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Challenges of Development in 21st Century by Dr. Ruby Ojha

Professor Vibhuti Patel

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Challenges for Development in 21st Century
(Author: Dr. Ruby Ojha, Delhi: B.R. Publications, 2011)

This book makes a path-breaking contribution to encourage discourse on some of the most neglected areas in the mainstream economics. This scholarly contribution towards understanding of the macroeconomic parameters affecting development economics goes beyond economic history and examines wide range of contemporary development problems. The book provides up-to-date reference material for development economics, gender economics, International Trade and Economics of infrastructure.

The scholar has examined wide range of contemporary concerns in development studies using prism of economics. She has touched specialised areas such as gender economics, environmental economics and inter-disciplinary work on social sector of the economy. International Trade and Economics of infrastructure are also included in this authored volume.

Increase in national income was considered an adequate indicator of economic development until the late 1960s. When the indicators of growth and structural change were not accompanied by indicators of improvement in the quality of everyday life of most people, the limitations of the trickle down process were realised. Since the 1970s, greater attention has been paid to the quality of economic growth and its relationship with social attainment for human well-being. Investment in education, health and nutrition is now being increasingly looked upon as prerequisites for human well-being and for ensuring equitable economic growth.

Investment in human beings may be examined from the Human Resource Development (HRD) approach and the Human Development (HD) approach. The human-resource developers stress the productivity and efficiency aspect of investments. The basic premise of the HRD approach is that human beings invest in themselves by means of education, training or other activities, which raises their future income by increasing their lifetime earnings. The other approach is that of HD that stresses the quality of life or well-being dimension of such investments. The HD approach considers the acquisition of education, health and nutrition as an end in itself and as essential components that ensure better quality of life rather than as a means to ensuring higher productivity and earnings. They are considered as ‘humanitarians’ as this approach is concerned also with the ‘unproductive, the lame ducks, and the unemployables: the old, infirm, disabled, and chronically sick.’ HD calls for projects and programmes that look upon nutrition, health, education and skill as ends in themselves rather than as means to higher productivity, even when the
conventionally measured rates of return on these investments turn out to be zero (Patel, 2008).

*Selected Studies on Development Economics* by Dr. Ruby Ojha is a path-breaking contribution to encourage discourse on some of the most neglected areas in the mainstream economics. This scholarly contribution towards understanding of the macroeconomic parameters affecting development economics goes beyond economic history and examines wide range of contemporary development problems.

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Feminist philosophy has focused on the needs and interests of women in the developing countries. In tune with it, the first chapter ‘Empowerment of Women through Equal Participation in Decision Making Process’ highlights that women’s self-organisation only can ensure power of decision-making at household, class and community levels. During 1970s and 1980s, the women’s movement highlighted marginalisation of women from the economy. In the 1990, the gender economists are demanding women’s legitimate place within the mainstream with its own agenda of empowerment of women with partnership with men. In Panchayati Raj Institutions, 73rd and 74th Amendments in the Constitution of India, we have experienced new gusto among elected women representatives under 33 per cent reservation. The discourse on the Twelfth Five Year Plan reemphasises the concern of gender inclusive growth. She highlights institutional constrains for subordination of girl child and avers that empowerment of adolescent girls is possible through non-governmental organisation (NGO) intervention.

**Globalisation and Women’s Work**

The new strategy of ‘Integration of Women into Development’ has meant in most cases getting women to work in some income-generating activities, integrating women into market-oriented production and thus integrating women into the world market economy. It was not meant that women should expand their subsistence production and produce more for their consumption—for their own food and their clothes. Income generation in this approach meant money income. Money income could be generated only if women could produce something which could be sold. People who could buy these products belong to the upper strata of economic hierarchy.

The lower supply price of these workers provides a material basis for the induction of poor working-class urban labour into export industries such as electronics, garments, sports goods, toys and agro-industries (Jeong and Choi, 2001). In the export-oriented industries,
in the production of leather goods, toys, food-products, garments, diamond and jewellery, piece-rate female labour is employed, working from sweatshops or from home (Committee for Asian Women, 2003). Outsourcing is name of the game. The relationship between the formal sector and the decentralised sector is a dependent relationship where the formal sector has control over capital and markets, and the ‘informal’ sector works as an ancillary. In India, 96 per cent of the urban and rural poor work in the decentralised sector that has a high degree of labour redundancy and obsolescence. These workers have less control over their work and no chance for upward mobility because of temporary, routine and monotonous work (Patel, 2002). Women constitute only 14 per cent of the total employment in the organised sector. It is concentrated in Maharashtra, Delhi, West Bengal, Uttar Pradesh (UP) and Tamil Nadu. In the urban areas, women workers and employees get relatively better wages, still there is gross violation of labour standards. Moreover there are massive cuts on the social security measures. The author shows the manner in which globalisation rides on women’s back.

The chapter ‘Dealing with the Challenges of Child Labour Problem through Education’ examines the linkages between the child labour and education through a number of economic and educational indicators. Data are presented for the age group 5-14 which is the appropriate age range for the purpose of comparison with relevant elementary education age cohorts. The chapter aims at stimulating the debate on the steps that need to be taken in order to bring the two fields of action closer together. It begins by delineating the history and magnitude of child labour and factors responsible for the phenomenon of child labour. It analyses the sectoral, temporal and spatial distribution of child labour across the major states of India. The subsequent sections compare the workforce participation with the educational and economic indicators of various states of India. The analyses of data establish that few states like Kerala having high literacy rate, low poverty ratio and low dropout rate has low incidence of child labour, whereas in contrast to this, other states like Bihar, UP and Rajasthan have high poverty ratio, low literacy level, high dropout rate and high proportion of child labour. Few states like Himachal Pradesh and Andhra Pradesh are making significant progress in reducing the magnitude of child labour and increasing the participation of children in school. The paper reconfirms the argument that without eliminating child labour, it is unlikely that we achieve Universalisation of Elementary Education (UEE). At the same time, UEE can be an important instrument in eliminating child labour. This implies education is not only an end, it is also means to eliminate child labour.

The chapter ‘Prevalence of Malnutrition in India: A Disturbing Phenomenon’ argues that malnutrition continues to be a major problem for children and adults in India. Almost 60 million children in India are malnourished and almost half of the Indian women and 44 per cent of men are either undernourished or overweight. The prevalence of undernutrition and malnutrition in India is amongst the highest in the world, almost twice of that of sub-
Saharan Africa, a region that is despoiled by internal wars, famines and spread of AIDS. The National Family Health Survey (NFHS-3) also found high levels of anaemia among women and children. Both malnutrition and anemia have increased among women since NFHS-2 in 1988-1999. As per the India Hunger Index Report, twelve states in India fall under the ‘alarming’ category and one state Madhya Pradesh falls under the ‘extremely alarming’ category and twelve other states fall in ‘serious’ category. Nutrition is the focal point of health and well-being. Nutrition is directly linked to human resource development, productivity and ultimately to the national growth.

The 55th World Health Assembly adopted a Global Strategy on Infant and Young Child Nutrition recognising the importance of nutrition of women throughout their life cycle for ensuring optimum nutrition of the child. The inter-generational cycle of malnutrition perpetuated by the poor nutritional status of the girl child was also recognised. The Food and Nutrition Board had developed National Guidelines on Infant and Young Child Feeding.

Economics of Aging is relatively newer area in development economics. The chapter, ‘Financial Sector Innovation to Match the Social Security Needs of Ageing India’ is crucial in the context of development of ‘inverted population-pyramid syndrome’ in many parts of the world and among upper strata of Indian economy due to ‘small family norm’ or ‘Double Income No Kids-DINK’ couples. The International Labour Organization (ILO) (1979) defined social security as:

The protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death, the provision of medical care and provision of subsidies for families with children.

The nation-states are supposed to make policy choices and prescriptions on the basis of this definition. This definition is found inadequate for developing country as it assumes that most persons are generally in a state of employment from which they can earn enough to meet their basic needs. For example, omission of food security.

Alternative definitions are:

- Social security represents a guarantee, by the whole community to all its members, of the maintenance of their standard of living or at least of tolerable living conditions by means of redistribution of income based on national solidarity.
- Social security means the support provided to the individual by the society to enable him/her to attain a reasonable standard of living, and to protect the same from falling due to the occurrence of any contingency.
- Any kind of collective measures or activities designed to ensure that members of society meet their basic needs (such as adequate nutrition, shelter, health care and clean water supply), as well as being protected from contingencies (such as illness,
disability, death, unemployment and old age), to enable them to maintain a standard of living consistent with social norms.

In this context, social security mediated through market has its limitations. State can absolve itself from its responsibility of ensuring social security.

The chapter ‘Challenges and Opportunities in India-Canada Trade Relations’ focuses on the bilateral trade. Canada and India have entered the 21st century with a shared vision to promote mutually rewarding economic partnership in an increasingly competitive and dynamic global economy. Currently, two-way trade and investment between Canada and India is below potential.

The chapter ‘Dealing with Environmental Goods: Market or Government?’ raises many important issues. The author rightly avers: “Due to the public good character of many natural resources, the environment is used as a dumping ground. It is also treated as a commodity about which the market fails and which causes a divergence between the private and the social cost due to the generation of the externalities. Overuse of common resources are also producing increasing negative externalities and subsequent rapid environmental degradation.’

Political economy of ‘Global Food Crisis: Policy or Market Failure’ is also examined by the author. The decline in per capita food grain availability and its unequal distribution have serious implications for food security in both rural and urban areas. Inadequate purchasing power due to lack of job/livelihood opportunities is the primary cause of endemic or chronic hunger in the country according to the First Report of the National Commission of Farmers. Other factors include low wages, lack of access to land and other productive assets, availability of stored grains from the last harvest, support from neighbours and erosion of public distribution system. Ownership of even a small piece of land seems to enhance food security.

Currently accreditation of NGOs has become an agenda for government and donor agencies as most of the social sector programmes are mediated, facilitated and partnered with NGOs. The chapter ‘Need for Rating Non-government Organisations’ states that as the objective, philosophy, activities, approach and set-up of each NGO are different, it is difficult to formulate an external regulatory system based on a set of norms uniformly applicable. But, there is a need to have some justifiable ground to identify the suitable NGOs for different types of development programmes. To make the relative efficiency and competence of the NGOs more explicit and their operations more transparent, funds for specific activities can be made available to them.

Gandhian economic philosophy is becoming increasingly relevant in the contemporary context. If 19th century belonged to Carlyle and Ruskin, and the 20th to Russell and Huxley, 21st century belongs to Gandhi alone. Actually Gandhian economic philosophy is the road to distributive and social justice as well as sustainable and balanced growth because it is
panacea for all economic and social problems, arising in recent years due to growing violence, war-mongering, unemployment, environmental degradation, and the ruthless, rootless, voiceless and futureless growth. Gandhian economic thought is good economics that concentrates on the even distribution of economic opportunities and benefits that is the need of the time; otherwise the world will have to face anarchism in future. ‘Freedom from hunger socialism’ collapsed due to its deformed bureaucratic state, its binary opposite, blood thirsty free market liberalism too is found wanting, resulting in violence, misery and sense of inner discontent. Therefore, at this juncture, we need to rediscover Gandhian paths of development which would lead to march on the road of progress and prosperity. In this context, the chapter ‘Contemporary Relevance of Gandhian Economics’ is very important to bring economic philosophy of Gandhi centre stage in debates and discussions on development economics.

Thinking out of box and in an interdisciplinary manner is very important for economists. The chapter ‘Culture and Sustainable Economic Development’ recreates this spirit. It highlights evils of consumerism like increasing competition among the producers, increasing advertising cost, brand war, fake production, low quality, increased cost of packaging, promotion of disposables, exploitation of consumers, mass production, etc. But, of these, what is most harmful to Indian culture is mass production, which leads to homogeneity and kills diversity. This destroys creativity and thereby affects sustainable development adversely. The author rightly argues, India has a long tradition of handicraft and cottage industries, which have been sustained over the years not because of their profitability but because of their creativity and excellence. Not only this, these products are mostly produced with locally available material and have evolved over the years to suit more and more the local needs. This cultural heritage is being destroyed by mass production. Mechanisation is desirable only if it improves the creativity and reduces drudgery. Hence again we may remember Mahatma Gandhi, who said: machine should be sub-servient to man and should not over take or replace him. For getting on a path of development which does not lead to ruin and is sustainable, the two aspects of Indian culture-creativity and diversity must be protected.

In the recent times, economics of infrastructure has gain tremendous significance. The chapter ‘Economic Infrastructure: Concept, Importance and Issues’ provides state-of-the-art understanding on the subject. The author explains infrastructure is conceived as a necessary prerequisite for gearing up economic activities of primary, secondary and tertiary sectors of the economy. It plays a very significant role in stimulating the process of economic development by generating a kind of economic environment that makes a favourable impact on the level of production and material well-being of the society. Its role has been over emphasised in development plans of many countries. A massive investment has been made on the development of physical infrastructure in different countries of the world, specially developing ones.
In the subsequent chapter the author explains 'Infrastructure and Regional Development in India.' The author rightly states: ‘Although economic infrastructure is most crucial in regional development planning, the results of investments on it depend very much on geographical and economic conditions prevailing at the time of plan formulation. There may be three types of situations—in one situation, very sparsely populated area less resources and low level of development, investment on development of economic infrastructure may be a costly affair with high capital-output ratio and sometimes proving to be non-developmental. In a reverse situation, the result may be developmental, carrying relatively high rate of return with relatively low capital-output ratio. In a third situation, the above two conditions may be somewhat mixed. With both backward and forward areas and less infrastructure, investment in SOC in the first phase may prove to be partly developmental and partly non-developmental, but in the long run, it may become wholly developmental. In India, we find examples of all the three situations. For example, hill and desert regions are those, suffering from adverse topography and difficult physical conditions and therefore, in these areas investment in economic infrastructure may prove to be costlier or non-developmental. But in fertile plains, economic infrastructure may prove to be highly productive and developmental. Besides, the areas which are served with lopsided development of economic infrastructure are expected to result in partly developmental and partly non-developmental.’

Development economics is a significant discipline with ramifications that flow not only to all disciplines in the mainstream economics but also into the policy, action, programmes and schemes of the country. This volume celebrates ‘human face’ of economics. In formulating development policies, programmes and plans, it is important to put people first to specify objectives in terms of the enhancement of human capabilities. The more disaggregated are programme and policy objectives, the better. In addition to disaggregation by capabilities, at a minimum one should also disaggregate by occupational group and social class, gender and region, and distinguish between rural and urban areas. In some countries, it might also be useful to classify people into separate ethnic, religious or language groups. The appropriate categories for disaggregation will of course vary from one country to another depending on its culture and history and the extent of social stratification.

The human development approach does not replace one aggregate statistic (GNP) by another (HDI) and then seek to maximise the numerical value of the replacement. Rather it views the objective of development as inherently multidimensional. There are numerous constituents of a person’s (or a society’s) well-being and in assessing progress towards development, it is necessary to assess the constituent elements. This approach puts new and heavy demands on the statistical services and data system—new because most statistical bureaus and data sources have concentrated their efforts on collecting production, expenditure and income data for the conventional national accounting
framework, and heavy because the desired degree of disaggregation implied by the alternative framework is high.

Hope this volume will inspire the readers to meet the challenges faced by development economics in the 21st century. I applaud this effort, congratulate Dr Ruby Ojha and take pleasure in writing this preface to this book.

References

—Vibhuti Patel,
Director, PGSR and Professor & Head,
Department of Economics,
SNMDT Women’s University,
Mumbai