British had invaded India but ended up being a part of the nation. He believed that the mingling of cultures in India would not be a threat to India's own customs and culture. However, he did identify that the establishment of a global society would carry certain dangers for the sovereign nations such as colonialism both cultural and political, industrialisation and commercialisation of the economy leading to class antagonism and environmental hazards. Today, we see many of those problems emerge clearly in our lives and hence Gandhi's relationship with globalisation remains extremely important and his ideas valid even today. However, Gandhi

was never in favour of multi-national corporation sponsored globalization rather in favour of globalization which enables groups and individuals to interact freely across frontiers.

As far as the comparison of both Gandhian as well as globalization approach is concerned, the models are not raising any problem for ethical theory. Each one of them can be assessed, depending on the specificity of the context, in deontological, teleological, or virtue-theoretic terms, though generally theorists prefer to judge a development scheme in teleological, more specifically, utilitarian, terms. But the models do raise some problems for the ethics of development that is, some practical, ethical, problems. This is clear from what has been said in earlier. It has been shown therein that the Gandhian model is more suited to ameliorating the conditions of the Indian poor, rural or urban, whereas the globalization model is more likely to benefit the urban, maybe even the rural, affluent. This is an ethical, or moral, difference between the two because it is more ethical to do the former than to do the latter, and therefore the Gandhian model is ethically superior to the globalization model.

Since globalization may largely benefit the urban affluent and only marginally the rural or urban poor, it cannot be said that it is all evil. But it can be said that it is not likely to do what needs to be urgently done, namely the amelioration of the conditions of the poor. But if the liberalization which goes with globalization motivates a foreign investor to enter the Indian market by starting a big industry in an area and also to have a side-by-side operation which benefits the local poor a great deal, it does not look that there could be any serious objection to his doing both. But still the Gandhian model is better because it aims at developing a village in a manner which retains and strengthens those components of the village ethos which deserve to be retained and strengthened. It is something like trying to cure a sick man's ailment by giving him to eat out of the dabbles in his own kitchen which not only have curative properties but are also pleasing to his palate.

Gandhi himself was a great believer in the preservation of the ancient Indian culture and norms of society. However, with India's integration in the world community, especially during the last decade of the 20th century, it could be argued that western cultural hegemony has affected India and most other developing countries. Gandhi has evolved the concept of self-reliant village and panchayati-raj. Gandhian philosophy explains that in today's era of globalized village Gandhi's ideas and approach is very relevant to avoid the problems and negative effects of globalization. Some of his ideas may seem utopian and unrealistic in the global society today, while others may seem in direct opposition to everything globalisation and liberalisation stands for. However, many of his principles remain valid even today and applied worldwide, the most notable being the principle of satyagraha. He brought forward practical issues facing the globalisation process today - that of environmental concerns, equality of rights for all, rural development and evils of violence.

It is widely acknowledged now that Gandhi, who through his

innovative approaches and daring initiatives, succeeded in initiating a new era in human history, an era which signified man's immense potentiality to rise above narrow considerations and to strive for ushering in a new level of achievement. The new methods, strategies and ideas which Gandhi successfully demonstrated, influenced not only freedom fighters and social reformers of most of the continents but also those who are involved in the serious search for alternatives in their efforts to sustain all that is dear to humanity. The Gandhian vision of holistic development and respect for all forms of life; nonviolent conflict resolution embedded in the acceptance of non-violence both as a creed and strategy, were an extension of the ancient Indian concept of *Vasudhaiva Kutumbakam*. The much talked about concept of global human family and humanity's effort to dismantle manmade barriers among nation's peoples and the Indian ideals of *Vasudhaiva Kutumbakam* as enshrined in the Vedic and Upanishad wisdom, are almost the same. It is true that Gandhi always began at the micro level, but then, his vision surpassed the exigencies of local or national barriers. It is impossible for one to be internationalist without being a nationalist. Gandhi always supported global approach if it is for the betterment of mankind. The Gandhian vision of society does not recognize man-made barriers but at the same time as Gandhi often insisted that one should welcome all that is best in other traditions. Moreover, one should allow the winds of other cultures to blow in; one should refuse to be swept off our feet. This indicates that one cannot be internationalist without being a nationalist.

Nobody has emphasized, more sincerely, the need for ameliorating the economic condition of the Indian poor than Gandhi. Lots of questions are being raised regarding the relevancy of Gandhi and Gandhian approach in the dynamic world of today. Gandhi has always emphasized on the 'Development with Human Face'. No economic development or growth is meaningful if it is not giving any benefit or relief to the common or lay man. On the occasion of Gandhi Jayanti this year one of the *Hindi daily* surveyed that more than 60 percent of the people were of the view that Gandhian approach is very much relevant in today's modern world. Gandhi suggested that while making an economic or any other policy, it should be taken into account that whether it is giving any smile on the face of the poorest of the poor. It can be said that whether it is socialism or capitalism, globalised or closed economy in this context, Gandhian philosophy is relevant as long as there exists the problems of poverty, unemployment etc.

## Phenomenology of Gandhian Economy: Viewed in Postmodern Framework

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The western students of Indian culture are always puzzled with unrigging the mysterious naught of the continuity of our culture which is surviving for millennia despite having faced heavy odds of series of external invasions and natural challenges, remaining still calm and maintaining the status of the only 'non-attacking civilization' in the history of world. India's rigorous concern for cultural values has an effective role to play in the survival of its community. The reason behind the above mentioned mystery can be traced out in our vigor for high moral, social and spiritual ideals, the invention and cultivation of which can be viewed in wider sense of 'cultural purposive-ness' in human life i.e. the liberation or total freedom of mankind. The value-oriented cultures always permit deduce economic system from the naturally evolved culture which suits the necessity of the masses.

Gandhian economy is neither a doctrine nor a speculative hypothesis but an insightful recognition of the symptoms which are congenial to the geo-cultural economic behaviour of the Indian people and bent to leave a space for everyone in its system, speaking straightforward. Gandhi was not willing to propound mere a theory of economics but to cultivate and preserve a whole of economic culture. The very phenomenon of economic consciousness does not come from any doctrine or theory rather it emerge in the life-world of the economic behaviour of man which so liquid, therefore progressive, as it may adopt any new behaviour and change as per the demand of survival; and for the same reason it encompasses verity (eg. multiple modes of exchange) or local identity constituting a 'sui-generis' pattern in itself. Gandhian economy, as a description of the monadic structure of village economy, manage to make a hole into the encirclement of concepts and doctrines (like Marxism) to see the concrete factuality through it. As the cultural difference between east and west was well understood by Gandhi, he never advocated anything to overpower our culture. He declared his stand, "I do not want my houses to be walled in on all sides and my windows to be stuffed, I want the cultures of all lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any".

For a better understanding of Gandhian economics we must look upon his ideal of man that he explains as 'one who never neglects one's moral growth in the pursuit of wealth'. The welfare of a man cannot be judged in mere economic terms or in terms of per-capita income or even in terms of worldly pleasure or happiness. Gandhi claims that the economic growth cannot be ranked high on the cultural-moral scale. He believes that over-abundance produces pride and vanity; ensues greed and lust which are great hindrances in moral growth. If welfare is a measurable concept, he provides a wider ground and criterion to measure it compared to the modern concept of welfare. And the paradigm of judging the mass-welfare is the welfare of the 'last man', the 'ultimate poor' of the society. The ideal of '*antodyaya*' (uplifting the last

man) and '*sarvodaya*' (uplifting of all) of his followers are based on this depth-axiology of economy. So Gandhi should not be judged in any specific context but in a general view of the search for teleology of economy. His thoughts cannot be weighed on utilitarian scale as he is not stopped with the ideal of the 'good of the greatest number' but wants to secure the equal good of the ultimate poor. His entire quest behind 'trusteeship' is to make path for percolating money from the affluent to the poor, it is a search for equality. As a value the concept of '*aparigraha*' (non-possession) can also be justified in this context and besides having ethical importance these ideals are relevant from the view-point of resource management also. Further, this is a counterpoise to the entire edifice of mainstream economic thinking which works on the maxim of exploitation of resources to fulfill the unlimited demands. This is the soul of Gandhian insight that dictates the agenda of the long term sustainability of the ecosystem.

Let us view why Gandhi is much inclined to associate morality and economy at the caste of leaving no independent existence of economics as a discipline. Gandhi has a very perspicacious understanding of human phenomenon and he tries to find out the root source of emergence of both economic needs and the quest of morality in human consciousness. All moral questions arise when our desires ensue. So the study of moral and economic behaviour cannot be separated from the study of human consciousness, in other words the economic phenomena have to be derived from the human phenomena. The structure of economic behaviour or any other kind of habit or action has its origin in the structure of consciousness where things do not occur separately. This is why in Indian approach of thinking we do not face the difficulty of making our domains of inquiry interdisciplinary; we always keep one eye to the consciousness. In the very sense Gandhian way of thinking is radical, phenomenological and anthropocentric.

On the same moral ground, he favours the village economy as a tool for achieving the ideal of '*ramarajya*' which leaves enough space for the primacy of 'immediate individual' to the state. He is, perhaps, too much fascinated by the autonomy of Indian village system which is "self sustained and capable of managing its affairs even to the extent of defending itself against the world". But we have a darker side of his economy- the trenchant critique of machinery, for which he has been charged of being primitive in his thought and advocating anti-progressive block systems. Such charge is genuine up to a great extent and frankly speaking, village economy is impractical today. Yet, such critique does not lead us to any final conclusion about his thought because he kept on changing his stand on the issue and further, the ethical side of humanitarian economy is more important through which he wants to put a curb on the overpowering of the mechanical society, the obnoxious consequence of the modern civilization.

As for as the relevance of Gandhian thought in a globalize world is concerned, we must learn first, that globalization itself is not the final stage of the development of human civilization and secondly, the things which are being

globalize are not to secure the total development of the total human community. The desirability of globalization should be primarily a 'vision for the other' and 'benefit of all', which is inherent in each and every determination of the ideals for social, political or, economic behaviour that constitute a rich culture, this is what Huntington concludes as the better cultures can develop better economic system. Similarly Gandhi's effort was to society. Can globalization be a safeguard to the basic human rights like equality and liberty, is a question.

Thinking in Gandhian way one may presage a crisis to cultural identity and human elements in the flood of one sided techno-economic globalization and this fear can be verified by the byproducts of it in the form of digital divide, emergence of new classes and widening gap among them, disgrace of man by making him an object. In Gandhian way one can neither run in the figments of imagining a utopian society, nor afford dehumanization of man. Gandhian path is a suitable middle way between the communist way and that of free marketers. In this sense it is relevant in the post-socialist world. But the difficulty with putting Gandhism and globalization at one platform is that we cannot reconcile with the position of man in the two different thought structures. I do not mean that globalization declares the abolishment of man, but the very appearance and body-language of it permeates disappointment to the anthropomorphic values leaving no scope for recovery. My only complaint to the entrepreneurs of globalization is that they are still confused of producing a proper teleology of it and therefore struggling with its paradoxes. It claims to globalize the world, while the notion of the 'other world' is hidden in the very agenda of it. On this account I can predict that it will either re-shape itself or die its natural death to become a story of history.

I would prefer to view Gandhi in the postmodern framework for certain similarity in the concerns and proximity in the slogans. Postmodernism is a revolutionary intellectual movement against the post-renaissance modernization. Modernity epitomizes itself of systematization, structuralism, constitutionalism etc. and in the procedure of modernization these features grab upper hand in importance and the welfare of man comes to him through the system. The immediacy and the centripetal-ness of man are lost. The triumph of science and technology is the main feature of modernity which entails anyhow the sidelining of other domains of human inquiries and realms of truth. Globalization is the ultimate fruit of the same modernization. So, one should be vigilant of the defects in the very departure of modernity desiring cure of it. Postmodernist intellectuals challenge the modernity by professing deconstruction and de-structuralism. The buried emotions, sentiments and nakedness of human can be seen by rubbing out the covering features of modernity. Postmodernism take a as a cultural weapon against the authority of science and technology in furthering the western exploitation of colonies. It attacks on the 'western-ness' of science and goes beyond pointing out any specific linkage between science and western imperialist interests, besides it attacks the claim of universalism of

science as a cover for the western dominance. It is a search for alternative sciences which may not be misused for making the 'other world' economic colonies. I mean to say that the western mind is yet to be decolonized. Gandhi is also of the same mind to search the alternative sciences. At least in this sense, Gandhi comes nearer to postmodernism.


For saving the individual Gandhi propagates the ideal of anarchy, which is very much constructively deconstructive. He is perhaps the most articulated critique of modernity outside the west. His resentment to the British rule was the part of such a thought structure. He was not against any person or being of the world, but against the system. This is the appropriate juncture to find out the reason why he is following the path of non-violence. It was a corrective tool for all men and deconstructive to the systematization, because to follow the path of violence is to become the part of the system. And further, the aesthetic of virtue is part and parcel for the best ethics for constructive postmodernism. Modernity declares the 'death of God' and fails to construct a new God; it is a challenge for the constructive postmodernism, while Gandhi realizes this problem and solves it by declaring 'Truth is God'. This is a constitution of a new God over the deconstruction of all religious Gods. The fusion of means and ends is also of the nature of the postmodernist approach in a constructive sense

Gandhian economy is also an appropriate example of a deconstructed, de-structured and decentralized economy. Its only effort is to restore 'human' back to the centre of our all judgments, evaluations and decisions. And, this alteration will not create any further construction, because the human phenomenon itself is a deconstructed phenomenon.

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