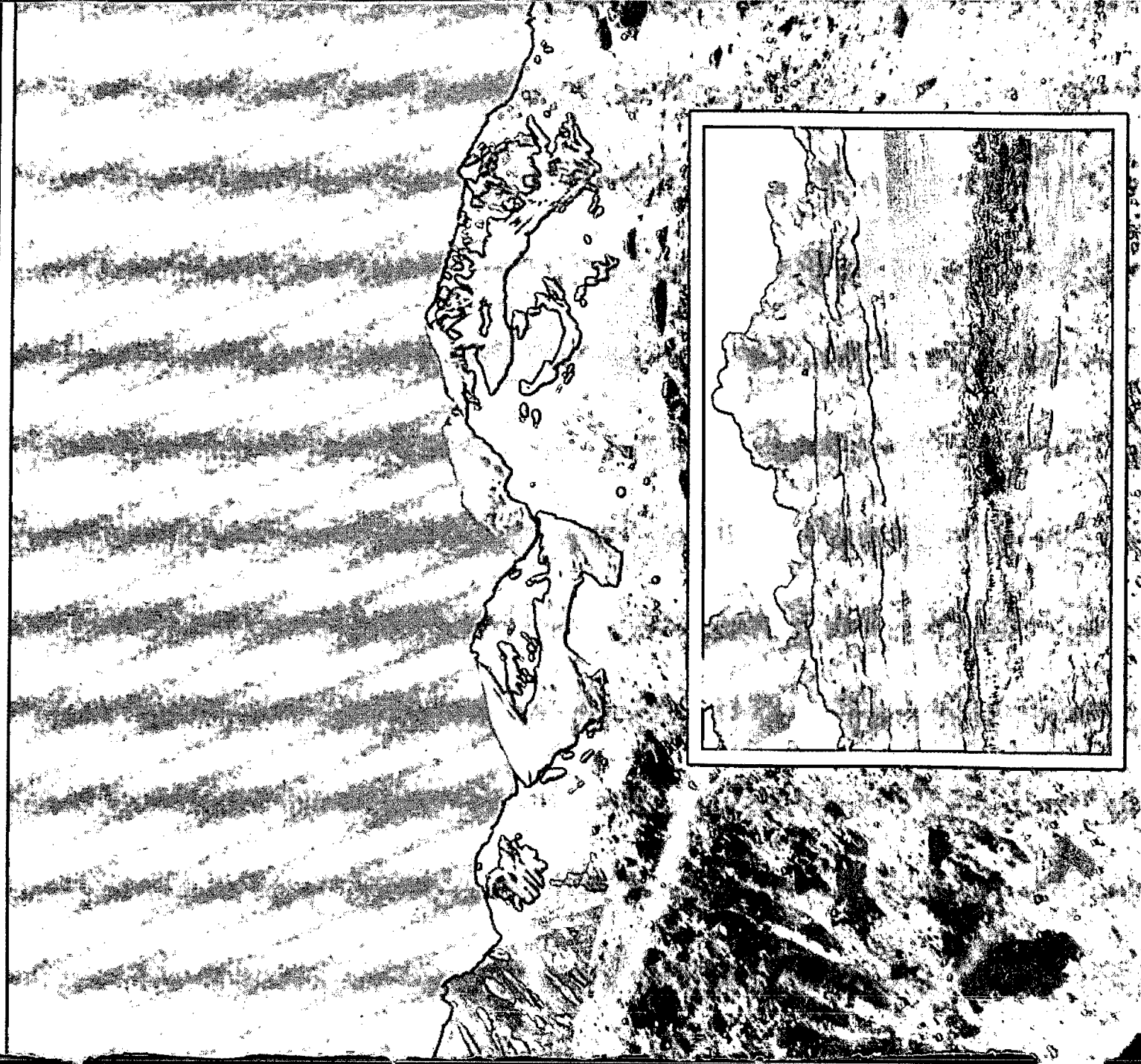


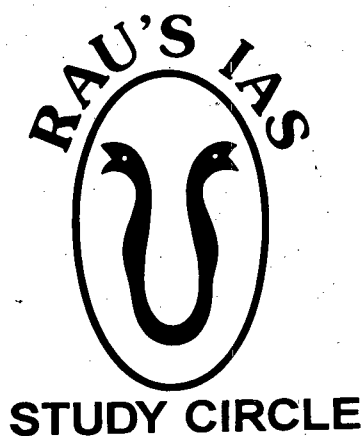
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December, 1995

Rs. 5





RAU'S IAS STUDY CIRCLE

(Established : 1953)

OUR RESULTS :
(1994-95)

THREE IN FIRST TEN
TOTAL SELECTIONS - 196

RESULTS RECORD :

2 TO 7 IN FIRST TEN SINCE 1967
ONWARDS. ABOVE 25% AMONG
REGULAR RECRUITS AS PER CIVIL
LIST - 1995, IPS/IFS & ALLIED SERVICES.

44, DAKSHINESHWAR BLDG., 10, HAILEY ROAD, NEW DELHI-110001.



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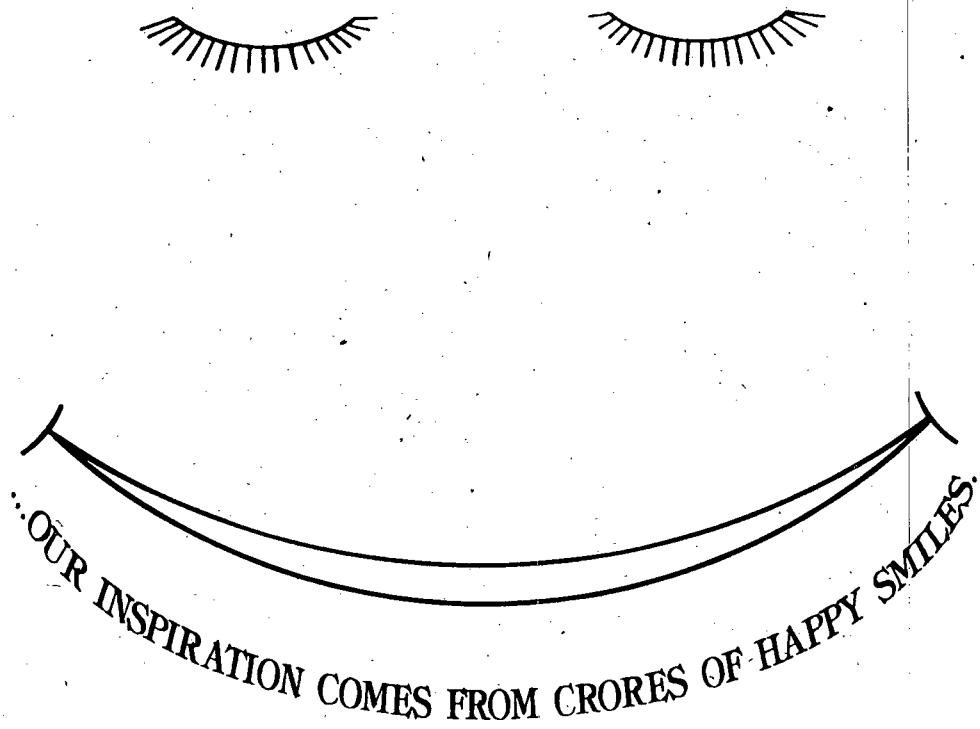
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The views expressed in various articles are those of the authors and not necessarily of the Government, Ministries or organisations they represent.



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The Economy As RBI Views It

Mahesh Prasad

THE Reserve Bank of India has forecast a growth of above 5.5 per cent in Indian economy in 1995-96, the same as in the previous year, but expressed concern on fiscal deficit and the prices front. While expressing satisfaction on the sharp upturn in industrial activity in 1994-95, the RBI report for the year says, "if the growth is to be improved on a sustainable basis, infrastructure development would need to be given a special focus." Affirming that the growth rate in agricultural production in 1990s at 2.8 per cent and 2.2 per cent in foodgrains which was close to the long-term growth rate in demand for foodgrains, RBI stressed that there was "a need, more than ever before, to evolve a multi-pronged strategy to bring about sustained growth in agriculture with emphasis on supply side factors."

The advance estimates of Central Statistical Organisation (CSO) had forecast a growth in real GDP of 5.3 per cent in 1994-95. However, more recent indications are that the growth rate could be well above 5.5 per cent. Taking this into account, RBI says, "the annual growth rate in the first three years of the Eighth Plan would work out to 4.7 per cent. Posing the question whether this rate could be improved upon and sustained, RBI expresses concern over the decline in domestic saving rate, which has been estimated by CSO at around 20 per cent both in 1992-93 and 1993-94. The public sector saving, it says, has been steadily decreasing mainly because of the negative saving of the government administration, and has in fact shown a sharp decline in 1993-94. "With rising investment demand

and a low current account deficit, the need for augmenting the domestic saving rate has become imperative," it adds. Nevertheless, it says with monsoons, initially delayed, but later picking up, prospects on both agricultural and industrial fronts remain bright and GDP growth rate in 1995-96 is expected to be over 5.5 per cent.

The year 1994-95, the report says, was characterised by a clear improvement in overall economic activity, supported largely by gains from relatively more efficient use of resources. The performance was rendered possible, the report says, mainly through recovery in agricultural and industrial sectors of the economy. The strength of external sector, which was reflected in the level of foreign exchange reserves, together with improved availabilities of key agricultural commodities, helped boost economic confidence and provided greater manoeuvrability to macro-economic management.

Agriculture

In 1994-95, the report says, "value-added in agriculture and allied activities is estimated to have increased by over 4 per cent, which is an improvement over the increase of 2.9 per cent in 1993-94." Total foodgrains production in 1994-95 is poised to scale a new high of 189.9 million tonnes, thereby surpassing the earlier peak of 182.1 million tonnes attained in the previous year. Thus, the year would see a robust overall agricultural growth of 5 per cent in 1994-95, substantially higher than 2.8 per cent in 1993-94.

The Kharif foodgrains output in 1994 is likely to move up further to 102.4 million tonnes from 99.4 million tonnes reported in Kharif 1993, specially on account of increased rice production. The Rabi crops output is expected to rise to 87.4 million tonnes in 1994-95, marking an increase of 4.7 million tonnes over the previous year's Rabi production, the accretion being contributed, almost equally in percentage terms by wheat and pulses. The production of oilseeds is expected to reach 22.3 million tonnes mark, up from 21.5 million tonnes in the previous year, notwithstanding considerable setback suffered by soyabean crop. The rise would emanate principally from increased output of groundnut, mustard and rapeseed. The likely output of cotton is placed at 11.3 million bales, almost a million bales higher than previous year's output. Sugarcane also turned out to be considerably higher at 259.4 million tonnes, about 32.3 million tonnes above the level of 227.1 million tonnes in the previous year. Jute production was 9.5 million bales against 8.5 million bales in the previous year.

Industry

Industrial production recorded a growth rate of 8.4 per cent during 1994-95 as compared with a modest growth of 5.6 per cent during 1993-94, according to the Index of Industrial Production (IIP). The acceleration of industrial growth during the year was spearheaded by 8.8 per cent rise in manufacturing sector (5.5 per cent last year). Mining and quarrying as well as electricity sectors posted better performance over the previous year with growth rates of 6.3 per cent (3.4

per cent last year) and 8.5 per cent (7.4 per cent last year) respectively. The overall industrial performance in 1994-95 not only showed remarkable revival from low growth of the preceding three years, but also surpassed the average growth of 7.4 per cent per annum recorded during the eighties. The robust industrial growth, says the RBI, "reflects the contemporaneous and lagged impact of several factors at work beginning with the liberalisation of the industrial policy in July 1991. These, it says, include the reduction and rationalisation of excise duties as well as customs duties over the last three years, the delicensing of several drugs and pharmaceutical products, the ready access to imports of raw materials and capital goods at affordable cost and the opening up of telecommunication services to the private sector.

In terms of relative contribution to growth of manufacturing sector, a significant turnaround was seen in six groups during 1994-95, viz., 'electrical machinery', 'food and food products', 'metal products', 'textile products', 'paper and paper products' and transport equipment', their combined contribution being 85.2 per cent. Further, capital goods production rose sharply, signifying an upsurge in investment demand. The corporate investment forecast for 1995-96 shows that it will go up by over 20 per cent in real terms. There is, says the RBI, considerable evidence to show that the Indian industry has been able to adapt itself to the changing market structure and competition, both internal and external.

Infrastructure

The substantial recovery in the industrial sector was rendered possible by a robust performance of the infrastructure industries consisting of electricity, coal, saleable steel, cement, crude oil, petroleum and petroleum refinery products. These industries recorded a higher growth rate of 8.1

per cent in 1994-95 than 5.3 per cent in 1993-94. The most remarkable recovery was recorded by crude petroleum with the throughput increasing by as much as 19.2 per cent in 1994-95 compared to a marginal rise of 0.3 per cent during 1993-94. The output of electricity, saleable steel and cement expanded by 8.5 per cent, 8.3 per cent and 7.6 per cent respectively in 1994-95 as compared with 7.4 per cent, 4.6 per cent and 7.1 per cent during the previous year. Power generation was aided by a substantial growth in hydro-electric segment. Strong growth in steel and cement was mainly attributable to spurt in construction activities, the RBI report adds.

External Sector

The RBI in its report spoke of the distinct resilience acquired by the external sector of the economy with quantum growth in exports averaging 15 per cent in the first three years of the Eighth Plan period. The share of exports in GDP, which averaged around 5 per cent over the period 1980-81 to 1989-90 rose to a little over 9 per cent in 1994-95. In physical terms, says the RBI, export expansion outpaced the increase in imports. While import of POL (Petroleum, Oil and Lubricants) moderated in 1993-94 and 1994-95 as a result of weakness in international oil prices and rise in domestic production, the growth in domestic consumption could result in value of POL imports going up by 12 per cent in 1995-96. Non-POL imports are expected to increase by 20 per cent during the year.

The strong growth of private transfer receipts, says the report, has helped to generate surpluses on the invisible account in recent years. The current account deficit for 1995-96, according to RBI estimates, could be around one per cent of GDP. Such an order of current account deficit is easily

financiable with normal capital flows. Although capital inflow during 1995-96 is estimated to be modest in comparison with that in the second half of 1993-94, it would be adequate to offset amortisation payments of US\$6.6 billion on the medium and long term debt, including repurchases from the IMF. RBI also expresses its confidence that the surplus in the capital account would finance a large part of the current account deficit, minimising the use of reserves.

Inflation

While expressing satisfaction over the turnaround of the economy, RBI has expressed concern over inflationary pressures and the fiscal deficit of the Central government.

The RBI noted that the inflation rate touched the double digit level for two successive years. The monetary policy for the first half of 1995-96 was formulated against the backdrop of inflationary pressures. The report says, "It was, therefore inescapable that the major objective of monetary policy during the current fiscal year had to be one of moderating monetary growth so that demand pressures are contained and inflation rate brought down substantially. At the same time, monetary policy was conscious of the need to make available adequate credit to support the process of economic growth. Taking both these factors into account, the policy postulated an increase of 15.5 per cent in money supply and a corresponding deposit growth of 16.8 per cent."

Fiscal Deficit

About fiscal consolidation, the report says, "There was considerable success in reducing fiscal deficit in the first two years when the gross fiscal deficit was reduced from 8.3 per cent in 1990-91 to 5.9 per cent in 1991-92 and then to 5.7 per cent in 1992-93. However, the fiscal deficit rose sharply

(Contd. on page 26)

Chelliah Panel For Selective Use Of VAT In Delhi

Anil K. Joseph

THE expert committee on sales tax reforms for the national capital territory of Delhi has suggested a two-pronged strategy involving interim and long-term measures to reform the cumbersome sales tax structure in Delhi. The eight-member committee, under the chairmanship of Dr. Raja Chelliah, Fiscal Adviser, Ministry of Finance, submitted its report to the Delhi Finance Minister, Mr. Jagdish Mukhi in October 1995. The committee was formed in February, 1994 to go into the nitty gritty of the sales tax structure in Delhi and suggest ways and means to bring about the necessary changes.

The committee, after several rounds of meetings and discussions with representatives of the trade and industry said the present structure of sales tax administration in Delhi was "complicated" and followed old methods of administration leading to harassment to the dealers as well as increased workload on the staff. It said that the system had a number of loopholes, providing scope for leakage of revenue and recommended that the government must do away with "too many rates and too many concessions and exemptions." The committee also noted that assessments in some cases were taken up after three to four years of the close of the financial year and very few dealers were currently availing of the facility of self-assessment.

Commenting on the report, Dr. Chelliah, who is presently Chairman of the Delhi-based National Institute of Public Finance and Policy (NIPFP) said, the report promises a simpler system, less harassment for tax payers and more revenue for the Delhi government. He said, the major thrust of the report is to make the taxation system in Delhi economically rational while emphasising on moderate rates with a broad tax base. He, however, said that their recommendations would "work only if the government were to consider the recommendations as a package and implemented it without leaving any part." Selective implementation of the recommendations could be harmful, he said adding that they did not aim to change Delhi's distributive trade character. "It will retain that character, but will simplify the system and modernise it," he said. The recommendations will boost sales tax collections, which account for 70 per cent of the Delhi government's annual revenue. He also said that the Asian Development Bank (ADB) has been requested to nominate a tax expert in tax administration to the Delhi government.

As interim steps, the committee has suggested 14 points to be followed by the government to revamp its sales tax structure. They are:

i) The number of exempted commodities should be

significantly brought down preferably in line with the consensus that is being worked out among other states. Initially, commodities shifted out of the exempted list may be taxed at two per cent.

- ii) In the next two years, the number of rates of tax should be reduced to three or four in the range of two, four, eight and twelve. However, for products like alcohol, petroleum products and gold, special rates could be fixed by the government.
- iii) First-point tax should continue to be waived for exporters exporting against hard currency and similarly raw materials bought by manufacturers should also be exempt from first-point tax. The concept of extended first point sellers must be dispensed with along with the use of ST-37.
- iv) If a commodity taxed at the last point is prone to tax evasion, the government must move it up to the first point.
- v) On an experimental basis, the value added tax principle could be applied to the taxation of some goods. This means that in respect of those goods, tax will be collected at every stage but the dealer concerned will pay to the government only the difference between what he has collected on

his sale and what he has paid on tax on his imports. It is desirable to require manufacturers also to pay tax on inputs in the first instance and claim a set-off for it against output tax payable. This changeover will greatly help in checking evasion, the committee says.

- vi) The scheme of self-assessment should be extended to cover dealers with gross turnover of Rs. 30 lakh, the committee recommended adding that all conditions except full payment of dues excluding amounts under dispute and the absence of any charge of evasion during the previous five years should be removed. Further, complete checking of forms and calculations put forward by the self-assessment dealer must be done by the Sales Tax department within two years or time-barring period whichever is earlier.
- vii) Threshold level for the resellers should be raised to Rs. 4 lakh from the present level of Rs. 2.5 lakh.
- viii) The re-sellers who deal in goods subjected to VAT and have a turnover between Rs. 4 lakh and Rs. 30 lakh should be given the option of paying a turnover tax at 1.5 per cent.
- ix) Computerisation of the Sales Tax department must be speeded up to complete it by April 1, 1997.
- x) The time limit for assessment be reduced from four years to two years within the next three years and this period should be further reduced to one year within the next five years with the introduction of VAT.
- xi) The dealers opting for turnover tax should be given registration certificate in a different form without prescribing any security.

Also, sectors where issue of forms are not necessary or has been abolished, registration could be granted freely.

- xii) There should be a separate cadre of Sales Tax Administration as in other states with separate recruitment and service conditions and the new personnel should be ready to become operational by the time VAT is fully implemented and becomes operational.
- xiii) Regular training for sales tax officers and staff.
- xiv) Creation of additional posts at the higher level to make the department more officer-oriented and the committee has recommended that the sales tax department should have a Tax Consultant, an Economic Advisor and a Legal Advisor.

The long-term steps to be taken by the Delhi government include granting fewer exemptions as agreed with other states, only two or three rates of taxes, alcohol and petroleum products must be kept out of VAT system and taxed at higher rates. While all registered manufacturers with turnover above Rs. 30 lakh should be put under VAT, re-sellers with turnover below Rs. 30 lakh in the previous year should be given the option to pay 1.5 per cent tax on their taxable income. To start with, manufacturers should be allowed to buy raw materials without being taxed. Later, they should be required to pay the tax on raw materials and then claim set-off against the tax payable by them and exporters should be permitted to buy goods for exports free of tax until the administration is toned up.

Implementation Sought

Now that the Chelliah committee has submitted its recommendations, the Delhi government has to act on it. Experience from all over the country including the Centre shows that the

practice of constituting commissions and committees for tax reforms, simplification and rationalisation of tax laws and then ignoring their recommendations which are principally sound but otherwise inconvenient to the government has become a common thing. Since independence, at least 14 studies concerning tax laws and administration have been done and yet the laws remain complicated.

The current phase of tax reform is an important aspect of structural adjustment. In the last four budgets presented by the Union Finance Minister, Dr. Manmohan Singh, rationalisation of the tax structure has received considerable attention and he has spoken repeatedly about VAT being made part of the nation's overall fiscal system. However, he is yet to get wholehearted support from the states, who consider VAT in place of sales tax as an attempt by the Centre to take away the fiscal autonomy of the states.

Several rounds of meetings have taken place between the Centre and the states to resolve the vexed issue and as per the last meeting, sales tax all over the country will be abolished in phases, starting April 1, 1998 and replaced by VAT. This should be seen as the first move towards a complete overhaul of the states' indirect tax regime. The existing system of sales tax is characterised by enormous inter-state variations and a multiplicity of sales tax rates within a state and has proved to be counter-productive, both in administering taxes as well as for resource. "Even though the sales tax continues to be the largest source of revenue for the states, the fact remains that the single-point, first stage incidence of the tax has resulted in a narrow tax base. Tax rates have thus had to be kept unreasonably high to raise the required levels of revenue, leading to large-scale evasion," experts say.

(Contd. on page 32)

Tourism Scene: New Possibilities

S. Dharmarajan

TOURISM and travel are likely to become the single largest industry by the turn of the century generating worldwide revenue of \$ 5.3 trillion. According to the World Tourism Organisation (WTO), international tourist arrivals in South Asia are expected to grow at 5.25 per cent in the second half of the nineties as against 4.4 per cent in the rest of the world. Of course, India receives the bulk of the tourist traffic in South Asia.

Close to 1.8 million tourists came to India from overseas last year and projections place arrivals this year at two million. Foreign exchange earnings are expected to be up from Rs. 7366 crore on this account last year to Rs. 10,000 crore in 1995-96.

Domestic tourism will grow at a faster pace with the growing urge for holidays and greater availability of disposable income. On a conservative estimate if 10 per cent of the people give themselves a holiday in some other parts of the country it would involve a movement of around 90 million. Such mass movement of people wanting accommodation, transport, catering and entertainment offer immense potential for investment and employment. So, while the need for greater foreign exchange necessarily lays accent on international tourism, domestic tourism is equally important.

Investment and Employment Estimates in Tourism sector

Year	Estimated investment through financial institutions (in crore)	Additional jobs created (in lakh)
1989-90	400	6
1994-95	1000	10

Tourist arrivals 1993	17.65 lakh
Tourists arrivals 1994	18.86 lakh

Growth achieved	6.9%
Growth forecast by WTO for South Asia region (1990-95)	5.25%
Foreign exchange earnings (1994-95)	Rs. 7366 crore
Direct employment (1994-95)	78 lakh
Direct and Indirect employment (1994-95)	184 lakh

The draft Tourism Action Plan placed in Parliament by the Department of Tourism in 1992 spelt out the government thinking for receiving 5 million international tourists by 1996-97 which is now the target for the year 2000 AD. In tune with the policy of economic liberalisation, the government, as a conscious policy, is encouraging private sector participation in the development of Tourism & Civil Aviation infrastructure.

The Ministry of Tourism, the departments concerned in the states and apex organisations of the trade are all agreed on the urgency for new initiatives if travel-related activities in the country are to acquire any momentum. India is still to go a long way to secure for itself a respectable share of this rapidly expanding global industry that earns trillions of dollars and provides employment to millions. Discussions under way for action towards this objective have centred on infrastructure inadequacies, enlargement of investment opportunities and on intensive promotional effort at home and abroad as also on development of new circuits and destinations.

A major handicap for the tourism growth has been the absence of a proper data base. To take objective decisions

on developmental activities data on supply and demand gaps with reference to specific tourist centres and the performance of the existing tourism industries is urgently needed. Similarly no marketing strategy can be mapped without assessing the demand characteristics of tourists, their reactions to the existing facilities and their profiles.

It has been proposed that the different associations should identify their statistical requirements and establish systems for collection and maintenance of such data. For instance, members of the hotel and restaurant associations need to report their monthly occupancy figures and other performance statistics. Hotels and restaurants should try to know their clients and their preferences a bit closely for improving their own marketing strategies and performance levels. This can perhaps be done by conducting in-house surveys through self filled questionnaire. It is acknowledged that the statistics presently available are not thus adequate to address various issues relating to development planning and marketing.

Infrastructural inadequacies have long been acknowledged to be a major constraint and exercises have been undertaken in the past for overcoming these inadequacies. The National Committee on Tourism went into the problem six years ago. The national action plan was formulated three years later. A follow up action plan involving an outlay of Rs. 39,000 crore on development of every aspect of infrastructure was mooted and discussed at different levels only to be abandoned because of lack of effort in sourcing the funds. An alternative plan

had not been put forth because the industry and the tourism authorities had to face difficult situations caused by domestic disturbances and then by the "plague" scare. The occasion only heightened the urgency for evolving new strategies.

Progress in economic liberalisation and improvement in the domestic situation meanwhile have raised hopes of a revival of tourism. Business travel has increased manifold to the point that hotels which had some time ago complained of low occupancy have no rooms to offer in metro cities. This in turn has brought out a contradiction in the sense that while there is an acute shortage in gateway cities, in nearby places of tourist interest (Agra, for instance) there has been frustration among hotelier for want of customers. A state like Orissa with its wondrous tourism product with appeal to diverse interests like architecture, pilgrims, culture and natural assets could barely draw 30,000 foreigners in the whole year. The imbalance in the spread of facilities for visitors has compounded the situation.

It should be said to the credit of the new director general of tourism, Mr. Ashok Pahwa, that soon after he assumed office he took the initiative for interaction with the states and trade representatives on finding ways and means of securing integrated development of tourism. It is realised that regional circuits offer new opportunities. But to implement them the tax structure of the states straddling the circuits has to be rationalised and there has to be an expansion of basic facilities like accommodation, transport and wayside facilities.

Heartening Developments

Undisputedly, massive investment is called for. While the government has approved 108 projects involving foreign investment of Rs. 1,113.28 crore, the actual cash flow is not known.

Various global chains have sought their presence in India offering their franchise, management and marketing and in a few cases direct investment. International trademarks certainly help the hotel industry. Another heartening development is the entry of several entrepreneurs on the hotel scene eager to start hotels of the much needed three and four star category. The Tourism Finance Corporation of India (TFCI) has been of much assistance to entrepreneurs. Even so because of the vast opportunities and of the need for much larger capital inflow, the government has decided on mounting a major campaign to attract investors to the tourism sector. It has also offered to bring would be investors and the willing state governments to facilitate better understanding of the facilities.

Already 20 states have declared tourism an industry. The states have been urged to identify suitable sites in tourist places for the construction of hotels. Another concept that has been tried with success in Kerala is inland waters tourism. The Railway administration has been involved in promoting its own packages. It has also been asked to link all pilgrim centres with existing railheads. The civil aviation network has vastly expanded with the induction of private airlines. Tourist destinations have been made easily accessible. Tourist charter flights are now possible in several centres.

In respect of overseas promotion strategic marketing will seek to focus on specific groups identified by research. The system will have an inbuilt monitoring and evaluation setup so that programmes could be modified as per market requirements. An exercise relating to tourist inflows from Germany has been completed and is expected to become operative within a few weeks. A similar exercise has been initiated for tourism from Japan, the US, the UK and Australia. The

prime objective is to ensure maximum returns from investment in publicity campaign to improve India's market share of international tourism.

At home, the promotional strategy is to include in development of the tourism product augmentation of accommodation and infrastructure facilities, preservation of environment and refurbishment of monuments and beautification of tourist centres. The strategy should also include coordination with other infrastructural sectors like civic amenities, urban development, roads, archaeology and railways.

The Government of India has identified the following 11 circuits and six destinations for intensive development of tourism:

1) Kulu-Manali-Leh 2) Gwalior-Shivpuri-Orchha-Khajuraho 3) Bagdogra-Sikkim-Darjeeling-Kalimpong 4) Bhubaneswar-Puri-Konark 5) Hyderabad-Nagarjunasagar-Tirupati 6) Madras-Mamallapuram-Pondicherry 7) Rishikesh-Narender Nagar-Gangotri-Badrinath 8) Indore-Ujjain-Maheshwar-Omkareshwar-Mandu 9) Jaisalmer-Jodhpur-Bikaner-Barmer 10) Raigad Fort-Janjira Fort-Kuda Caves-Harihareshwar-Sindhudurga-Shrivardhan 11) Bangalore-Mysore-Hassan.

Destinations: (1) Lakshadweep Islands (2) Andaman Islands (3) Manali (Solang-Nalah) (4) Bekal Beach (5) Muttukadu Beach (6) Kangra (Pong Dam).

The Indian tourism product is multi faceted. There are visions of the past like Taj in the north, temple towers in the South, and palaces and forts in Western and Central India. One could step into mysticism in numerous places of worship in use for centuries. There is sun, surf and sand. The great outdoors

(Contd. on page 12)

Tourism Industry Of Himachal Pradesh: An Overview

Dr. Jai Singh Parmar

TOURISM has become one of largest industries in the world. It involves movement of millions of people all over the world. Around the world, the number of international tourists and their expenditure have grown great since the 1950's.

In India, tourism has been recognised as an important commercial activity especially after the Fourth Five Year Plan. However, despite all its outstanding and diverse tourist resources, the country has a very meagre share of 0.4 per cent of the world tourist arrivals. Even at this juncture, tourism is the single largest item of foreign exchange earner (in net terms) for the country. During 1994-95, India earned foreign exchange worth Rs. 7374 crore. In India, serious efforts towards attracting more foreign tourists started in 1963, when a high power committee under Mr. L.K. Jha was set up to suggest ways and means to promote international tourism in the country. With the ongoing efforts, India is likely

to receive its rightful share in the international market of tourism in course of time. Indian tourism industry today is in the forefront of the country's development efforts.

As its name implies, Himachal is a wonderful mountainous region and has been the destination of tourists, writers, pilgrims, sages, artists and adventurers since time immemorial. It is the land of soaring peaks that seem to reach for the skies, beautiful alpine pastures, gurgling streams and waterfalls, picturesque valleys and salubrious climate. With all its unique and varied mountainscape, snowscape, forests and wildlife, water bodies and rich cultural landscape, the state has tremendous potential for tourism development. For those who are hungry for scenic beauty, this mountainous region offers its cultural richness and antiquity with amusement and environmental variety.

Destinations

The physiography of the state is a

complex mosaic of hills, valleys and snow-clad peaks. The steep mountain slopes are covered with coniferous and broad-leaved forests, meadows, pastures and terraces often clinging precariously to the mountain sides. Himachal Pradesh is extremely rich in water resources due to heavy rain and snow received in almost all parts of the state. The state has five rivers which are fed by the vast reservoirs of glaciers and snowfields. The major valleys in the state, such as Sangla valley (Kinnour), Pin valley (Spiti), Kullu valley and Kangra valley play a very important role in the beautification of Himachal Pradesh.

International and domestic tourism in the state picked up since 1989, following the closure of Kashmir valley. Various snow-capped peaks, lakes, rivers, valleys etc. have emerged as significant tourist attractions in the state. The major tourists stations in the state which have been developed are Kullu, Manali, Shimla, Chamba,

Table 1

District-wise tourist inflow in Himachal Pradesh

Year	Shimla		Kullu		Chamba		Solan		Kangra		Total including other Districts		Total
	I	F	I	F	I	F	I	F	I	F	I	F	
1989	572906	2509	163935	1875	58142	244	101656	433	39963	5943	1108629	12753	1121385
1990	430111	5080	209917	5061	60700	145	101474	448	82326	7175	987338	19419	1006757
1991	447055	3588	286538	3878	71405	136	146553	438	125801	5816	1207031	15317	1222348
1992	472197	2673	451914	3933	110038	294	213951	339	126381	8427	1520815	17775	1538590
1993	519463	2746	430103	2517	73524	25	170841	297	118742	4335	1455445	12194	1467639
1994	541107	7231	537167	14420	131696	359	221010	2180	141211	11345	1720616	51824	1772440

I and F denote Indian and Foreigner respectively.

Source: Directorate of Tourism Himachal Pradesh.

Table 2

Year	No. of Hotels	No. of Rooms	No. of Beds
1989	401	4411	9872
1990	440 (9.72)	5024 (13.89)	10833 (9.73)
1991	569 (29.31)	6466 (28.70)	13559 (25.16)
1992	711 (24.95)	7990 (23.56)	18100 (33.49)
1993	762 (7.17)	8976 (12.34)	18850 (4.14)
1994	830 (8.92)	9162 (2.07)	20143 (6.85)

Note: Figures in parenthesis denote percentage increase or decrease.

Source: Directorate of Tourism, Himachal Pradesh.

Dalhousie, Sirmour, Kangra, Dharmshala and Kinnour.

Tourists Inflow: The state is already an attraction for a good number of domestic and international tourists. Table-1 bears testimony to the fact that the number of tourists, both Indian and foreign, have shown an increasing trend, except in the year 1990.

Accommodation: Tourist centres have been developed in Shimla, Kullu, Manali, Dharamshala, Dalhousie and various infrastructural facilities like transportation and communication are available in these centres. The number of hotels, beds and rooms available at different tourist centres in Himachal Pradesh have been shown in Table-2. The table reveals that the number of hotels, rooms and beds have almost doubled within five years. Luxury rooms, medium-priced rooms and

economy class rooms are available in different hotels. The rate of occupancy is usually higher in Shimla and Manali.

Urgent Need

Though Himachal Pradesh is attracting a good number of domestic and foreign tourists in view of its tourism assets, the pace of tourism development is not satisfactory. Today there is an urgent need to evolve effective integrated strategy for promotion of tourism in the state, in a way that the pace of tourism development is expedited with minimum ill-effects.

The policy planners should initiate steps to develop more attractive tourist destinations. The need of the hour is to promote facilities in all the tourist centres and to develop facilities for adventure tourism. A survey should be conducted to identify more tourist

destinations.

The limited means of transport and communication are the main hurdles in the way of promotion of adventure tourism in the state. In this connection, train services and airlinks have to be strengthened. The state should arrange direct international chartered flights in addition to regular flights of the Indian Airlines. The luxury buses plying under the control of H.P. Tourism Development Corporation at different routes in the state are not adequate for all the tourist destinations and hence, more luxury coaches should be introduced from Chandigarh and Delhi to different tourist destinations of Himachal Pradesh. Tele-communication facilities in tribal areas should be promoted on priority basis. The government should identify land and site for construction of five-star hotels in the Master Plan of tourism development. Therefore, there is need for a strategy towards holistic development of tourism in a thoroughly integrated way, wherein identification of tourist resources, judicious use of financial resources and close co-ordination in marketing action are specially stressed upon. □

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particularly in Himalayas remain a constant challenge to adventure enthusiast. The lure of the wild in many part of the country should excite any environmentalist. Besides India is the craftshop of the world. Indian craftsmen have developed the legacy of skills handed through generations. A secular tradition enriches the ordinary working man's year with a great number of festivals-holidays enjoyed in the extravaganza in emotion.

India is one country with many destinations. The golden triangle of Delhi-Agra-Jaipur, the gateway cities like Madras, Bombay, Delhi, Calcutta with their attractions and architectural marvel of Orissa and South Indian temples are well known. But, there are many more less known tourism treasures for the visitors to discover depending on their interest. Illustrative of this vast number are:

Barapani in Maghalaya, a super orchardlake resort; Bhedaghat in Madhya Pradesh is a canyon of marble;

Bundi in Rajasthan is timeless, trapped in amber atmosphere; Koonoor is a wonderful tea-garden town in cool heights of Blue Nilgiris and the list could go on covering the entire country.

To the Indian, the country is a harmonious whole which he does not question. To the foreigner, the diversity is a puzzling complexity which he seeks to understand. In this lies great possibilities for tourism. □

The author is a noted journalist.

Tourism: Potential For Growth And Employment

TOURISM had played a very important role in the history and development of India. A land of mind-boggling variety, India has always been a tourists' delight and travellers' destination.

Geographically, this land-mass comprises such distinct physical features as inhospitable snow, deserts, lofty mountain ranges, rich alluvial plains, tropical rain forests and meandering seashores. Ethnically, the country parades an admixture of human races, ranging from Negroids and Dravidians, to Aryans and Mongols encompassing within these strains, the original inhabitants and the later immigrants, both invaders and settlers. This country, where every form of human expression had found a fertile soil to blossom and bloom, be it in the field of language, costume, cuisine, art or craft, had always found a steady stream of visitors from all parts of the world from time immemorial.

Down the annals of history, the conquering Greeks, trading Romans, scholarly Chinese and the mercantile Arabs were some of the people who had toured the country for some reason or other. It is to the detailed accounts left behind by such immortal 'tourists' like Hieun Tsang, Fa Hien, Alberuni, Abdul Rassack and Marco Polo that we owe much of the knowledge of our country's past. Coming to the present days, people like Bill Aitken and Ruskin Bond are no more considered as mere wanderers and travelogue writers, but as writers whose intimate knowledge of the country and heightened appreciation of its beauty are valued as major inputs into our development planning.

Today, tourism has acquired the stature of a major industry, playing a decisive role in the world economy. In fact, travel and tourism taken together constitute the largest industry in terms of turn-over and employment. According to the World Tourism Organisation (WTO), about 500 million tourists travelled internationally in 1993, spending about US \$ 304 billion. Tourism accounts for 8 per cent of total world exports, more than 30 per cent of international trade in services and more than 100 million jobs worldwide. It employs more people than any other single industrial sector and has an infrastructural (lodging, transportation and restaurants) investment estimated to exceed US \$ 3 trillion.

Tourism offers enormous potential for economically utilising the natural attractions like landscapes, mountains, beaches, rivers etc. It also applies equally to a multitude of man-made attractions like monuments, palaces, forts and temples which were constructed over the years. This is particularly so in the case of India, where 80 per cent of the international tourist arrival is singularly attributed to that great man-made wonder called the Taj Mahal.

It is estimated that India received over 1.87 million international tourists during 1993-94 and earned foreign exchange worth Rs. 6509 crore. There has been an impressive growth in domestic tourist traffic also over the years. While the total domestic tourist visits during 1987 were about 34.8 million, the same increased to 81 million by 1992 registering an average annual rate of growth of about 18.4 per cent. In a country like India, where

religious tourism is a major component of domestic tourist travels available estimates show that 120 to 150 million pilgrims visit various places of worship every year.

Employment Potential

The economic contribution of tourism is generally measured in terms of its contribution to gross domestic product and employment generation. In general, the visit of each foreign tourist provides employment to one person and 6.5 domestic tourists generate one job. The value added during 1992-93 was Rs. 74,476 crore, registering an annual rate of growth of 14.7 per cent per annum. The direct employment figures rose to 6.96 million by 1992-93, registering a growth rate of about 5.9 per cent per year.

Over and above, the huge pilgrims' movement, both seasonal and regular, contribute to large scale employment generation at many pockets in India. For example, the villagers in the Pahalgam tehsil of Jammu & Kashmir are a classic case of the phenomenon wherein about 8000 inhabitants are supported by the pilgrims visiting Amarnath. Other places where millions of people survive because of the steady stream of the 'faithful' visitors are Sabarimala in Kerala, Badri-Kedar belt in Uttar Pradesh, and the temple town of Tirupati in Andhra Pradesh. Thus, the total employment generation due to tourism will be more than 16.41 million, accounting for about 5 per cent of the total work force in the country.

Multiplier Effect

Apart from its direct contribution to the economy, tourism has significant

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To Heaven's Lake

Sanjay Kumar

WHEN Vikram Seth in his highly acclaimed travelogue described his feelings and ecstasy after seeing the lake Heaven, he certainly had not seen the Heaven's lake Manasarovar. Manasarovar is the creation of the *manas* (mind) of Brahma, the first of the Trinity of the Hindu mythology. Maharaja Mandhata discovered the Manasarovar. Mandhata is said to have done penance on the banks of Manasarovar at the foot of the mountains, which are now known after his name, Gurla Mandhata (25,355 ft.).

Since the advent of Aryan civilization into India, Tibet and especially the Kailash Manasarovar region has been glorified in the Hindu Mythology. In Pali and Buddhist works, Manasarovar has been described as Anotatta or Anavatapta, lake without heat and trouble. It has been said that there is a tree in its center which bears fruits that are omnipotent in healing all human ailments, physical as well as mental and so are sought after by Gods and men alike. Heavenly Rajahansas sing their celestial melodies as they swim on the lake. Mighty lotus flowers bloom in this holy lake and Gods sit on these flowers. The Anavatapta has been described as the only true paradise on earth. So, when I got a call from the Ministry of External Affairs to be the Liaison Officer for the group of pilgrims, my happiness and joy for a *darshan* of the Heaven's lake knew no bounds as I am an inveterate enthusiast for outdoors. But before the journey could start, many formalities like getting the passport, foreign exchange, medical reports etc. had to be completed. Physical fitness was very

essential for the journey as it involved trekking of about 350 kms spread over 28 days. The highest point on the trek route was the 19000 ft Dolma La around Mount Kailash in Tibet. The Ministry of External Affairs' instructions booklet was very useful in preparing for the "yatra" as it had exhaustive do's and don'ts.

The actual yatra started from Tawaghat near Dharchula in Pithoragarh district of Uttar Pradesh. The arrangements for board and lodging en route upto the Lipuleph Pass (16730 ft), which is the last point on the Indian side, had been done by the Kumaon Mandal Vikas Nigam (KMVN) and the Government of Uttar Pradesh at a nominal rate of Rs. 7500 per pilgrim. This rate for arrangement for 23 days in the Indian side was really nominal considering the difficulties in arranging for supplies at high altitudes. The KMVN should be complemented for their stupendous effort.

On the second day of our trek we went to Narayan Swami Ashram situated at a height of 8400 ft and overlooking Kali river which acts as a boundary between Nepal and India. The ashram is a great attraction for the tourists. Run by a management committee in a very professional manner, the ashram is actively involved in the development of the area through education, dairy development etc. The efforts of the ashram trust in the ecological development of Garbayang village is noteworthy. Garbayang, once a flourishing village at a height of about 9000 ft is now sinking. A few years ago landslide blocked the way of the Kali river causing a damlike storage

of water. But when the water pressure finally made its way, it also caused its sides to cave in, leading to sinking of the nearby areas. The Garbayals (residents of the village) however clothed this ecological devastation in a story of a God unhappy with the village. Garbayang is set in a very picturesque bowl. One can have a view of peaks of Annapurna from there on a clear day. But this peak is always surrounded by clouds and so far only one expedition team has been able to scale this peak.

When we started our journey on sixth day from Gala (8050 ft.) we were to go down almost to the river bed at 6500 ft. All members of the group were happy that the trek would not involve climbing as on the previous day we had to climb a hill of about 2000 ft. They were also of the opinion that since the day was bright, they would be able to cover the distance of about 11 kms in less than three hours. This optimism was more because of the enthusiasm generated out of the previous days' trekking experience, though the KMVN guide had told them that going down the mountain is as difficult as climbing; the only difference being that while going down, you do not lose your breath. But somehow his advice was overlooked by the group members. So, we commenced our journey. Initially we were almost jumping down and trying to reach the destination as early as possible, but soon realized that covering 4444 steps could be as distressing. Our knees started giving in. Nobody was allowed to sit on the pony back also, because the slope was very steep and therefore, there was danger of falling over from the back of the pony. The older members of the group had to be literally carried. The camaraderie of the group came to the fore on this occasion. This seventy degree slope of 4444 steps was finally covered by the group in about two

hours' time. We were all exhausted mentally as well as physically. We needed a break. Fortunately for us, there was a tea shop, and surprising for all, the tea shop was ready to offer Maggie noodles and also *parantha* for savouring. The food there was very helpful in reviving our spirits and removing physical and mental fatigue.

At this tea stall, we learnt that a bridge ahead had been washed away the previous night following heavy rains. Local traders coming from the other side said that there was another route which could be taken, but at the same time local Public Works Department was working on the bridge. Though this information was very useful, but it also generated some worries in my mind. I kept my fingers crossed. After covering a distance of about four kms. we reached the bridge head. The construction work was going on. The river below was in spate. The construction workers had been able to put a steel cable across the river and a makeshift trolley to carry goods across it. Some of the younger and more enthusiastic members of the group wanted to cross the river on that trolley. Though it was a little dangerous, I allowed them to do so, seeing their enthusiasm. The older members, however preferred to take a less risky route. All the members reached the camp site safely, though a little tired.

Navidhang is the last camp site on the Indian side, about 7 kms. away from the Sino-Indian border offering a glimpse of Om Parvat. Om Parvat is significant, as Om gets written on the whole of the mountain shoulder by the glacier. One does not know whether we learnt our Om from there or the nature decided to write it that way after seeing the faith of mankind in this Brahma word! But whatsoever be the explanation, the fact remains that it is one of the amazing spectacles of nature.

About 50 kms. from the border, lake Manasarovar offers a great view amidst the barren land of Tibet. The drive from Taklakot, which is the immigration point on the Chinese side presented a view, reminding us of the wild west. The sand mountains had a number of pigeon holes. Some of us thought that they have been created by the high speed wind which is so common in the area. Some thought that it may be nests of the big vultures. But all these conjectures were not sufficient to satisfy the curiosity. The guide and the driver of the bus did not know much of English, so it was proving to be difficult to extract the right information. After a number of attempts and using the sign language, we could know that these were the dwelling places of the Buddhist monks. The monks in search of peace preferred to stay there. But what was more curious was whether these pigeon hole like quarters of the monks had enough head room inside, because the entrance was barely high enough for a person to walk inside, besides being at a height from the ground level. The guide said, there was enough room inside and the entrance was kept small purposefully to keep off the cold blasts. The monks stored some food inside for survival and would venture out of these dwellings only once in a while. It was also informed that now very few of these places were occupied.

Serene Lake

After a drive of about three hours on dusty road, we got a glimpse of the serene and dignified lake Manasarovar. It looked like a huge bluish green emerald or a pure turquoise set between the two mighty and equally majestic silvery mountains, the Kailash on the north and the Gurla Mandhata on the south and between the sister lake Rakshas Tal on the west and some hills on the east. Stretching majestically over an extensive cradle of the Tibetan plateau and hanging at a height of

15,000 ft. above the sea level, the expanse of the lake covers an area of 200 sq. miles; has circumference of about 90 kms. and depth of nearly 300 ft. The Buddhist gompas on its bank gave a spiritual flavour to the spectacle. The monks living in these gompas strive all their lives to attain Nirvana. Though one could spend many days to realize and appreciate the grandeur of the holy lake fully but even three day's time taken to do *parikarma* around the lake offered many a spectacle.

The area around Mansarovar is marshy at certain places and rocky or sandy at others. One comes across boulders as smooth and round as pebbles and also slabs as finely cut the shaped as slates. One peculiarity with the lake was that at times when there were high waves near the banks, the middle was calm and clear like a mirror reflecting the silvery dome of the Kailash, if seen from the southern side or the Mandhata's giant heads if seen from the north-east. On a full moon night, with the full moon over head, the scene was simply indescribable (dame luck was on our side). At sun set the whole of the Kailash range on the north became a fiery region all of a sudden, throwing an observer into a spell of trance. The existence of Rajhansas added a sense of mythology to the Manas. The great poet Kalidas has given description of these swans in his celebrated *Kavya*, the Meghdoot. The Meghdoot's swans, I am sure, are not different, from the one found in Manasarovar. These swans, known as 'ngangba' in Tibetan have yellow bills with a black knob at the tip of it and orange legs. Upper part of their body is grey and lower parts and the face white. But in the golden sun rays they appear golden swans.

At a distance of 3 to 4 kms. to the west of Manasarovar is the Rakshas Tal. This is also known as Ravana Sarovar, as Ravana was said to have

done penance here to propitiate lord Shiva. Though this lake is as beautiful as its sister lake, but due to mythological reasons it does not arouse similar reverence among the visitors.

Though Indian pilgrims' main destination was Mount Kailash, but that one could not do without crossing the twin lakes. The bus from Taklakot took us to Hore, one of the camping sites on the banks of Manasarovar. It could not go further as there were many streams in the route ahead, and there was no bridge across them. Some of the streams were in spate and it was not possible to cross them. We crossed them on horse backs. The bus picked us up from Zaidi after three days and took us to Tarchen, which is the base camp to start *parikarma* of Mount Kailash.

Mount Kailash is said to be the abode of Lord Shiva in the Hindu mythology. The description of the presiding deity of Kailash in Tibetan mythologies is the same, called Demchhok or Pavo. He puts on tiger skin and garland of human skulls and holds "damaru" in one hand and *khatam* in the other. Tibetan paintings and idols show Shakti as the consort of Demchhok, clinging to him in inextricable embrace.

Strange Companion

When we started our *parikarma* of Mount Kailash from Tarchen, some of the local dogs accompanied us. We thought that they would see us off at the village border as is the common behaviour of the dogs. But, they did not do so. They continued their journey with us. We offered them food etc. on the way, though some of us were resenting their presence, but it did not bother them. They continued their journey. As is generally true of mountains, rains started in late afternoon about 5 kms. short of Zirebu, which was the destination camp. Some of the streams and marshy land forced

dislocation of the group as everybody scurrying for cover from rain, wanted to reach the camp site as quickly as possible. I also lost my way. I stood at one place and was trying to decide about the route. One of the dogs came from behind and went ahead, looked around and started barking as if, it was suggesting that I should follow him. I decided to do that. The dog became my guide and went ahead of me all along. After reaching the camp site, we decided to give all the dogs red carpet treatment including the much needed room in that cramped camp.

The peak of Kailash is tetrahedral in shape and cannot be isolated for doing a circuit, so pilgrims have to do the round of the whole of Kailash Parvat, which is about 54 kms. in circumference. The *parikarma* took 3 days. Most of the route is flat passing through a bowl between two mountain rings around the Mount Kailash. But between two camps at Zeirbu (also called Dera Phukh) and Zongzerbu, one had to scale a height of 19,000 ft. and cross through Dolma pass. At this height, pilgrims had difficulty in breathing because of thin air. Yak ride was useful for even normal pilgrims for this stretch. Some Tibetans however, do the *parikarma* of Kailash in a single day. This is called 'ningkor'.

The walls of Kailash peak is of granite but the mountains of this region mostly consist of conglomerate and cannot be considered to be older than the Eocene period. The wind was dry and cold. Since there are a number of rivers in this bowl between the two circles of mountains, the route was full of marshy land. But there was grass on them, and the yaks used to really enjoy helping themselves with the grass, as it is a luxury treat for them. Left to them, yaks would not have budged from there and would have had a full belly of grass.

Known as Ali district of Tibet

Autonomous Region, the area has a population of only 60 thousand, spread over 3 lakh square kilometres. The inhabitants of this area are orthodox in their religious belief. The development of the area is minimal. With no motorable road in sight, it is crying for a favourable glance of the concerned authorities for its development. Tibetans do not have adequate educational facility also in this area. One thing which came easily to the notice of the visitors was the sight of beer bottles all over. Tibetans are in the habit of high consumption of alcohol. Because of the cold climate, Tibetans are meat eaters despite their being Buddhists. Buddhism came into Tibet during the time of King Stongchen Gampo in 600 AD. But Buddhism takes a different form here. One could see devil worshipping prevalent in this area. Influence of Hindu Gods could also be seen here. The Kocharnath gumpa situated on the banks of the river Karnali is a pointer to this. Hindus call this as *Khechhari Tirtha*. The idols are supposed to be *Svayambhu* and are believed to be of Ram, Sita and Lakshman. The images and the pedestal are of south Indian pattern and appear to have been prepared by the Nepalese sculptors.

When we started our journey back, fully satisfied with the *darshan* and thankful to the Almighty, we were very keen to get back to our country. The ITBP received us at the border. Crossing the border on foot was unique for almost all members of the group. At Gunji, we were fortunate to attend the *Vyas mela*. The *mela* was full of colour and gaiety. People from all the villages in the area had come with their village flags to attend the *mela*. A big round stone was there in the middle for a bachelor to lift it. The successful one had the opportunity to marry the most beautiful maid present in the

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Towards Equality, Development And Peace

Aparna Basu

THE Fourth World Conference on Women held at Beijing and the NGO Forum at Huairou were a landmark and reaffirmed concerns that are central to the women's movement at the National and International plane. In a sense, Beijing was not an event but a process but the process and outcome reinforce each other.

The All India Women's Conference which was one of the focal points for India was involved in the preparatory process since the autumn of 1993 beginning with the symposium on Women in Development held in Manila in October, 1993. The AIWC's participation in the process of preparation was at 4 levels. We had consultations with our branches all over the country to find out what the priorities and concerns of women from different parts of the country were. We also called meetings of the major national level organizations—the All India Democratic Women's Association, Centre for Women's Development Studies, Mahila Dakshata Samiti, Joint Women's Action Programme, National Federation of Indian Women and YWCA, and evolved a common platform which culminated in the publication of an alternative NGO paper for Beijing. There were a series of meetings organized by the Department of Women and Child Welfare of the Ministry of Human Resource Development for formulating the country paper. A preparatory committee was formed consisting of government officials, experts and NGO representatives. The Asia Pacific Region NGOs also organized several

regional meetings and published a document voicing the concern of the women of the region. After all these preliminary meetings and discussions, we took a delegation of about 60 women to Beijing, half from AIWC and the other half from our sister organizations.

Contrary to all rumours, we were received with great courtesy at Beijing airport and we cleared immigration and customs within 15 minutes. Buses were waiting to take delegates to Huairou or to their hotels in Beijing. As we drove into the city, 'Equality, Development and Peace' and 'Welcome to our foreign delegates'—these words were emblazoned on posters, arches, and flags. For those staying in Beijing, the registration was done at the Workers' Stadium and the process took hardly 5 to 10 minutes.

The NGO Forum opened on August 30 at the National Olympic Sports Centre Stadium. The Mistress of ceremonies was Irene M. Santiago, Executive Director, NGO Forum on Women '95. Before the formal opening, classical music was played by the first women's symphony orchestra in China conducted by China's leading woman conductress, Prof. Zheng Xiaying. There were brief speeches by Helvi Sipila, Secretary General, First World Conference on Women (1975), Lucille Marie, Secretary General, Second Conference on Women (1980), Dame Nita Barrow, Convenor, NGO Forum on Women, 1985 and Gertrude Mongella, Secretary General, Fourth World Conference on Women. In a splendid

ceremony, the peace torch was accepted by Gertrude Mongella, Supatra Masdit (Convenor, NGO Forum on Women '95) and Madauve Chea Muhua, President, All China Women's Federation.

The hour-long official opening was followed by thousands of Chinese girls forming the NGO logo and other symbols in multicoloured costumes. There was a drum dance by Miao Ethnic group, playing ancient Chinese musical instruments, scenes from the Beijing opera and other cultural items. The programme ended with Beethoven's 'Ode to Joy' from the 9th symphony which celebrates the brotherhood and sisterhood of men and women. This was followed by the release of 20,000 doves.

From the next day began serious work. There were over 4,000 workshops at the NGO Forum on a wide variety of themes—Violence against women, environment and sustainable development, health, education, women and media, impact of the new economic policies on women, fundamentalism and women, and law, etc. Every day at the NGO Forum, there were plenary sessions which were so crowded that it was difficult even to enter. Among those who addressed this was Mrs. Hillary Clinton. A message from the Nobel Prize laureate and the champion for democracy in Burma, Aung Sui Kyai was read. Among the Indian speakers were Kiran Bedi, Ela Bhatt and Geeta Sen. Alternate days of hot sunshine and monsoon rain did not dampen the spirits of the 30,000 women who had gathered at Huairou.

The All India Women's Conference organized 4 workshops on 1) Religious Fundamentalism and Women; 2) Women and Income Generation through NRSE (New & Renewable Sources of Energy); 3) Empowerment of Women Through Education and 4)

Women, Civil Society and the State. The workshops were well attended with lively discussions. Our members participated in these and various other workshops, took part in peace marches and cultural programmes. We collaborated with the Ministry of Non-Conventional Energy and INFORCE in organizing an exhibition in the OFAN Pavillion on Rural and Renewable Energy.

A seminar on "World Perspectives for Sustainable Development" was conducted by AIWC, in collaboration with six other national level organisations, on the 6th September 95.

The United Nations Conference was formally inaugurated on 4th September where the role of NGOs was to lobby and try to remove the brackets (i.e. the portions on which consensus was lacking) from the Draft Platform For Action. The PFA was being discussed by different governments and NGOs for some time. The developing countries were concerned about the girl child, primary health care services for women, eradication of poverty, the impact of SAP on women and participation of women in the political decision making process, while the countries of the North were emphasizing human rights and reproductive rights. We felt that

women's rights are human rights. The final PFA that emerged did incorporate some of the concerns of the Third World countries. India was the first country to adopt the PFA. While the PFA is not legally binding and can serve only as a guideline to the government, it is an embodiment of a government's commitment and will serve as a yardstick to assess a country's performance. While NGOs have to pressurise and monitor whether the government is fulfilling its commitments, they have also to work themselves to fulfill the goals of the PFA.

The U.N. Platform of Action (PFA) has rightly focussed on the need to involve larger numbers of women in decision making processes. The identification of the need for a special focus on the girl child and priority given to women's primary health care in public policy have been accepted by the PFA. India played a pivotal role in obtaining a commitment for poverty eradication and all forms of violence against women.

All of us who attended the Conference, despite the minor inconveniences experienced, were deeply impressed by China's tremendous economic progress, the hospitality of the China Organising

Committee and the friendliness and helpful attitude of the volunteers. We became aware of the enthusiasm and vitality of the women's movement in countries around the world and to observe that the constituency for gender has expanded so enormously. We returned with mixed feelings of hope and disappointment. Our hope lies in our struggles and success of our sisters all over the world for freedom and dignity. Our disappointment stemmed from the fact that the U.N. Conference was mainly concerned with removing brackets from the Document of Platform of Action but still much was achieved.

From Mexico on to Nairobi and finally to Beijing is merely twenty years of contemporary history. But these two decades show the progress made and at the same time reveal the frustration and anger of women at the inequalities and injustices that they face all over the world. We have now to see that these are removed and that 'Equality' Development and Peace' is not just a slogan. May the 21st century really 'Look at the world Through Women's Eyes'.

The author, who is Secretary General, All India Women's Conference, attended the Conference.

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mela. But alas, nobody was successful.

The view of Kailash, a dip in Mansarovar and the experience of the rugged terrain of Tibet was worth the effort of 30 days of trek. No doubt, each one of us who travelled to this distant land of Gods it would ever

remain etched in memory. But we were very keen to get back to our people. The exhilaration provided by the Himalayas though can not be discounted but the love of dear and near ones was something which we all longed for. When we reached the road

and got onto the bus for Delhi we were very happy and contented people, and thankful to God.

The author was Liaison Officer for the 7th batch of Kailash-Manasarovar Yatra, 1995.

Read Yojana To Know India

Latur Revisited

Monideepa Mukerjee

IT was the last day of the ten-day long Ganesh festival. The villagers of Killari fell into a deep slumber after immersing the idol and it was a sleep from which most of them never awoke. On that fateful night of September 30, 1993, a massive earthquake swept across the southern sector of the Deccan Plateau measuring 6.4 on the Richter scale with its epicentre at Killari in Latur district of Maharashtra.

It was the worst quake disaster on the Indian sub-continent in 58 years. Fifty two villages were razed to the ground and 7928 people lost their lives and 16,000 were injured. The scene in these villages looked like the aftermath of carpet bombing. 90 per cent of Killari village was reduced to rubble and nearly 2,11,000 dwellings in the adjoining villages of Latur and Osmanabad and eleven other districts of Solapur, Satara, Sangli, Beed, Parbhani, Ahmednagar, Nanded, Kolhapur, Aurangabad, Pune and Nasik suffered damages too.

It is two years after that fearful night of September 1993 and a visit to any of these villages in the quake-hit district presents a scene of feverish building activity being carried out at a frenetic pace and very little remains to remind one of the disaster.

This transformation in a short period of two years has been made possible by the largest ever rehabilitation programme for the disaster affected, formulated by the Maharashtra Emergency Earthquake Rehabilitation Programme (MEERP).

The programme aims at total rehabilitation and relocation of the 52 affected villages and restoration of damaged housing, dead livestock and

infrastructural facilities in the other 13 affected districts at a total cost of approximately Rs. 1087 crore, involving funding by agencies like the World Bank, Asian Development Bank, Overseas Development Agency, Government of India, Government of Maharashtra and other donors.

The most important component of the rehabilitation programme is housing. When the relief and rescue columns reached the quake affected villages after 12 hours, it became apparent that faulty construction of dwellings made of undressed stones put together with ordinary mortar supporting heavy roofs appeared to be the real cause. It has been observed in many quake affected areas worldwide that it is usually the primitive pressed mud or masonry buildings which cause greatest harm.

The 24,000 houses which are being reconstructed at a cost of Rs. 634 crore incorporate internationally recognised earthquake resistant technology. The designs of these houses have been approved by IIT Roorkee and engineers qualified in earthquake resistant technology. These houses are box-like structures with weight or RCC roofs which, if they were to collapse, would not become tombs of death.

Public buildings, schools, health centres, water supply systems, roads, bridges, irrigation channels which will service the quake affected villages are being reconstructed, repaired and strengthened at an estimated cost of Rs. 298.5 crore. 227 public buildings are to be repaired under this project by the target date of May '97. Work is also on for the restoration and repair of 19 historical monuments and temples,

most famous among them being the Tuljapur Bhavani temple.

The earthquake had killed 15847 livestock apart from destroying farm equipment. Agriculturists who were affected by this loss number 24363. Milch cattle, bullock, sheep and goat have been distributed to the affected persons who have been given crossbred cows from Maharashtra and Gujarat, Surti buffaloes from Gujarat and sheep and goat from breeding farms in Maharashtra. Out of 473 dugwells to be repaired, 91 have been completed and work is in progress on the remaining wells.

The social disruption faced by the quake affected cannot really be measured in concrete terms because the damage has been immense. Not only did people lose their lives but the real trauma was faced by those who were left as orphans, destitutes and handicapped overnight.

For these unhappy people old age homes, Balika Sadans, district trauma centres, homes for handicapped and community centres for women have been set up at a cost of Rs. 39.6 crore. NGO's have done yeoman's service in this field, like SOS Bal/Gram has set up a home for orphaned children and the Jain Sangathan has opened a residential school near Pune for 1000 orphaned children. 800 persons were given psychiatric and follow up treatment due to the mental trauma caused by the disaster. Children are now again going to school and surprisingly school dropout rates have come down as compared to pre-quake days. This may be due to the improved facilities and other relief measures given to the people.

The MEERP is a unique programme not only for the reason that it has undertaken rehabilitation, reconstruction and relocation of 52 villages but also that it involves a very

large number of implementing agencies like engineering consultants, community participation consultants, 94 NGOs and the beneficiaries themselves. The MEERP is being assisted by a credit of SDR 177 million (Rs. 815 crore) from the International Development Association (IDA). The programme is to be completed in three years with the target date set for June 30, 1997.

Geologically, the Indian sub-continent was created by the Indian platform breaking off from a super-continent known as Gondwanaland and drifting over a deep volcanic plume that raised the lava-thickened Deccan plain. About 50 million years ago, this

tectonic slab slammed into the underbelly of Asia, throwing up the Himalayas and producing faultlines of stress that create sporadic havoc across the continent.

Studies have identified 56% of land area of the country covering North-Eastern states, Jammu and Kashmir, Himachal Pradesh and parts of Bihar, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Punjab, Uttar Pradesh, West Bengal, Delhi, Andaman & Nicobar Islands as vulnerable to seismic activities. In spite of this, India does not have a permanent national disaster organisation.

The Government of Maharashtra has now formulated the State Disaster

Management Plan which incorporates the measures required to be taken in order to deal with natural calamities, mitigate and minimize the sufferings of the people and provide speedy relief to the victims. This management plan is being set up with the financial assistance of the Overseas Development Agency of U.K.

The Maharashtra government also proposes to set up a separate Relief and Rehabilitation Department to look after the work being carried out in the quake affected areas and also to ensure that speedy and correct assistance can be provided to people if disaster strikes again. □

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linkages with several other sectors like agriculture, horticulture, poultry, handicrafts, construction etc. Several items of tourist expenditure induce a chain of transactions in these sectors and each such transaction calls for the supply of some kind of goods and services. Further, those directly or indirectly employed following the development of tourism may also demand more goods and services as a result of such employment than what they would have demanded otherwise. The additional consumption demand, thus emanating from tourist expenditure will not only induce more employment, but also generate a further multiplier effect through a successive chain of transactions.

The indirect employment multiplier in the case of tourism is fairly high and is estimated at 2.358. It means that the direct employment of one person in the tourism sector generates employment to 1.358 persons in other sectors of the economy due to linkages with tourism.

National Action Plan

As an integrated approach for the development tourism sector, the government announced the National

Action Plan for tourism in May 1992. The Action Plan, among other things, envisages an increase in the employment opportunities from the present level of 15 million to 30 million. This would be done through a series of measures, which include improving the infrastructure like hotel and other accommodation facilities, and developing special tourism areas such as pilgrim tourism, cultural tourism, island tourism, and adventure tourism. Areas given specific attention include the Temple circuit in Tamil Nadu, Palace/Fort circuit in Rajasthan, Backwaters of Kerala, and the Buddhist religious centres of UP and Bihar.

Considering the enormous finance required to establish necessary infrastructure, several measures have been initiated to attract foreign and domestic private investment. These include a package of fiscal and financial incentives apart from declaring it a priority sector for foreign investment. According to a study conducted during 1990-91, the additional investment in tourism industry consisting of hotels restaurants, tourist transport units etc. more than doubled to Rs. 4680 crore during the VII Plan period from the VI

Plan expenditure of Rs. 2197 crore. This increasing trend in investment is still continuing and foreign investment exceeding Rs. 1100 crore has already been approved since the liberalisation of investment policies in 1991. According to provisional estimates available, the investment in the tourism sector is about Rs. 1000 crore per year. This level of investment is capable of adding 2.6 lakh jobs per year. All the measures taken by the government can succeed only if a matching response and cooperation is forthcoming from the people, for no amount of infrastructure can substitute for the attitude of the people as far as hospitality is concerned. Side by side, the increasing environment awareness has led to the growing realisation that what is required is to preserve the originality and pristine purity of a spot rather than making cosmetic additions to it in the name of making it presentable to tourists. What is crucial is creating awareness among the people about the huge potential of the sector which, apart from earning precious foreign exchange for the country can create millions of jobs for the countrymen. □

Towards The Target Of Full Employment

Nishi Sinha

FOR attaining full employment by 2002 it is required that employment grows at a rate of 3.1 per cent per annum. The growth rate of the economy at around 7% per annum would be required during the period 1995-2002 to achieve full employment by the end of that period. However, employment generation during the period 1992-95 fell short of the rate and level envisaged in the Plan.

Open unemployment at the beginning of VIII Plan was estimated at 17 million out of a labour force of 319 million. Besides this, 6 million of the workforce of 302 million were estimated to be severely under-employed since they were without work for half of the reference week. Addition to labour force during the VIII Five Year Plan and the period 1997-2002 were estimated to be 35 million and 36 million respectively. This means that achieving full employment by 2002 would mean creation of about 94 million additional employment opportunities. The Plan seeks to adopt a decentralised and diversified strategy of faster growth of employment-intensive sectors, sub sectors and activities.

The main element of strategy which has been endorsed by the NDC Committee on employment is a faster and geographically diversified growth of agriculture so that more labour intensive crops like vegetable and fruits can be grown particularly in the agriculturally better developed regions. Infrastructure and marketing development for agro-based and allied activities like dairy, poultry, fisheries

and sericulture should be taken up to accelerate growth of these sectors. An extended programme of development and utilisation of wasteland for crop cultivation and forestry should be developed. Proper support and policy framework should be done for the growth of non-agricultural manufacturing activities in rural areas. Attention should be paid to the decentralised manufacturing sector as a major source of industrial growth in the production of consumer goods. Large scale programme of construction of infrastructure and residential accommodation, should be taken up particularly in the private sector. Basic health and education facilities should be strengthened specially in the rural areas. Legislative and policy measures should be relaxed where these are found to restrict growth of employment. There should be greater flexibility in special employment programmes and they should be integrated with social sector development. Opportunities should be provided for upgradation of skills of the employed workers and also for the development of entrepreneurship for the self-employed.

Achievement rate of employment growth is primarily dependent on the growth rate and sectoral and sub-sectoral pattern of growth of the economy. Stabilisation policy for containing fiscal and current account deficits are inherently contractionary in nature and tend to depress output as well as employment growth.

Employment growth during the first three years of the Plan is assessed to be

higher than the preceding five to seven years on an average. This is despite a lower growth of the economy during this period as compared to earlier years.

Employment performance of agriculture strongly influences overall employment growth because of its continuing predominant share in total employment. It is, however, necessary to increase public investment in agriculture for strengthening irrigation and other rural infrastructure in backward areas so that sustained agricultural growth and acceleration of employment growth is facilitated. A large component of rural manufacturing activity now consists of non-traditional occupations. Substantial expansion and diversification of these activities is possible through promotional policies and efforts particularly in respect of infrastructure, improved access to credit, technological upgradation and training in entrepreneurial development and marketing support.

The growth of manufacturing sector has picked up after remaining stagnant in the first two years of the Plan. This tempo of growth is likely to be maintained. With the liberalisation of industrial licensing and foreign investment, it is, in fact, likely to get accelerated. Between August 1991 and October 1994, a total of 5,149 foreign collaboration proposals and 2,544 foreign investment proposals involving Rs. 23,900 crore were approved and 16,100 Industrial Entrepreneurial Memoranda (IEM) involving domestic investment of Rs. 325,580 crore were filed. The latter alone are expected to

lead to direct additional employment of about 3 million and total direct and indirect employment efforts of both foreign and domestic investment would, of course, be much larger. The decentralised sector which contributes three-fourth of the output and four-fifth of the employment in manufacturing has maintained a steady rate of growth in output and employment. The most significant contribution has been from the small scale industry. It has shown significant all round growth in terms of output, employment and growth. Consumer goods industry accounts for two third of manufacturing employment and a little over one third of G.D.P. from manufacturing. Decontrol and delicensing of some industries still under the licensing regime is expected to have favourable implications.

Significant Growth

Exports have shown significant growth over the past three years. Such items which have relatively high employment elasticity and have also shown fast export growth are cashew, oil meals, marine products, leather footwear, transport equipment, electronic goods, gems and jewellery, readymade garments and handicrafts. A continuous buoyancy in export of these items will contribute to employment growth. Employment in tourism has experienced a growth rate of 5.9% over the eighties and nineties. The Tourism Department feels that investment in the organised sector is about Rs. 1000 crore per year and that this level of investment is capable of creating 260,000 jobs per year in the organised sector.

Employment in construction grew at about 0.85% per annum during 1992-94 primarily due to slow growth of this sector. In 1994-95, activity picked up when GDP as well as employment is estimated to have grown by about 4%. Transport and trade sectors have

performed relatively well during the first three years of the Plan with a GDP growth of 5.7% and employment growth of 3.4%. Employment in financial and business sectors has had faster growth and has improved the employment content over these three years. If the trend remains as before, an employment growth rate of 3% could be expected in those sectors.

On the basis of above assessment as well as trends of growth and employment intensity of growth, an employment growth rate of 3.1% to achieve near full employment by 2002 appears feasible. One has to take into consideration the fact that compulsion of raising productivity level may lead to reduction in employment content of growth in individual lines of production. Achievement of goal of full employment for all by 2002 AD would primarily hinge upon attaining a higher growth of GDP of around 7% per annum during 1995-2002.

Most of the employment is expected to take place in the unorganised sector. Organised sector employment which contributed about 9% in 1992 is estimated to contribute 8.7% of the total employment in 1994. A significant part of the new employment is likely to be relatively low level of productivity and income and to a large extent of self-employment variety. In the long run, with greater integration of market and different segments of economy as well as tightening of the labour market, quality of employment in the unorganised sector is expected to improve. Efforts would need to be made to ensure better access of the unorganised sector producers to inputs like infrastructure, credit and market and special measures of welfare such as health education, housing and a minimum degree of food and social security so as to improve their productivity and income level on the one hand and prevent deterioration in

the conditions of work and quality of life on the other hand.

To improve employment generation it requires that each Central ministry and each state government makes a conscious effort to improve the employment content of these sectoral programmes. Guidelines have been issued to state governments and Central ministries on formulation of annual plan stressing the need to ensure achievement of employment objective of the plan. The Planning Commission had a series of discussions with a dozen ministries, departments and agencies of Central government whose programmes have a significant impact on employment.

IRDP aims at self-employment opportunity to the rural poor through assistance in the form of subsidy and bank credit. A number of steps have recently been taken to qualitatively improve IRDP. Conscious attempts are being made to promote higher investment per family even if it has meant a reduction in the physical target. It was stipulated that the average level of investment per family should be at least Rs. 12,000 during 1994-95. Measures taken to encourage higher investment are extension of the scheme of family credit plan to 213 districts of the country and raising of the limit of security-free loans from Rs. 10000 to Rs. 15000 for advance for agriculture where movable assets are created and from Rs. 2000 to Rs. 5000 where immovable assets are created.

The special scheme for Development of Women and Children in Rural Area (DWCRA) is aimed at improving the gender component of IRDP. The revolving fund has increased in 1994-95 from Rs. 15000 to Rs. 25000 in the case of stabilised DWCRA groups who wish to diversify. Emphasis is now being laid on recognising occupational groups such as women bonded labourers,

quarry workers etc. In 1994-95, DWCRA was considerably expanded. The number of groups recognised under this programme went up from 9 thousand in 1992-93 to about 15 thousand in 1993-94 and 35 thousand in 1994-95. Membership in these groups increased from 1.29 lakh in 1992-93 to 2.69 lakh in 1993-94 and then to 5.63 lakh in 1994-95. Some of the states like Andhra Pradesh, Tripura, Nagaland and Kerala have performed very well in this programme.

J.R.Y

Jawahar Rozgar Yojana is now operated in three streams. Under the first stream, 75% of the total programme funds are allocated among the states/UTs according to their share of the rural poor. The second stream was started in the latter half of 1993-94 and is intended to intensify Jawahar Rozgar Yojana in 120 backward districts of 12 states where there is a concentration of unemployment and under-employment with a substantial increase in the flow of funds averaging Rs. 6 crore per district. These funds amounting to 20% of the total funds under the Jawahar Rozgar Yojana subject to a minimum of Rs. 700 crore are placed at the disposal of the district authorities who are to identify the pockets of unemployment and under-employment in the district and take up selected works to build up rural infrastructure. The remaining 5% of funds constitute the third stream. This was also launched in 1993-94 for taking up special and innovative projects such as those aimed at prevention of migration of labour, enhancing women's employment, special programme through voluntary organisation for drought proofing, watershed development etc.

Employment Assurance Scheme was launched in October, 1993 as an additional wage-employment programme with a view to providing a measure of employment security to

the needy persons in 1778 identified backward blocks in 261 districts situated mainly in the drought-prone areas, desert areas, tribal areas and hill areas, in which the Revamped Public Distribution System is in operation. More blocks have since been added and the scheme is currently implemented in 2443 blocks including those that are flood prone. It is envisaged that the scheme would provide assured employment for 100 days of unskilled manual work to the rural poor. A maximum of 2 adults in the age group of 18-60 years per family would be provided the assured 100 days of employment during the lean agricultural season.

With substantial increase in outlay of Jawahar Rozgar Yojana including EAS, employment and income per participating household would be larger. The total number of person days of unemployed in rural areas in 1995-96 is roughly estimated to be about 5400 million. The latest data indicate that about 59% rural unemployed are educated and are not likely to offer themselves for unskilled manual work. Assuming that about 50% of all unemployed would be available for such work, the actual total requirement of Jawahar Rozgar Yojana type employment is likely to be 2700 million person-days. As against this the outlay on Jawahar Rozgar Yojana and EAS including state governments share is capable of generating 1290 million person-days in 1995-96 which would help in realising about 47% of the total needs.

It is sometimes argued that the beneficiary oriented programmes like Jawahar Rozgar Yojana and IRDP have gained at the expense of area development programmes because probably the benefits from the former are immediate. The objective of beneficiary oriented programmes and sectoral programmes need not conflict with each other and it should be

possible to find a common ground where they can be dovetailed. For example, Jawahar Rozgar Yojana and IRDP with an area development plan focusses on conservation and better management of land and water resources and development of rural infrastructure. An attempt has been made to achieve integration in Drought Prone Areas Programme and Desert Development Programme with the intensified JRY and EAS and also with Integrated Wasteland Development Programme.

The Eighth Plan has laid stress on involving Panchayat Raj Institutions and voluntary agencies in planning and implementation of various development activities including special employment scheme. The Panchayats may be allowed to function as institutions of self-government and to provide for devolution of powers and responsibilities to Panchayats at the appropriate level with respect to preparation and implementation of plans for economic development and social justice.

The Eighth Plan has stressed the role of voluntary organisations and self-managed institutions in the planning and implementation of various rural development programmes including the anti-poverty programme. Last year, the Planning Commission organised a meeting of select voluntary organisations to work out a plan of action. Some of the important functions to be discharged by the voluntary organisations include mobilisation and organisation of the poor, providing of delivery services, transfer of appropriate technology, training, planning and acting as catalytic agents of change. The government, in turn, was to assist the voluntary organisations both in ironing out administrative encumbrances faced by them, as also in providing financial assistance with the result that a joint machinery of government and NGOs

has been constituted to give a greater thrust to ensure better implementation of rural development programmes.

The special employment programmes in the urban areas are more limited in scale and have less resources than the schemes for the rural areas. A review of implementation of NRY indicates a number of operational problems such as the low outer limit on the quantum of loan for urban micro-enterprises, unwillingness on the part of banks in processing and disbursing the loans for fear of non-recovery, the material-labour ratio fixed under the scheme for wage employment not being conducive to produce works of quality and longevity and the existing urban local bodies being burdened with various tasks for which they are not equipped either in terms of staff or in planning and management.

There are quite a few programmes both at the Central and state level which have a direct bearing on the alleviation of urban poverty and unemployment. The convergence of these programmes, both at the Central and state level, is essential so as not to dissipate the efforts of the various administrative ministries/departments. The new scheme of Prime Minister's Integrated Urban Poverty Eradication Programmes aims at this convergence.

The Prime Minister's Rozgar Yojana was implemented in 1994-95. It is being implemented both in urban and rural areas. The objective of the scheme is to provide self-employment opportunities in industry, business and services to one million educated unemployed youth. During the first year of its implementation, 32000 cases were sanctioned against a target of 40,000. The target for 1994-95 was 2.20 lakh against which 1.77 lakh cases were sanctioned. It is recommended that a minimum contribution from the beneficiary should be insisted upon

ANNEXURE							
Performance of Special Employment and Poverty Alleviation Programmes during the Eighth Plan							
(In lakh)							
Programmes	1992-93		1993-94		1994-95		
	Target	Achievement	Target	Achievement	Target	Achievement	
A. Programmes in Rural Areas							
1. JRY-man-days of employment generated							
a) I Stream	7537.95	7821.02	10383.26	9523.45	7997.37	7452.65	
b) II Stream	—	—	—	713.36	1868.08	2063.48	
2. EAS-man-days of employment generated	—	—	#	494.74	#	2733.47	
3. IRDP-families assisted	18.75	20.69	25.70	25.38	21.15	16.25 @	
4. TRYSEM-youths trained	3.00	2.76	3.50	3.04	3.18	2.68	
5. DWCRA							
(a) Groups formed	0.08	0.09	0.11	0.15	0.13	0.35	
(b) Membership	—	1.29	—	2.69	—	5.63	
B. Programmes in Urban Areas							
6. NRY							
a) Families assisted	0.92	2.37	1.25	1.52	1.20	1.25	
b) Man-days of employment generated	158.20	140.49	143.00	123.67	100.00	53.96 P	
C. Other Programmes							
7. SEEUY-beneficiaries	1.00	0.73	1.260.56 P Integrated with PMRY				
8. PMRY-micro enterprises	—	—	0.40	0.32	2.20	1.77 P	

= Targets are not fixed as the programme is need based.

@ = Upto February, 1995

P = Provisional

and the subsidy should be lower than in schemes like IRDP and NRY. Investment limit in this scheme has been raised to rupees one lakh per individual permitting higher levels of investment on the enterprise in case of partnership. Provision for the entrepreneur's contribution of 5% of the cost of project as margin money has been included. The limit on family income in the criteria for eligibility has been raised. Government of India's subsidy is limited to 15% subject to a ceiling of Rs. 7,500 per entrepreneur. The scheme also envisages compulsory training for the entrepreneurs. With these improvements the scheme is expected to have a higher success rate.

There are self-employment components under NRY in the form of urban micro-enterprises and under the proposed new scheme of Integrated Urban Poverty Eradication Programme. There is a need for coordination of PMRY and the self-employment components of PMIUEP and NRY in the urban areas.

If all the schemes taken up by government are implemented and pursued in a proper manner one hopes that there will definitely be employment for all by 2002 AD. □

The author is a free-lance writer.

Rational Expectations Hypothesis: An Analysis

Dr. Ashok Sahu

ROBERT E. Lucas Jr., presently working in the University of Chicago, was awarded the 1995 Nobel Prize in Economics for "having developed and applied the hypothesis of rational expectations, and thereby having transformed macro-economic analysis and deepened our understanding of economic policy".

In order to appreciate the nuances of the rational expectations hypothesis, it is necessary to understand the connotations of 'rational' and 'expectation'. Rationalism implies that any belief should be regulated by reason and should be discarded if it appears to be illogical. Such a view applies in principle to all beliefs, be it for the common man, economist, scientist, philosopher or moralist.

Many of our actions are forward-looking and depend on expectations about the future. For instance, when an individual is investing in shares, he has an expectation of handsome dividends on the basis of likely profits of the company. Likewise, the politician who has decided to contest in the election has an expectation of the likely popularity of his own self or party. An important question arises as to how the expectations are or should be formed.

One simple rule is that expectations are 'adaptive'. Under the rule, the expectations are revised or adapted in light of previous errors in expectations. For example, in order to form an expectation about the rate of inflation

next year, one has to adjust the expectations one had for the previous years, depending upon how well they fared. If one over-estimated the rate of inflation last year, the expectations should be revised downwards; conversely, if one under-estimated it, the expectations should be revised upwards. In reality, however, such expectations may not match the actual happenings. Over a period of time, if the expectations are both under-estimated and over-estimated randomly, then they suffer from what is called 'white-noise error'. On the other hand, if the expectations are either under-estimated or over-estimated only in one direction exhibiting thereby a definite pattern, it is called a 'systematic error'.

According to the rational expectation hypothesis, one's expectations may have 'white-noise error' but should not suffer from 'systematic error'. One ought to learn the systematic component of one's errors and by rationally using the information potentially available should try to avoid such errors. The rational expectation hypothesis originated with John Muth in 1961. It constitutes a tempting line of argument but not without its own problems. One may wish to avoid systematic errors but it is not easy to act on this in the social world because it is not just a question of allowing time to elapse so that one learns and processes the new information available to him.

The first problem with rational

expectation hypothesis relates to the learning process itself. Interestingly, there are situations in which no learning process is required. An example can be the 'Nash Equilibrium' under 'Games Theory' (elaborately explained in the article 'Games Theory and Tragedy of Commons' by the author in June, 1995 issue of Yojana) where the decision-making agents, despite complete information, behave with 'apparent irrationality, though given the peculiar circumstances, their decision is a case of rational expectation equilibrium. The second problem relates to risks and uncertainty. Any situation in which the events and outcomes are not known are characterized by 'uncertainty'. On the other hand, even if one does not know the outcomes but can still attach probabilities to each of the possible outcomes, it is a 'risky' situation. Such risky and uncertain situations, instead of offering a single solution, may yield multiple rational expectations equilibria. Thirdly, it is argued that rational expectations hypothesis is too demanding a theory, it makes informational requirements very stringent.

In spite of these limitations, it makes sense that expectations of future conditions do and can play a role in predicting future variables. Inflation of tomorrow instead of being just a function of price levels of yesterday and today, will depend upon the possible policy changes in future. While John Muth developed the hypothesis, the contribution of Lucas lies in the fact that he applied it to the theory of macro-economic policies which transformed them into dynamic and forward-looking entities. Suppose, the government wants to increase the level of output and employment in an economy. The standard Keynesian prescription would be to increase the level of money supply which in turn would increase aggregate demand and

hence aggregate output and employment. According to Lucas, the government action will have desired effect only if the producers in private sector can correctly anticipate the government action. Otherwise, if the economy consists of several disjointed islands where the government, consumers and producers are segregated without instantaneous information flows, the government action may lead only to increase in demand and prices without corresponding increase in either output or employment. A recent example in the Indian context is that the stability in the exchange rate for nearly two years despite rupee being made convertible on trade and current account was attributed to the strong fundamentals of the economy. However, a slight depreciation was required as an incentive to exporters to account for inflation during this period.

When RBI routed more debt repayments through commercial banks, it was believed that the economy will not allow depreciation of the rupee beyond a limit. But the foreign exchange market does not necessarily move on fundamentals; it moves on expectations. The expectations being that rupee will weaken, importers rushed for forward cover, resulting in the surging demand for the dollar. Simultaneously, exporters reduced sales of dollar, hoping for a killing when the rupee weakens further. The result was an acute shortage of dollars in the foreign exchange market and continuously sliding rupee. But for an information gap in expectations, the situation could have been salvaged by a mild pre-emptive action by the government, which otherwise might require brutal intervention in future.

But there is a catch. If other players in the economy can correctly anticipate

the government action, can they not negate the government intentions through conscious decisions and actions? What then is the role of the State? In other words, when Keynesian demand-management macro-economic policies were the answer to the disastrous non-interventionism of the pre-Keynesian inter-war period, rational expectations were the response to the futility of government intervention in the 1960s and 1970s, thereby laying the theoretical foundation for the withdrawal of the State and the advent of information-based markets. The controversy regarding the government retreat is now well-known; Lucas by applying the rational expectation hypothesis to macro-economics provided some justification for the same. □

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in 1993-94 to 7.7 per cent and is estimated to be around 6.2 per cent in 1994-95. In 1994-95, it is budgeted at 5.5 per cent.

The report says the revenue deficits have continued to increase and contributed increasingly to the gross fiscal deficit in the nineties. Interest payment, Rs. 52,000 crore or 52 per cent of revenue receipts in 1995-96, is a major element in revenue expenditure. The report says "It is imperative that over the medium term the growth in interest payments be arrested through a substantial reduction in borrowing so that the debt-GDP ratio declines significantly." The bank also calls for concerted efforts to reduce public borrowing, to undertake further tax reform measures to improve revenue buoyancy and to take measures to bring down the level of expenditure to expected average level of revenues. It has also called for the setting up of amortisation funds,

especially a consolidated sinking fund on a priority basis for redeeming the debt, as the burden of repayment obligations of both the Centre and the state will grow, with humps in repayment being particularly sharp in the next ten years.

Summing Up

The Central bank, while expressing general satisfaction over the state of the economy, has also underlined the tasks ahead. On agriculture, it has stressed the need for evolving a multi-pronged strategy to bring about sustained growth and in this connection laid emphasis on increasing both public and private investment in agriculture. About the industrial sector, it has called for a policy framework that is conducive to promoting efficiency and a critical assessment of "India's industrial capabilities in terms of skills, technology and organisational structure, at sectoral, sub-sectoral and disaggregated level of firms." Further, it has said, "If the growth

is to be improved on a sustainable basis infrastructure development would need to be given a special focus." Financing required for infrastructure sector is indeed substantial, it says, adding "suitable financial vehicles need to be evolved to improve the flow of resources for this sector, if particularly the private sector is to play a larger role." While expressing satisfaction over the present level of reserves, which provides "a measure of insulation against unforeseen external shocks and shocks created by domestic supply shortages," the report has cautioned against the volatility of some of the capital flows, which it says need to be kept in mind. On inflation, it says, while demand and supply factors have a bearing on it, it cannot happen unless there is a sustained increase in money supply. Controlling inflation has thus to remain a major objective of monetary policy, it adds. □

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Industrial Status For Agriculture

M.V. Páivate

INDUSTRIAL status for agriculture was one of the major recommendations made by the High Powered Committee (HPC) set up by the Government of India, Ministry of Agriculture (MOA) to review agricultural policies and programmes. Many of the recommendations of the HPC report, submitted in July 1990, particularly those on fixation of prices, budgetary allocations, credit, power, transport and export facilities though appeared to be too radical then, are gradually being adopted today via the New Economic Reforms (NERs). It is needless to stress here that the relevance of those recommendations is felt all the more today in the changed economic scenario of the country and the need to change our agricultural policies radically so that this sector stands to gain in the same way as the industrial sector. Even after launching the NERs, the government has admitted, "This decreasing share of private investment in the total gross capital formation seems to suggest that the agriculture sector is relatively less attractive for private investment as compared to other sectors of the economy. This suggests a need to strengthen incentives for attracting more private investment into agriculture". Hence, the consideration of giving industrial status to agriculture is a step in the right direction.

Before any industry is set up, the necessary infrastructure is to be established so that post production operations become easy; whereas government allocations for agriculture have been almost stagnant, the infrastructure needed for its faster growth is lacking. Besides, continuing

adverse terms of trade have prevented on-farm investments by farmers themselves.

Agricultural research has played a key role in attaining 'Green Revolution' in the late sixties in the north-western parts of the country. While more or less the same natural endowments in terms of irrigation and water availability exists in the eastern part of the country, the growth in agriculture has not kept significant pace for want of appropriate technology for that region. Similarly, no technology for the vast rainfed areas, fitting into the socio-economic conditions of small and marginal farmers, has been forthcoming for the last several decades. This problem deserves greater attention than the problems of the irrigated lands because, even after the full exploitation of all the available irrigation potential about 50 per cent of the cultivated area still depends on rainfall. Additional production to achieve the targets for 2000 AD and thereafter has to come from increased production from the rainfed areas. Agricultural scientists need not aim at very ambitious yields in these regions as that technology will not be acceptable to the farmers for many genuine reasons. They should aim at simple "doubling technique" which fits into the socio-economic status of the farmers and double their yield at the same time.

Many agricultural economists, foreign as well as Indian, after studying the problems of Indian agriculture, have come to the firm conclusion that the slow growth of agricultural sector is mainly due to slow progress made

with respect to rural infrastructure during the last four decades. If the rural infrastructure—rural link roads, communication, storage facilities, markets and market yards and power had been given greater importance and attended to, our rural scenario would have changed more drastically than what it is today. Even today, due to lack of proper storage facilities agricultural produce gets rotten. One can recall the recent examples in Kolar district in Karnataka where huge quantities of potatoes got rotten for want of cold storages and onions in Nasik district for the same reason. On the other hand, the loss of industrial products due to lack of storage facilities is totally unheard of.

Transportation is another major bottleneck inhibiting growth of agriculture on modern lines. Efficient low-cost transportation is an essential requirement for agricultural development more than that for industry, since agricultural production is widely dispersed. While industry has the advantage of proximity to the market place and fairly good transportation facilities, agriculture, which is far removed from the market place is handicapped due to a very poor network of rural roads and transportation facilities.

Power connection to agricultural projects takes generally several years. This severely affects farming.

Rural Industries

In India, the problems of rural industrialisation and rural unemployment are the two sides of the same coin. While tackling one of them, the other has to be kept in mind. Due to

population explosion the pressure on land has been increasing tremendously and we are witnessing, in large measure, exodus to cities in search of gainful employment. One of the ways of arresting this is to establish industries in rural areas, particularly agro-industries so that rural people, women and youth in particular, would find additional employment besides traditional agriculture. The problem is so enormous that, neither agriculture, nor large-scale industry, nor even both of them together can absorb the growing number of unemployed in villages. Hence, well thought-out and comprehensive programme of decentralised industries in rural areas implemented with drive, sincerity and a sense of paramount urgency can provide an effective answer to the vast problem of rural unemployment.

In 1982, the National Bank for Agriculture and Rural Development (NABARD), was established at the national level along with offices in some states. The NABARD, however, is engaged mainly in refinancing of agricultural credit of the cooperative banks and rural banks. It is not geared to assist other non-farm activities falling in the "agricultural sector" as a whole. The National Cooperative Development Corporation (NCDC) is assisting agro-industries, fisheries, dairy industry, etc. in a limited manner. Hence, there is an urgent need to establish a separate bank to assist in setting up agro-industries and other allied activities in the rural areas in a big way. The NABARD alone is no match to the professional functioning of the industrial financing institutions. It is interesting to note here that only 17 per cent of the total bank credit is made available to agricultural sector

which is contributing nearly 33 per cent to the national income, while 36 per cent of total bank credit is going to manufacturing sector, which contributes about 20 per cent to the national income.

Most of the farmers have no direct access to consumers for selling their produce and they have to depend on the traders. In respect of foreign trade, exports of farm products are strictly regulated, instead of allowing concessions, export duties are levied on export of certain farm products. There is ample scope to step up exports of our farm products and during the last three years farm exports are looking up due to liberalisation policies.

Farm Exports

During the last three years, achievements in farm exports has been highly impressive. Exports of coconut, copra, spices, fruits and vegetables, marine products and cashew are allowed freely. In respect of other commodities, there are still "ceilings" or requirement of 'licences' and 'canalisation'. It is interesting to note that India is the second largest producer of fruits, next only to Brazil with total production of 32.06 m. tonnes. With regard to vegetables including potato, India is the second largest producer, next to China, with more than 54 m. tonnes. However, India processes less than one per cent of the total fruits and vegetables produced in the country. India's share in global export of fruits and vegetable is also marginal. Thus, there is a vast scope for further increasing the farm exports by relaxing the existing constraints. Additional investment through private sector to increase the total installed capacity of

fruits and vegetables products (F & VP) industry is also necessary. As a result of the NERs, the F & VP industry has been placed in the list of high priority areas and various incentives have been provided for investment in this sector. Exports of processed fruits and juices from India have gone up by 42.5 per cent from Rs. 120 crore in 1992-93 to Rs. 171 crore in 1993-94.

In respect of industry, the removal of hurdles in the form of licences, import-export constraints, investment problems has been undertaken fairly expeditiously while one is unable to see why important and urgent items in agricultural sector, remain, year after year, merely on an "unfinished agenda". It is stated, "As pointed out in last year's Economic Survey (1993-94), there is a large unfinished agenda of agrarian reforms, special support programmes for small farmers, strengthening of rural credit, revival of agricultural cooperatives, revitalisation of panchayats and other grassroots bodies in the enormous task of agricultural development. That agenda remains as demanding and urgent as ever before. The tasks of delicensing agro-industries like sugar and eliminating restrictions on agro-exports and domestic trade also remain unfinished. The Uruguay Round of multilateral trade agreements has opened up vast new opportunities in world trade in agriculture. Indian agriculture cannot afford to lag behind in availing of these opportunities". Well, the Indian agriculture is eagerly waiting for the "unfinished agenda" to be finished at the earliest. □

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Fighting Drug Abuse

K.D. Gangrade

THE phenomenon of liquor including drug abuse is neither new nor peculiar to India. It has been a perennial feature of human history and in all societies of the world from pre-industrial tribes to the technologically most sophisticated nation of today. It can be attributed to man's innate desire to escape from the harsh realities of life's stresses and strains.

The problem has many dimensions. The more important of these relate to: education, social welfare, health, psychiatry and crime. Therefore, its cumulative effect on the physical, social and mental health of the victims is alarming. It creates problems also for all those who come in contact with the users.

It tends to disrupt the home and family, blights marital happiness; and brings in its trail needless violence, neglect of children, poverty and delinquency. Wives and children are the worst sufferers. Money spent on liquor could well be spent on the necessities of life. A liquor using parent on the other hand, often prefers to buy liquor even when it means at the cost of starving his children.

One may also mention the great variety of psycho-tropic, tranquilizing, hallucinogenic and stimulant drugs that modern medicine has made accessible to the average man. Illicit cultivation, manufacture and marketing of liquor and drugs is another noteworthy problem of today.

Fortunately, however, the size of the problem in the country is still not very alarming. Yet, it is obviously

essential to identify its nature and cause. For, without such a study no meaningful measures can be taken towards the growth of the problem.

The study team on prohibition made an attempt to study the drinking pattern in India. It analysed the budgets of 21,197 working class families collected by the labour bureau of the Ministry of Labour and Employment in 50 different centres spread over all the states of the country. It showed that 10.24 per cent of all working class families were given to drinking. Further, the percentage of families drinking was lowest among factory workers (9.6 per cent) and higher amongst plantation workers (14 per cent); and highest among mine workers (23 per cent). On an average these families were observed to spend 9 per cent of their earnings on alcohol.

The National Sample Survey found that urban families spent much more than the rural ones on alcohol; and that expenditure on drinking was above average in north-west India and below average in west and south India. Among socio-demographical correlates, the prohibition team felt that increased consumption in urban areas was more a trend towards pseudo-westernization.

In a survey conducted in Delhi in 1992 it was found that every tenth Delhiite consumes liquor regularly. That is, whopping ten lakh people of almost a crore of population of Delhi drink-up liquor worth Rs. 250 crore. Drinking and smoking habits are highly conducive to taking drugs to get quick

'kicks'. In Nagaland it is said that "it is easier to get liquor than drinking water." People are ready to pay Rs. 300 there for a bottle costing Rs. 90 elsewhere. Similarly, a bottle of beer costs Rs. 100 and yet there is no dearth of buyers. It is estimated that an overwhelming majority of about 75 percent of smack users both in Bombay and Delhi belong to the underprivileged section of society.

Dependence Producing Drugs

In the present paper the word 'drug' throughout is understood as 'dependence producing drug'. Various individuals and organisations have of course given diverse definitions of such drugs. But in examining the problem of drug use amongst industrial workers, we have thought it proper to employ the following definition proposed by World Health Organisation. "A drug is a substance that, when taken in the living organism, may modify one or more of its functions". Nor are we going to concern ourselves with every drug. It is true that almost every drug can be abused to some extent, but we propose to confine ourselves to the following drugs whose harmful effects on the victims and on social life generally are very likely to cross socially and culturally acceptable limits and are commonly abused in India: (1) alcohol (2) cannabis and its products (e.g. bhang, ganja, charas); (3) hallucinogens (e.g. L.S.D.); (4) tranquilisers, hypnotics and sedatives (e.g. meprohamate, diazepam, methaqualone and chloral hydrate); (5) amphetamines (e.g. dextro-

amphetamine; and (6) other narcotic drugs (e.g. opium, pethidine, morphine heroin and cocaine).

The phenomenon of drug use has three distinguishable stages. In the beginning the individual takes a drug for certain immediate results which he enjoys, though he realizes its ultimate dangers. Later, the individual tends to, or rather has to repeat the drug in larger doses to reexperience the measurable effects with undiminished intensity, at the same time undergoing some mental/conflict about continuing it. Finally, the continued use of drug leads to physical and/or psychological dependence on the substance used, so that whenever he is denied the usual dose the victim starts showing withdrawal reactions which are usually drug specific. The narcotic drugs (e.g. opium and derivatives) produce addiction and non-narcotics produce dependence.

There are no reliable data on drug addicts available in India. It is estimated that there are about 40 lakh drug addicts with a meagre 100 drug de-addiction centres.

Findings

College Students: To say that drugs, especially among youth, is a serious problem is an understatement as it causes damage both socially and physically. The potential damage caused by drug abuse has increased because of AIDS threat as well. There are 32 per cent college students in Delhi, Calcutta, Vadodara and Bombay who would rather risk AIDS than miss a chance to have sex as per a study conducted by NSS in 1991. Effective awareness programmes launched in college campus have to some extent helped students keep this "killer elements at bay".

The widely smoked drug is Marijuana (called 'grass' in college circles). There are fashions in drug

abuse as in most other things. The trend of late is more towards booze. "We have regular parties, a peg or two does not harm much," say most of the students interviewed.

Passion For New: The craving to undergo experience and try out everything that they come across are some of the reasons, say a number of students, adding "initially they take to boozing". Then they reach a stage when they get fed-up with drinking and want to try something new that will give them an extra 'kick'. Then they are suggested 'grass' or 'white powder' and they readily agree to it. Women students have also taken to drugs. Ethics, culture and tradition have been abandoned and students seem to go ahead despite awareness of the evils of drugs. It is a known fact that our culture permits men to smoke, drink and so on. Yet restrictions have been imposed on women from the point of view of tradition. The younger generation is breaking these codes.

Reasons For Taking To Drugs:

An empirical study points out the reasons as: Sheer pressure 100%, sexual problems 80%, family tension 50%, family history of drug addiction 30%, loneliness 30%, free offering drugs 30%, lack of knowledge and false notion 50%, unhealthy marital status 30% and unemployment 34%.

Within the detoxified patients 55% had a strong will and determination, whereas the remaining 45% lacked these qualities. Fully recovered patients generally had strong will.

Source: The main sources of drugs are betel shops (paan shops), for selling drugs, friends and others engaged in this profession. Private smuggling and drug selling centres in various localities are also very important sources. Even women are engaged in this work.

RESULT OF STUDIES: There are about 30 major studies spread over

a period of three decades about the magnitude of the problem in college students in different parts of the country. These studies reveal that an alarming 13.5% to 51.2% of the students either abuse one or more drugs. These studies also found that students offered different reasons for using these drugs. Many students use these harmful substance hoping that these drugs would improve their study skill, understanding, comprehension, concentration and retention. Some students used these drugs to relieve their tensions and relax.

Industrial Workers: In the sample of 417 industrial workers drawn from the total of 3583 of Delhi, about three-fourths of the workers are upto 40 years of age.

A Majority of the respondents (72.85 per cent) are living in nuclear families while only a little over one-fourth of them (27.15 per cent) are living in joint families. The size of families of about four-fifths (79.58 per cent) of the respondents is upto 8 members, and only about one-fifth of it is over 8 members. The highest percentage of the respondents (46.97) have upto three children. About one-fifth of the respondents are illiterate. Among the literate ones most of them have an education ranking from the primary to high school level. Only 2.33 per cent have been educated beyond the high school level. 5 per cent respondents have had formal technical training, and 20 per cent had on the job training. A little over one-fifth of the respondents are on unskilled jobs, and the rest hold skilled (40.12 per cent) or semi-skilled (33.20 per cent) jobs. Barring 8.82 per cent, all the respondents are on permanent jobs. Well over two-fifths (43.70 cent) of the respondents are under debt, the average amount of debt being Rs. 2365.84. In respect of immediate environment it was found that over two-thirds of the respondents (68.47

per cent) have one or more members in their families who smoke. A little less than one-third of them (30.07 per cent) belong to the families where one or more members use drugs. There are 87.67 per cent and 61.95 per cent respondents respectively who say that some of their friends smoke and drink. About three-fifth (74.13 per cent) of them know that some of their co-workers use drugs.

Prevalence

The prevalence of drug use is found to be 10.43 per cent.

Regarding the first use of drug(s): (a) it was without medical prescription by most of the users; (b) the highest percentage of users (55.39) were between 21—35 years of age at that time; (c) about two-thirds users (59.71 per cent) were already working as industrial workers by that time; and (d) and majority (68.35 per cent) of the users were introduced to drugs by their friends or co-workers. A large majority (72.90 per cent) of the users were in their twenties or early thirties when they became regular users. An overwhelming majority of the users (80 per cent) became regular users after starting their career as industrial workers.

Alcohol, charas, bhang, ganja and opium are the drugs used by the users in industrial set up. Alcohol is used by 95.44 per cent users, who account for 9.96 per cent of the total sample of workers. The study team on prohibition found the incidence of alcohol among factory workers to be 9.6 per cent which is quite close to our finding on the same. Among other drugs, charas is used by the maximum users (18.47 per cent), followed by bhang (8.39 per cent); ganja (6.95 per cent; and opium (2.16 per cent). About four-fifth of the users (80.34 per cent) use one drug and the rest of them use two to five drugs. Over half of the users (53 per cent) use drugs once a week, while

about one-third (31.89 per cent) of them use drugs several times a week; and the rest of them (15.11 per cent) take the drugs every day. Open market, friends, relatives, acquaintance, drug peddlers and gardens are the sources of drugs supply. One's own home or friend's residences are the most common places for taking drugs. Most of the users either take the drugs alone or with their friends or relatives. On an average a user spends Rs. 39.18 per month on drugs. Most of the users look at drugs as sources of relaxation and pleasure. Though a majority of the users feel that the use of drugs has no effect on their work performance, a little less than one-fourth of them (23.02 per cent) say that they have felt more confident in performing their work since they started using drugs.

Influencing Factors

The socio-economic variables having a bearing on the incidence of drug use can be put in the following descending order, according to their significance: drug use by family members, drug use by friends, knowledge about the use of drugs by co-workers, smoking by family members, rural/urban background, mother tongue, caste, income, religion, indebtedness, education, age and size of family.

A comparison of users and non-users with regard to various social and psychological factors—childhood, present family life, social life, job satisfaction, attitude to work, morale and personality—which influence and/or reflect the mental health of an individual, reveals that more non-users than the users have or are likely to have a good mental health. The various factors which are taken into consideration can be put in the following descending order according to the amount of difference between the users and non-users: (i) attitude to

job, (ii) personality, (iii) family life, (iv) job satisfaction, (v) social life, (vi) childhood.

Attitude to job: The data reveal that more users than non-users have a negative attitude to their jobs, as there are more users than non-users who keep absenting themselves from work without pay (42 per cent users and 24 per cent non-users). Who aspired for a job different from their present job (35.49 per cent users and 26.85 per cent non-users) and don't relish it when they set out to work in the morning (4.56 per cent and 0.96 per cent respectively).

Personality Disposition: More users than non-users: anxious type (38.13 per cent and 23.50 per cent); have low self esteem (34.05 per cent and 19.42 per cent); are hostile (35.91 per cent and 21.82 per cent); have unsocial nature 39.80 per cent and 28.05 per cent) and derive poor satisfaction from life (32.13 per cent and 20.86 per cent). All these dimensions put together more users (35.75 per cent) than non-users (22.78 per cent) do not have a sound mental health.

Family Life: More users than non-users are dissatisfied with (15.83 per cent and 8.63 per cent) or are indifferent (29.98 per cent and 23.74 per cent) to their present family life. Similarly more users than non-users are dissatisfied with their jobs.

Social Life: The users need regular company of their friends and co-workers to take drugs. Therefore, it turned out that more users than non-users frequently meet their friends (69.6 per cent against 42.52 per cent) and co-workers (71.46 per cent against 63.55 per cent).

Childhood: More non-users (71.22 per cent) than users (61.63 per cent) had a happy childhood. The comparative picture of the users and

non-users supports our final hypothesis that the childhood circumstances, present family life, social life, job satisfaction, attitude to work, morale and personality of the 'non-users' are likely to be better than those of 'users'.

The prevalence of drug use among industrial workers (19.43 per cent) is much less voluminous than what it is among student population (between 20.56 per cent). Still it is serious enough to need immediate attention.

Like any other problem of deviant human behaviour, the problem of drug use is a complex phenomenon. It is not possible to attribute the practice to any single factor. According to our study, there are a number of factors given below in descending order of importance which are collectively responsible for the problem as a whole among industrial workers: (i) Strain of

working in the industrial setting, (ii) Lack of adequate facilities for recreation, (iii) Environmental factor including prevalence of smoking and drug use in family, friends' and co-workers' circle. (iv) Cultural background as revealed by rural/urban background, mother tongue, caste, and religion, (v) Economic factor, (vi) Attitude to job, (vii) Personality, (viii) Family life, (ix) Job satisfaction, (x) Social life, (xi) Childhood, (xii) Educational background, (xiii) Age (though only in the context of certain experience and exposures, rather than independently).

Being a multi dimensional problem drug use can be controlled and prevented only through multi-dimensional measures i.e. legal, educational, health and social.

Social measures should include

such things as adequate grasp of the nature and magnitude of problem by promoting social research at micro and macro levels, creating a rational public opinion, better upbringing of children, strengthening of family and social life, improving working conditions and provision for adequate facilities for recreation and leisure time activities.

In the final analysis we must admit that we shall not be able to win the battle against drug-trafficking unless the nexus between three Ps (peddler, policeman and politician) is smashed. The number of counselling and deaddiction centres may be increased to create awareness and help the users to overcome their problem. □

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(Contd. from page 8)

The last meeting of state Finance Ministers also decided that the government, instead of giving tax incentives to attract industry and investment, will spend money for development of infrastructure in the backward regions. This follows the realisation that industries avail of the incentives in one state and a few years later set up shop in another state with fresh incentives. Tax holidays, given to woo industrial units in a particular state will be gradually phased out.

Earlier, in May 1995, state Finance Ministers had decided that all sales tax incentives being enjoyed by industry now would be abolished from April 1997. Representatives of different states had also underscored the need for widening the tax base before the implementation of VAT. Three committees of state Finance Ministers had also been constituted earlier this year to study the functioning of VAT in different countries in the world. In

their joint report, the Finance Ministers had stated that difficulties in administering a tax regime arise mainly because of multiplicity of tax rates.

The various chambers of commerce have also supported the Centre's move to introduce VAT in place of sales tax. Welcoming the decision of state Finance Ministers to reduce the slabs of sales tax to a minimal number of four, the Federation of Indian Chambers of Commerce and Industry (FICCI) President, Mr. A.K. Rungta said these recommendations would "pave the way for emergence of India as a single economic entity, introduction of VAT widening of the tax base, larger revenue realisation, balanced growth of all states and most importantly boost economic activities." The Confederation of Indian Industry (CII) has also welcomed the introduction of VAT.

VAT system, being a levy on margins at different stages in the production and distribution channel

will ensure that the tax base is amply widened and will allow the states to reduce the incidence of tax at each link in the chain. A lower rate of sales tax spread over a large base along with transparency in administration of tax laws will lead to better compliance, resulting in increasing revenue. However, much depends on the type of VAT that is being worked out for the country. For, in a federal economy like ours, a VAT-based system of commodity taxation must not block the revenue raising powers of the state governments and lead to Centre-state confrontation. The Centre and the state governments must, however, make sure that they do not set up more committees for studying new tax laws, but take stock of what has been done in the past on this subject and find ways and means to implement VAT system which will create one united market in India. □

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IRDP: Experience Be The Guide

Dr. Neela Mukherjee

IRDP is a major poverty alleviation programme in India's rural sector whose budgetary outlay increased from Rs. 356.46 crore in 1990-91 to Rs. 623.70 crore in 1994-95. IRDP outlay as a percentage of GDP is around 0.7 per cent. It is based on the principle of asset creation in poor households in rural areas by means of which such households are assisted with schemes so as to generate adequate income to emerge out of such poverty trap. Such schemes are in the nature of asset distribution through credit-subsidy programme oriented towards poor households. IRDP is essentially a strategy for promoting self-employment of rural poor and consists of a credit-subsidy package offered to poor households towards financing of individual and group projects leading to generation of income for crossing of the poverty line.

Coming to the performance of IRDP in practice, especially with regard to its stated objective of poor households crossing the poverty line, there is ample evidence (as indicated by its concurrent evaluation, carried out by official surveys) to show that a negligible proportion of households have actually achieved such an objective. In this context it is important to distinguish between the apparent success of IRDP in terms of achievement of distribution of input-packages such as loan, subsidy, assets etc. and the net results achieved in terms of generation of net positive income to cross the poverty line. It is in the context of tangible results that IRDP, by and large has failed to be of much consequence.

This paper is based on periodic field surveys for research, informal in character in villages of West Bengal, during the years 1988-89, 1989-90 and 1993-94 and identifies and discusses certain major factors which have influenced the feasibility and profitability of IRDP schemes in rural areas. On the basis of experience in villages of West Bengal we can draw general lessons for the IRDP programme as a whole. During the course of the survey which was mainly in the form of semi-structured interviews with IRDP beneficiaries, officials, bankers and others many interesting experience came to light. On the basis of such experiences the major factors influencing IRDP schemes emerged as follows:

- (i) the nature of asset
- (ii) the skills and capabilities of recipient households
- (iii) beneficiary households' choice of IRDP schemes
- (iv) size of markets for the scheme in operation and
- (v) the rate of inflation.

Each of the factors stated above have influenced performance of IRDP householders and they are discussed below with illustrations.

The nature of an asset under IRDP may be such that its income generating potential is considerably low for different reasons. With a very low income from an IRDP asset, it is possible that the debt-servicing of the loan contracted under IRDP become a difficult task thereby implying that the

contribution of the asset towards household living is burdensome since greater effort is required from other sources to service the IRDP loan and meet the gap. For instance, in a village in Mandra block in Hooghly district of West Bengal, a woman beneficiary under IRDP received an assistance of Rs. 9000 for making bed covers with embroidery work. It took the beneficiary nearly 15 days for making a bed cover for which the price realised was around Rs. 200, whereas the cost of production ranged around Rs. 150. The production process for making the bed cover was quite labour-intensive and time-consuming such that only 2 bed covers could be produced per month. With the making of 2 bed covers per month the income generated was low for the beneficiary and there were remote chances for the beneficiary household for repaying the IRDP loan and crossing of poverty line. The generation of income in this project was both slow and in small quantum and the value-added from the output realised from its price was low enough. While surveying, we found many instances where net income from IRDP schemes, after coverage of debt-servicing, made marginal contributions to poor households. In case of little or no income the beneficiary household easily became a defaulter.

Another common feature of IRDP was that schemes under its operation did not always provide full time occupation to the beneficiary households concerned. However, income from such schemes whether

monthly, daily or on a seasonal-basis, made some difference in the level of living of the households concerned although not voluminous enough for them to cross the poverty line. While interacting with a large number of IRDP beneficiaries in Gorbeta block of Midnapore district in West Bengal who were provided with bullock carts under the programme, an interesting finding of IRDP providing seasonal income came to light. Bullock carts given to the agricultural labourers supplemented their income in selected seasons. Such carts generally ran full capacity from April to May and the households which owned such carts were able to make atleast Rs. 20 to Rs. 25 daily (per household) from the trips made by the carts. During the off-season, bullock carts ran for nearly 10 to 15 days a month. The competition from other carts and tractors were also very high in the locality. The income generated from IRDP bullock carts, though seasonal, helped in increasing income levels of the beneficiary households concerned.

Hence, in many instances, IRDP schemes supplemented main income of IRDP households. By main income is meant income from traditional occupation which supports a household over a major portion of the year. As shown above, income generated from IRDP schemes like bullock carts supplemented traditional income of agricultural labourers who basically worked in the fields.

Skills & Capabilities

The skills and capabilities of beneficiary households play an important role in IRDP assistance. The household may be that of an artisan and, hence, already endowed with skills to start an appropriate income generating activity or to extend its traditional craft-making business with better marketing linkages. In most cases, however, the beneficiary

household does not have much skills to begin with.

TRYSEM, a sister programme of IRDP had an oft-repeated feedback from the trainees interviewed in many centres that it was a 'rushed' training programme generally introducing the 'basics' to start with. Such basic training was not that effective for running of IRDP projects. The trainees were in favour of extension of training period so as to have better quality skills. And despite the fact that the trainees were given priority in the panel for IRDP beneficiaries, they found it difficult to maintain the pace of household 'business' because of lack of proper information on the marketing network of concerned products and its economics. When interviewed, many beneficiaries of TRYSEM expressed the need for proper training in marketing strategies which they thought was a crucial aspect in running of their projects.

Another factor observed as a critical one was whether the beneficiary household was given a chance to make a choice from schemes under IRDP. This basically determined the 'involvement' of the beneficiary household in implementing the scheme with genuine interest and care. There were numerous cases where the beneficiary's choice were not been taken into account and projects imposed from 'above' by DRDA were abandoned by the former. It was generally observed that a beneficiary household felt involved in a project in case it exercised its decision in choice of projects. This was because it knew best its capabilities, its strength and limitations. A large number of spinning machines under IRDP were lying idle in a village in Bandowan block of Purulia district because the beneficiaries did not find relevance of such machines in their livelihoods.

It was also observed that all schemes

under IRDP proposed as income-generating did not enjoy equal opportunities for sale and marketing on account of different reasons. For some products produced under IRDP schemes, markets were not available locally and marketing centres were at a considerable distance. For many others, the purchasing power of people in local markets were depressed and hence, reduced the size of demand in such markets while, for some IRDP beneficiaries, products were of lower quality and were not able to compete effectively in bigger markets. For still others, local markets were essentially over-saturated since there was over-supply of items produced by IRDP schemes and other schemes of similar nature.

On the basis of interviews with several IRDP beneficiaries it was found that those schemes were financed through IRDP, on a large scale, which could be easily handled by poor households, which did not involve much skills for managing the same and for which maintaining the asset was also relatively easy. Financing of such IRDP schemes on scales bigger than warranted by local market conditions without making any demand estimates led to saturation of such markets, especially through products produced under such schemes. Such schemes included 'paddy to rice', bullock cart services, 'paddy to puffed rice' and several others. The IRDP schemes were promoted in excess of what the area could absorb. As a result, income was affected not only of those non-IRDP households which were already engaged in such activities from the beginning but also of new IRDP entrepreneurs in a rural marketing network, weak and depressed.

However, we also came across cases where the IRDP schemes showed quite favourable returns. For instance, in a village on a highway, in Purulia district,

we met two shoe-makers under IRDP who had reasonably good sale of shoes and had access to the highway marketing network. Even though their profit margin was not very high from the sale of shoes, their sale was brisk which easily enabled one of the beneficiaries to return the IRDP loan while the other one had returned a part of it. Similarly, in Bandowan block of Purulia, schemes like 'paddy to rice' and that of rope-making turned out to be quite viable due to a large marketing centre in the adjacent steel city of Jamshedpur which was a source of large demand and better prices.

It was also found that there were many occasions when a beneficiary of an IRDP scheme was required to compromise on the quality of the asset for many reasons. First, leakages ate away a part of the capital meant for investment. Second, many bank branches minimised their risks, in cases of suspected defaulters, by retaining the subsidy portion of IRDP assistance in the form of fixed deposits. Third, IRDP schemes raised the price of assets in many places and many beneficiary households were forced to compromise on the quality of the income-generating asset purchased by them.

Inflation

It was easy to observe the rate of inflation, a macro variable adversely affecting running of IRDP schemes. Since the bargaining power of the poor is weak, inflationary tendencies ate into the profits of IRDP projects and thus eroded income of the poor and also made projects unviable. In village Khanpur of Hooghly district, a group of artisans engaged in making key-

heads under the IRDP cluster approach started a cooperative under the name of 'Khanpur Chabi Silpa Samvaya Samiti' with Rs. 2, 28,400, officially sponsored in 1987. The society had a membership of over 100. The society required raw material such as scrap iron for making key-heads and sold them in Burrabazar, Calcutta which was the city wholesale market for such items. As explained by the beneficiaries, over the years, the price of key heads did increase but the price of raw material i.e. scrap iron and the transport charges (for procuring raw materials and carrying finished products) went up at a much higher pace than the price of key heads which they produced. As a result, the difference between the cost of input and the price of output narrowed down, gradually eating into the viability of the IRDP project.

The above discussion indicates that there are many learning points for those who are instrumental in implementing and operating IRDP schemes at the grassroots level. IRDP schemes have led to supplementary income in many cases. However, the fragile nature of IRDP asset-base stands out as a dominant feature. The viability of such schemes becomes an important consideration so that the risk-profile of a beneficiary household is not unnecessarily accentuated by such schemes and the existing IRDP asset does not turn into a liability for such a household.

The principle of asset-creation in IRDP is a lofty idea given the characteristic of assetlessness of poor households. However, such assets

created through IRDP cannot survive or sustain in vacuum without appropriate linkages and marketing networks. Such assets require supportive infrastructure in terms of informal/formal demand-surveys conducted for different schemes, adequate skill formation of the households concerned through training, effective marketing link-ups and collaborative decision-making of IRDP officials with beneficiary households in selection and running of schemes. Over and above these factors, one factor which is posing as the most powerfully notorious factor is the general rate of inflation in the country which is working against IRDP projects of subsistence households, which are already weakly devised and not-so-viable. Such projects are becoming unviable without any security system to guard and protect the asset-base created in poor households.

Measures to secure IRDP asset-base of poor households through secondary security system, whether in terms of additional credit-subsidy linkages or otherwise can be inbuilt into IRDP programme so that assets operated by poor households can withstand the onslaught of current inflationary forces. It is well known that the poor households are the worst victims of rising prices and it is they who require maximum support against their falling quality of life and any asset-base that they have created, however meagre such base is. □

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Boosting The Garment Export

Mohan Chandak

THE apparel industry contributes handsomely to our export earnings. Apparel exports have gone up considerably during the last decade. Now, the apparel industry has become the single largest earner of foreign exchange in the textile industry, with exports amounting to over Rs. 30,000 crore in 1994-95. However, our share in the world is very meagre.

How important are the exports of textile and apparel for our economy can also be seen from the fact that these account for about 17 per cent of the total employment in the country. The garment exports from India are concentrated in five major centres. Delhi and Bombay account for two thirds of the total while Madras, Trichur and Bangalore make up the balance. The exports to Europe constitute the largest chunk of over 40 per cent.

Indian exports are concentrated in a few cotton-based product categories. Earlier, the manufacturers used to design and finalise product compositions and styles and the same were marketed to the consumers through the traders. This practice has now been reversed in the new world scenario in which the consumers have the final say. They decide and ask for designs of their choice and the traders and manufacturers cater to their demands accordingly.

India has the traditional advantage of basic raw materials and cheap labour in this field and consequently has the potential for much higher export earnings. However, we are being challenged seriously by some of our neighbours like Bangladesh and China who possess even cheaper labour and better managed services.

In the field of technology, the Indian garment industry in some parts is obsolete and in some other areas it is just adequate, while the state of the art technology is generally not found. This situation has to be changed through upgradation of technology, if we have to survive in the world market.

After the abolition of quota system, there is every likelihood that our meagre share would be further eroded, if the industry does not gear itself up to meet the ever increasing international competition. As the world is moving speedily towards quota-free markets, the competition would be further intensified. In this backdrop, the key success factors for garment exporters would be high quality service including responsiveness, consistency, adaptability, communication ability and understanding of the buyers perspective. In today's world competitive prices and quality are the minimum qualifying factors for entering the world market.

The main bottleneck, however, is inordinate delay on the part of the Indian manufacturers in fulfilling the orders. The avoidable delays at the ports as also getting customs clearance are other contributory factors.

Infrastructure and other services play an equally important role in meeting the demands of buyers. A major change needed to cut down delays involving the customs clearance can best be tackled by change of attitude. The customs authorities should go in for corporate monitoring in place of transaction monitoring, thus reducing the time taken for the clearance of export goods. Deterrent punishment for any violation detected

during the test checks may be introduced to discourage malpractices.

Banks and financial institutions also need to review their policies to meet the rapidly changing demands of the industry. Indian ports need to drastically improve their material handling systems to prevent delays and attract major shipping lines. Another strategic area that needs to be strengthened is warehousing to ensure easy availability of inputs thereby minimizing risks arising out of non-availability as well as price fluctuations. In addition, star status system or rating system for better performing units would serve as an incentive for the exporters.

In the post-GATT scenario, the Indian textile and apparel industry would have to integrate the strength of small and large firms and use this combination, supported by its human and material resources, to secure a significant share in the world market. In this regard a study was conducted jointly by the Business Consultancy Division of the Industrial Credit & Investment Corporation of India and senior faculty members of the Harvard Business School. The study recommends the setting up of centres and institutes for service reorientation and outlines a system by which Indian apparel manufacturers can benchmark quality and performance against one another and, eventually, against international competitors.

The study outlines the importance of developing a strategic vision for the industry and suggests the creation of large, coordinating organizations

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A Boon In Disguise

S.K. Roy

The General Agreement on Tariffs and Trade (GATT) was established in 1948 as a multilateral treaty which prescribed rules for international trade. Periodically, multilateral trade negotiations were held to improve the framework of GATT rules and disciplines and to liberalise international trade through the removal of tariff and non-tariff barriers. Preceding the Uruguay Round of negotiations, seven rounds of multilateral trade negotiations took place under the auspices of GATT. The eighth round, known as the Uruguay Round (since it was launched at Punta del Este in Uruguay) was started in 1986 and concluded on 15 December, 1993. The Final Act of the Uruguay Round based on the so called Dunkel draft (named after Arthur Dunkel, the then GATT Director General) was signed by the 124 contracting parties on 15 April, 1994, in Marrakesh, Morocco. Ratification of the Final Act recently by the Parliaments of the two major contracting parties, namely, U.S.A. and Japan has paved the way for its operationalisation by January, 1995, under the watchful eye of the World Trade Organisation (WTO), the successor to the GATT.

The Uruguay Round has been the most difficult and controversial round because it covers complex new areas. One such area is trade in agriculture. Pre-Uruguay Round GATT rules

lacked rigorous discipline on the use of subsidies and quantitative restrictions. Taking advantage of this, the industrialised countries have been heavily subsidising and protecting their agriculture, completely distorting world production of and trade in agricultural commodities, particularly, foodstuffs. Due to competitive subsidisation of cereals, dairy products, meat, sugar, oilseeds etc, world prices of these products have been depressed for many years, reducing market opportunities for developing countries. Given the intrinsic competitive advantage of the developing countries in agriculture, as well as their dependence on agro-based exports for bulk of their export earnings, a restrictive trade regime in agriculture has been one of the most debilitating obstacles to sustained increase in agricultural production and export of the developing countries.

The signing of the Final Act has for the first time brought in long sought after liberalisation of world trade in agriculture. In this connection it needs to be mentioned that India was one of the countries in the forefront demanding right from the discussions stage at Punta del Este to bring agriculture within the purview of GATT.

The Agreement on Agriculture is expected to bring in a long term structural reform for establishing a fair and market oriented world trading

system in agricultural products. The Agreement stipulates that all contracting parties shall be obliged to open their domestic market to a certain extent, reduce domestic and export subsidies in a phased manner, reduce tariffs over time and convert all non-tariff measures into tariff equivalents.

Commitments negotiated under the Uruguay Round reform programme on agriculture broadly covers the following areas: (i) Domestic Support; (ii) Export Subsidy (iii) Market Access; (iv) Sanitary and Phytosanitary Measures and (v) Protection of Plant Varieties under the TRIPS (Trade Related Intellectual Property Rights) Agreement. The obligations and disciplines pertaining to each of these areas are briefly as under:

Domestic Support: The product specific and non-product specific domestic support to producers, as measured by aggregate measurement of support (AMS) is to be reduced by 20% in case of developed countries and 13.3% by developing countries. These reduction commitments are applicable only if the AMS exceeds by 5% and 10% respectively of the value of agricultural production of these countries. The prescribed time limit for reduction is 6 years for developed countries and 10 years for developing countries. The base period for calculating reduction commitment is 1986-88. There are a host of exemptions from reduction commitments which favour both developed and developing countries.

Export Subsidy: A long list of export subsidy (mostly practised by

TRADE IN AGRICULTURE: THE URUGUAY ROUND AND AFTER—
Pp 370. Editors: B. Bhattacharyya and A.K. Sengupta, Indian Institute of Foreign Trade, Price: Rs. 400.

developed countries) has been subjected to reduction commitments. These cover direct and indirect payments which are contingent upon export performance and made by governments or their agencies, including subsidies to reduce costs of marketing of exports but excluding promotional and advisory services. However, developing countries are not required to undertake reduction commitments in respect of marketing, transport and freight charges subsidies. The reduction commitments have to be made in terms of budgetary outlays as well as quantities. Outlays and quantities have to be reduced by 36% and 21% respectively in 6 years by developed countries. In case of developing countries the reduction in outlay by 24% and quantity by 16% are to be effected in 10 years. Export subsidies not listed in the Agreement are not to be applied in a manner so as to circumvent the export subsidy commitments such as through non-commercial transactions. Export subsidies that conform fully to the provisions of the Agreement and as reflected in each Member's schedule of commitments would attract countervailing duties only upon determination of an injury or threat thereof, based on volume, effect on prices and in accordance with Article VI of GATT 1994 and Part V of the Subsidies Agreement, which enjoin due restraint against countervailing duty investigations. This is an important safeguard for developing country exports.

Market Access: There are three elements in the commitments regarding market access. These are: (i) tariffication; (ii) tariff-reduction and (iii) minimum access opportunities. Members are required to tariffy all the non-tariff barriers such as quotas, variable levies, minimum price restrictions, discretionary licensing, canalisation, voluntary restraint

agreements etc. and then to reduce these tariffs by an average of 36% over the implementation period. However, import control measures maintained under balance of payments constraints are not required to be converted into ordinary customs duties. The calculation of tariff equivalents is to be made using the actual difference between internal price (representing domestic wholesale price) and external price (average cif import unit value) during the base year i.e. 1986-88. For agricultural products subject to ordinary customs duties only an average of 36% reduction has to be carried out in 6 years beginning 1995, with a minimum rate of reduction of 15% for each tariff item. For developing countries the reductions are 24% on average and a minimum reduction of 10% over a period of 10 years. The developing countries have also been provided with the option of offering tariff ceilings (bindings) on products covered by the Agreement. As regards minimum market access, it has been stipulated that where there are no significant imports, a minimum access equal to 3% of domestic consumption in 1986-88, rising to 5% by the end of the implementation period has to be provided. In case current access opportunities are more than the minimum, these will be maintained and then increased during the implementation period. However, there are special safeguard provisions which allow imposition of additional duties when there are either import surges or prices are depressed below the levels in 1986-88.

Sanitary and Phytosanitary

Measures: The Agreement recognises the right of the parties to impose sanitary and phytosanitary measures i.e. measures to ensure food safety and plant and animal health, on the basis of international standards, guidelines and recommendations wherever these exist. However, these measures are to

be applied only to the extent necessary to protect human, animal and plant life and should not arbitrarily or unjustifiably discriminate between contracting parties.

Protection of Plant Varieties

According to Article 27 of the GATT Agreement on TRIPS, signatories are required to provide for the protection of plant varieties either by patents or by an effective *sui generis* system or any combination thereof. This provision is subject to review four years after the entry into force of this Agreement. Since the Agreement has not defined the concept or laid down guidelines for adoption of a *sui generis* system, there is some amount of flexibility in evolving a system of protection other than through patents. Though opinions differ, it is generally agreed that an effective *sui generis* system implies the acceptance of an international system of Plant Breeders' Rights (PBR) on new varieties of plants. It is also generally agreed that under the PBR, the signatories are free to provide for 'farmer' privilege' and 'researcher's privilege'. In other words, farmers will have the privilege to save and use protected seeds for growing subsequent crops on his own land and also for exchanging the same with other farmers on non-commercial basis. Similarly, researchers will have the right to work on a protected variety without taking specific permission from the rightholder and develop a new variety and enjoy PBR over it.

The book under review presents a comprehensive discussion of the above aspects of the Uruguay Round Agreement on Agriculture. The book is the outcome of the symposium held in August, 1994, under the auspices of the Indian Institute of Foreign Trade (IIFT). The focus of the book is on three important issues: the export opportunities arising out of market access commitments, the impact of

the reduction of export subsidies on India's agro-exports and the implications of plant breeders' rights. The Book also contains a comprehensive review of the current agricultural situation in India and the problems and prospects of internalising the expected gains, from a liberalised world trade in agriculture.

The book is presented in five parts. While Part I, titled "The Perspective", gives an overview of the Uruguay Round Agreement on Agriculture, Part II, III & IV deal in "Market Access Commitments", "Reduction in Export Subsidies" and "Plant Breeders' Rights" respectively. Part V contains the document of the Uruguay Round Agreement on Agriculture. In addition the book contains the inaugural speech by the former Minister for Commerce, Mr. Pranab Mukherjee, as well as a summary of the major conclusions arising out of the symposium deliberations. There are 20 papers in the book. These have been authored by the faculty members of the IIFT, government officials and experts from industry, trade, research and scientific institutions.

Assessments of the impact of the Uruguay Round Agreement on Agriculture on India varies from positive expectation to cautious optimism to downright skepticism about the potential gains for India.

The majority opinion appears to be tilted towards the perception that India has much to gain from the accord. One variant of this perception is that there is no adverse implication of the accord for India.

India has not made any commitment regarding reduction of domestic support since its total AMS is negative and that too by a huge margin. Most of the other support measures are in any case exempt from the purview of the Agreement. The Public Distribution

System would remain unaffected, since this is related to consumer subsidy and not to producer subsidy. Similarly, India is not affected by the provisions of export subsidy reduction commitments, as none of the listed subsidies are provided by it. Moreover, as a developing country, India is entitled to providing two of the listed subsidies, namely, subsidies to reduce the costs of marketing exports and the costs of transport and freight charges on export shipments. As for minimum market access commitment, India is under a balance of payments cover of GATT provisions and is therefore free to maintain quantitative restrictions on imports. The only commitment India has undertaken is to maintain ceiling tariff levels which are 100% for primary products, 150% for processed products and 300% for edible oils. In the context of the provision for protection of plant varieties under the TRIPS Agreement, India has little to fear from plant breeders' rights. The Agreement does not impose an obligation to provide patent protection to new plant varieties. India is free to choose a *sui generis* system of protection under which rights of farmers and researchers can be statutorily protected. As a matter of fact, the Ministry of Agriculture has already initiated steps for bringing about a legislation on the subject.

In contrast to the above, the developed countries of the West would be forced to reduce their domestic support, slash export subsidies and open up their markets through removal of non-tariff barriers and reduction of tariff levels. The combined effect of all these would be translated into a fall in agricultural output of these countries, a rise in international prices of agriculture commodities, a rise in India's relative competitive strength and consequently export opportunities for India. India has also much to gain from protection of plant breeders'

rights. India in recent years has emerged as a leader in the field of plant breeding research. Most of the seed varieties planted in the country have been developed in India. Now Indian private and public sector can enter into international trade in new seeds in a big way.

While the optimism about potential gains from the Accord is shared by many, there are quite a good number of authors who have sounded a note of caution. They have argued that though it is true that the GATT Agreement on Agriculture has created extensive market opportunities for several of India's agricultural commodities, it is also true that India is not alone in enjoying comparative advantage in these commodities. India cannot really escape from the fierce competition that would characterise the global agricultural trade. To face up to the competition, India would need to overhaul its agricultural policy, strengthen the production base and create world class infrastructure for agro-processing and export. Varieties of problems facing the agricultural sector, especially those relating to declining investment, deteriorating assets, degradation of land and water resources etc, have been discussed in detail and remedial measures suggested on each and every aspect. The upshot of all these discussions is that unless appropriate policy changes are initiated, operationalised and implemented on war footing, India may not be able to translate the potential gains into actual gains.

There is a third group of opinions which is skeptic about the potential gains from the Accord on Agriculture. It has been argued that there are several facets of the Agreement which may prove potentially harmful for countries like India. One variant of this argument considers the prospects in the post-

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An Attempt At Revivalism

Bata K. Dey

Rabindranath, to many, is a Nobel-prize winning world poet and to Mahatma Gandhi, he was "Gurudev". To other patriotic Indians, he was the author of the country's national anthem "Jana Gana Mana Adhinayaka Jaya. He" (Incidentally, Rabindranath's other song, "Amar Sonar Bangla" happens to be the national anthem of neighbouring Bangla Desh). But to Bengalis, Rabindranath is not only a poet, but also a story writer, novelist, dramatist, essayist, educationist, artist, music-maker ("Rabindrasangeet"), thinker, philosopher, patriot and so on. There is conceivably no area of human life and society on which he has not left his lasting impress through his deep intellectual contribution, and experiential testimonials. In fact, Rabindranath represents the quintessence of cultural ethos of a whole nation. The entire texture of modern Bengali thought, expression, faith, belief—indeed, their contemporary psycho-existence—is all shaped and ornamented according to Tagorean design. Such is the pervasive and penetrative influence of this great man that even to celebrate his birth anniversaries, the people sing his songs, stage his dramas, recite his poems—the aesthetic indebtedness and ethological dependence are in fact total.

This great visionary and missionary had sought to translate his life's dream into reality in the form of "Shanti

Niketan" (Abode of Peace), a unique institution for fulfilment and enrichment of human life in all facts—educational, *et al.* Visva Bharati, a university according to Tagore's ideals, was an experiment to unshackle human mind from the traditional orthodoxy, old mould, and traditional or mechanistic models of education, which enslaves more than free. "Patha Bhavan" was the dream school in Visva Bharati—formerly called "Poet's school", yes, it was more with a difference in content, philosophy, style and substance—which sought to convert the educational ideology of Tagore into practice. It was conceived as a "path finder", a modern school with an eye to innovative experimentation based on "lively holism".

It is, in fact, important to note that Shanti Niketan Ashram itself was born basically as a protest, indeed perhaps revolt, against the conventional system of education. Rabindranath called his education institution, Ashram or the *Tapovana* and what he borrowed from the *Tapovana* idea was a concept of harmonious growth of a man through intimate proximity with nature in contact with human mind; it was to be education of "the harmony of relationships". The central focus of the poet's educational ideal was that these had to be established as an unbreakable bridge between man (i.e. students) and nature,

at least at three levels of the body. (i) The physical level was also termed the world of *karma* or action when man stands face to face with nature; (ii) the level of the mind where through the media of knowledge and science man tries to understand and encounter nature, and (iii) the level of the soul—the realm of love, with a strong bond with every entity of 'creation', which, in its essence, is the education of "being" or "evolving of the self".

"Patha Bhavan" was such Tagoranic Ashram where Rabindranath experimented with this transcendental character of development of man and his mind—in structuring, syllabus and curriculum, system of teaching, innovative methodology of learning and creative expression of inner urge, i.e. self. This, it may be seen, represented a diametrical deviation from the western model of education, utterly urbanised and utilitarian, which was examination-centred, besides being adulterated and career-oriented.

At the initiation, Patha Bhavan was what the Poet dreamt; he even involved himself personally in its diverse activities. But unfortunately, the "pristine purity" of the Poet's days has been lost over the years; time has taken its toll, so to speak. It was nothing to maintain the same character substance, frame and style, in short the original 'soul' of the Tagorean model—come what may and whatever may be the state of an institution: status, but no compromise, yes, at no cost. But later men, the lesser mortals

PATHA BHAVAN—A POET'S SCHOOL: Proceedings of the seminar on "Rabindranath's Philosophy of Education and Secondary Education", (4-6 July 1993) Visva Bharati, Shanti Niketan; Price Rs. 30; Pp. 185.

with certainly dim vision and conviction could not withhold the onslaught of time and other environment compulsions, including financial resources, economic demands of the students, their future career interests, inter-institutional competition for sheer survival, if not growth, changing societal patterns and mores, "coup" of consumerism and emergence of no-holds-bar value system. In such a milieu, structural-functional 'cracks' started surfacing which led to the jettisoning of the old culture.

In fact, the discussions and papers presented in the seminar are replete with references regarding the norm-deviation and deep deterioration in the qualitative tenor of education that is now provided in Patha Bhavan, making it just another school with Tagore-stamp virtually defaced! It is, therefore, on the fitness of things that the seminar on "Rabindranath's Philosophy of Education and Secondary Education" held in Visva Bharati, Shanti Niketan, had, as its focus of concern, two issues:

- 1) How far the School (Patha Bhavan) has moved away from the ideals of its founder, Rabindranath.
- 2) Whether it is at all possible in modern age to follow the ideals of Rabindranath in Patha Bhavan.

It is apt to note that diagnosis of the "malady" was comparatively easy but the prescription of the "remedy" was equally difficult. The seminar discussed various problems under four topics:

- Philosophy of education of Rabindranath
- Child-centred education
- Curriculum and Education
- Conclusions and Recommendations.

As it happens in all seminars—and this one was no exception—plethora of 'homilies', 'bon homies', critical comments, theoretical formulations, generalised observations were made by speakers and paper-presenters but, at the end of the day, eloquence was not matched by programmatic conviction and implementational sagacity or tenacity. For example,

- "Many felt that Rabindranath's idea of education could work as a corrective to the mechanical lifeless education system of our country. But that would call for a total change of the system".

Profound statements these. But direction, nature, content and *modus operandi* are not spelt out in precision or specificity'.

- The western model, accepted for our country a century ago, was not quite obsolete.

What, then, is the "nu-look" replacement-model?

- Nobody had the right to destroy childhood with the vague ideal of making a "successful" adult. Child is at the centre of the whole idea of education.

Nobody disputes—none can challenge: But how to activate such a programme?

- Emphasis (should) shift, from subject-oriented system to a system trying to cater to individual requirements and individual capacity. Concepts like "failure" or "merit lists" become quite out of place in the alternative educational plan.

Good, but not utopian? Can Patha Bhavan be an island in the all-engulfing turbulent ocean? How to fit it in the ambience all round?

Rabindranath's famous exhortative

song "Ekla Chalo Rey" is fair philosophy in imperfect, nay hostile, situations of societal system where "life" is being constantly sacrificed for a "living", where demon of consumerism assumes monstrous proportions every day; where career is the be-all and end-all of education, and where money is the measure of success in life, and success demands every pound of flesh in this competitive world. In the suicidal civilisational war of today where technology, not ideology, preponderates, where 'idea-man' with ideal is at a discount in comparison to the value-less brutal activist in search of ever-elusive will-o-the-wisp, there indeed is a need for new Tagore who can stem the rot, arrest the decomposition and usher in a new morning of sunshine after a dark cloudy night.

Seminars, as venues of new ideas, new thinkings, new awareness, are always of some value, provided there is a follow-up, monitoring and action plan. The 'Pondichery experiment' is interesting but again, the same old question of adapting it to outside environment remains unanswered. Living in isolation is dying isolation and today's students do not entertain any death wish 'Ashram', 'Tapovana', 'Gurukul', 'Mandir', 'Upasana', 'Utsav', 'Sahitya Sabha', etc, seem to have lost all their shine and edge, etc, in these days of violence or turbulence, and an ambience of destabilisation, discontinuity and disequilibrium. Yes, we all pine for holy holism but get, in return, fractured fragmentism. Verily, Shanti Niketan, Patha Bhavan, Visva Bharati are institutions of such ageless, priceless value that they cannot be allowed to go into oblivion of obsolescence and irrelevance. This seminar is an attempt at 'revivalism' in the positive sense of the term and prescription at 'vitaminisation' therapy.

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modelled on the systems used successfully in Italy and Hong Kong to manage value chain activities. In addition, it emphasizes the acquisition of distribution channels and brand names in Europe and the United States.

Handling of small orders is another important area of Indian exports. The demand from the importers, however,

is mainly for bulk products. To cope with this difficulty, the government should de-reserve this sector allowing the entry of bulk manufacturers and exporters. Secondly, coordination houses can be set up within the country which will collect products of small manufacturers before exporting to bulk buyers.

It is hightime that the Indian garment exporters take appropriate steps to carve out an appropriate niche for themselves in the world market, not only to maintain their share but to increase it substantially a target that can be attained through sustained efforts.

The author is a free-lance writer.

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Uruguay Round as uncertain at best. Some of the arguments are briefly listed below:

(a) The reduction in subsidies that the developed countries (particularly the U.S.A. and countries in the European Union) would have to bring about in effect would not amount to much, because of the high level of subsidy prevailing before the Agreement. Additionally, these countries would claim and enjoy exemption from reduction of subsidies under several categories listed in Agreement (the so called "green box" policies).

(b) There is no escape from providing minimum market access to imports. The balance of payments cover cannot be a permanent shield to protect the domestic market. Thus, the new rules of the Uruguay Round would increase the import dependence of the country. On the other hand, access to export markets does not appear to be all that easy because of stiff competition and other restrictions.

(c) Access to export markets would be severely limited by very strong

health and safety conditions prescribed under the sanitary and phytosanitary measures. It is a recognised fact that agricultural practices in India are such that little consideration is given to health and safety standards related to use of chemicals, pesticides, poor preservation techniques and generally poor hygiene prevailing in the country.

(d) A potential source of danger to India relates to the patenting of plant varieties and seeds. The provision regarding patents and plant breeders' rights even under a *sui-generis* system may directly affect the availability of seeds to farmers. The foreign seed companies because of their strong and established research capabilities may exploit the farmers by charging monopoly prices for seeds. Rights of Indian plant breeders to develop new seeds out of patented/protected seeds may be severely limited. Implication for patents on micro-organisms could have severe adverse consequences for agriculture and for agro-processing industries. Even the limited rights of farmers and researchers under a *sui generis* system may not be safe for long because the whole thing is subject to review after 4 years.

(e) There is no guarantee that developed countries would not raise new barriers to trade such as social clauses or environmental concerns which would constraint potential gains from the present Agreement.

The book is an important contribution on the subject because of its wide canvass, wealth of information and data and also because it is an important source of references on the subject. The utility of the book has been heightened because of the reproduction of the document of Agreement on Agriculture. The book would be of immense help to those concerned with policy, marketing, international trading and other engaged in research in this area.

While sharing many of the optimism and the concerns expressed in the book one is apt to hold that the Agreement on Agriculture may prove to be a boomerang in disguise. The compulsions of the post-Uruguay Round environment may force India to reform its agricultural sector. Incidentally, this is one sector which has remained virtually untouched by the spate of reforms implemented during the last three years.

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Development Diary

Air Freight Subsidy

The government has announced a scheme for providing air freight subsidy for export of perishable horticulture products. Under this scheme, subsidy will be provided by Agricultural and Processed Foods Export Development Authority (APEDA) for export of a number of fruits, floriculture products and high value vegetables. It is expected that the scheme will greatly help in enhancing exports of these products.

The export of fresh fruits, vegetables from India has been increasing every year following a determined thrust by the government to encourage development of horticulture. In VIII Plan period, the total outlay for horticulture has been increased to Rs. 1000 crore against a meagre outlay of Rs. 24 crore during the VII Plan. It is expected that the Air Freight Subsidy announced by the government would help them in marketing their products in developed countries like Europe and Japan.

Record Profit By RITES

The Rail India Technical and Economic Services Limited (RITES), a public sector undertaking under the Ministry of Railways, achieved a turnover of Rs. 80.7 crore during 1994-95, registering a rise of 24 per cent over the last year. The profit after tax has spurted by 47 per cent and reached a peak at Rs. 12.2 crore, against Rs. 8.2 crore in 1993-94. The company raised the dividend to 50 per cent, which is also an all time high. The value of new contracts secured during 1994-95 was Rs. 120.5 crore which was more than the total for the previous four years. The company has been rated as "excellent" by the Department of Public Enterprises for the fourth year running, in respect of the MOU signed with the Ministry of Railways for 1994-95. The company has also bagged three awards for outstanding performance given by the Ministry of Commerce.

Republic Day Special Issue

Dear Reader,

As you are aware, Yojana has been bringing out special issues on different topical themes from time to time, which have invariably received warm appreciation from you. We express our gratitude for that.

This time we have chosen "Social Welfare" as our theme for the Republic Day-96 Special Issue. As in the past, this issue too will contain stimulating and informative articles from eminent writers.

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