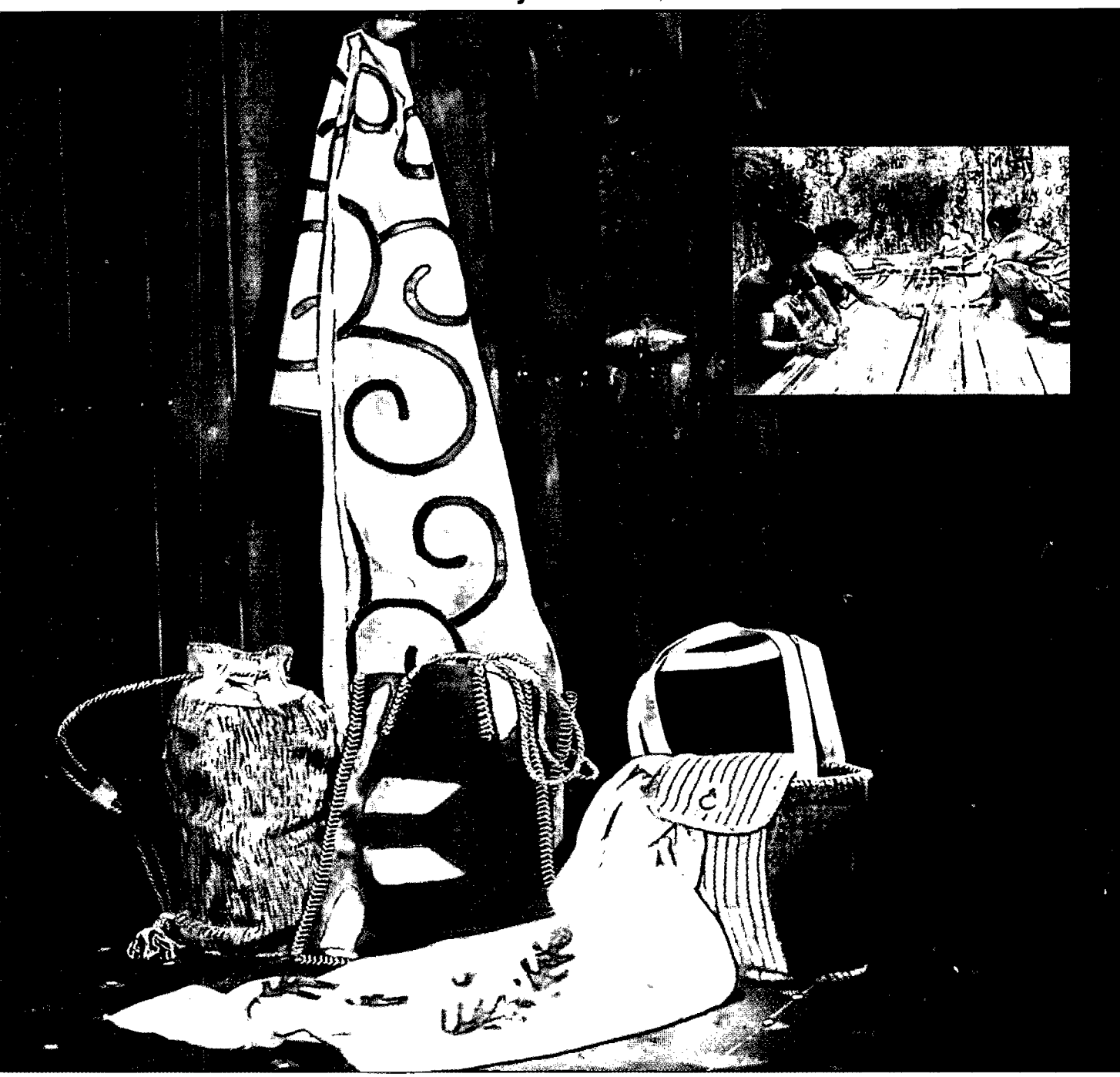
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A DEVELOPMENT MONTHLY

yojana

July 2007 Rs 10



MARKETING HANDLOOMS



Meerut uprising, 10 May 1857

YOJANA
AUGUST 2007 SPECIAL ISSUE

COMMEMORATES 150 YEARS OF 1857 AND 60 YEARS OF 1947

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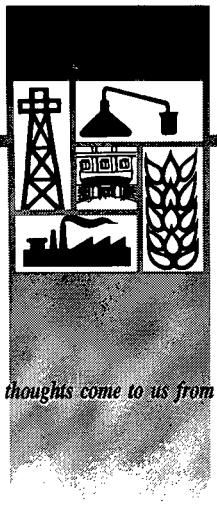
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Let noble thoughts come to us from every side
Rig Veda

CONTENTS

ECONOMIC INDICATORS 4

PM UNVEILS RS 25,000 CR AGRICULTURE PACKAGE 5

A FRESH LOOK 9
B. Syama Sundari

THE STORY OF MANY THREADS 15
Poonam Bir Kasturi

FABINDIA – A CASE STUDY 23
Savita Modak

INCREASING COMPETITIVENESS 29
Adarsh Kumar

CHANGING LANDSCAPE : ANDHRA 36
Aruna Varma

HANDLOOMS AS A MEANS OF EXPRESSION 40
Charulata Singh

SECURING THE FUTURE 42
V. Balakrishna

REMINISCING THE REVOLT OF 1857 44
A. Gangatharan

J&K WINDOW 49

BEYOND THE BOUNDARIES 53
Kunal Badade and Medha Katkar

RETAIL BANKING IN INDIA 57
R. M. Srivastava and Divya Nigam

DO YOU KNOW ? 61

GENETICALLY MODIFIED FOODS 63
S. K. Gupta

IN THE NEWS 67

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A DEVELOPMENT MONTHLY



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IMPORTANT ANNOUNCEMENT

Dear Readers,

We thank you for making Yojana a success.

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We assure you of giving an enriched content and look forward for your support in future.

Happy Reading !

– Chief Editor

About the Issue



THE PLANNING Commission's report on "Growth and Prospects of the Handloom Industry" highlights four unique characteristics of this sector. It is extremely diversified in nature, in terms of product; it is capable of great flexibility in processes, products and geographical shifts; it is decentralized, located both in rural and urban centres and it is largely home based, with labour inputs from the entire family. These observations of Planning Commission are important as it recognizes the inherently complex and diverse characteristics of the handlooms sector.

Handlooms have the potential to capture growing market both domestic and abroad. But this sector suffers from a variety of problems. In this issue, we are focusing on marketing.

The history of handlooms tells us that the products were sold locally and access of market was not a problem. It also got state patronage from royal families. Today handlooms products are sold in cities/ abroad. Physical access is often difficult due to dispersed location while buying goods from the well known tourist routes such as Jaipur, Agra, Delhi may not be difficult but the reach outside the tourists' places is difficult. Poor level of education of weavers creates information gaps. Export trade is confined to big houses. Though the export business is profitable, but the prices given to handloom weavers is less lucrative. There is another related problem of lack of opportunities from traditional weavers to study the market needs and trends. The weavers who have successfully adapted to the market needs with the help of organizations like DASTKAR, REHWA, All India Artisans and Craftworkers Welfare Association (AIACA), outcome has been a commercial success. In relation to the huge handlooms sector, such stories are few. The sector is not able to cope up with the varying taste of the consumers and technological changes. The cooperative societies engaged in the sector are, many a times not able to purchase the entire production of weavers. They have to depend on the master weavers, traders, middlemen for marketing as well as credit support.

The study carried out by AIACA says there is lack of adequate and timely institutional credit. The credit needs of the majority of weavers outside the cooperative fold remain unaddressed. It further says that the system of providing credit has become "dysfunctional" and in many places it has become "defunct".

In this issue we share the experience of those who have been actively and intimately involved with the handlooms and weavers. Their successful interventions provide us the driving force and hope that handlooms will survive in the market. It is possible for traditional handlooms to survive successfully in the present scenario. It has to adapt to the market **more importantly** "there is an urgent need to bring the status and health of the handlooms sector (and credit flows) back on the national policy agenda .....any partial or piecemeal orientation would not help....." ❑

ECONOMIC INDICATORS

INDICATORS: ANNUAL	Units	2004-05	2005-06	2006-07 (estimates)	2007-08 (projections)
Population (as on 1 Oct)	mln. nos.	1090	1107		
GNP at current market prices	Rs.crore	3104221	3542208		
GDP at current market prices	Rs.crore	3126596	3567177		
GNP:Per Capita (current prices)	Rupees	28479	31998		
GDP:Per Capita (current prices)	Rupees	28684	32224		
Gross Fiscal Deficit	Rs. Bln.	1258	1464	1523	1509
	(% of GDP)	4.0	4.1	3.7	3.3
Prices (Annual Average)					
Wholesale price index (All Commodities)	% change	6.4	4.4	5.4	
Consumer price index (IW-General index)	% change	3.8	4.4	6.7	
Agriculture: Production					
Foodgrains	mln. tns.	198.4	208.6	211.8	
Cereals	mln. tns.	185.2	195.2	197.7	
Rice	mln. tns.	83.1	91.8	91.1	
Wheat	mln. tns.	68.6	69.4	73.7	
Pulses	mln. tns.	13.1	13.4	14.1	
Oilseeds	mln. tns.	24.4	28.0	23.3	
Index of Industrial production	% change	8.4	8.2	11.3	9.3
External Transactions					
Exports	US $ mln.	83501.6	102710.02	124514.0	
	% change	30.7	23	20.8	
Imports	$ mln.	111471.5	142395.39	181221.0	
	% change	42.54	27.74	26.4	
Forex Reserves (excl. gold & SDRs) March-end	US $ bln.	135.6	145.1	191.9	
Foreign direct investments (including acquisition of share)	US $ mln	6051	7722	(Apr-Jan) 14284	
	% change	40.0	27.6	242.3	

INDICATORS: MONTHLY	Units	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sept 2006	Oct 2006	Nov 2006	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007
Prices														
Wholesale price index (All Commodities)	1993-94= 100	199	201.3	203.1	204	205.3	207.8	208.7	209.1	208.4	208.8	208.8	209.6	210.9
	% change (yoy)	3.85	4.76	5.12	4.82	5.13	5.38	5.47	5.49	5.68	6.38	6.31	6.54	5.96
Consumer price index (IW-General index)	Base 2001=100	120	121	123	124	124	125	127	127	127	127	128	127	128
	% change (yoy)	5.03	6.31	7.66	6.71	6.32	6.78	7.3	6.33	6.91	6.72	7.56	6.7	6.67
Agriculture														
Stock of Rice (Central pool)	mln. tns.	12.8	12.0	11.1	9.5	7.8	6.0	12.5	12.1	12.0	12.6			
Stock of Wheat (-do-)	mln. tns.	9.0	9.3	8.2	7.3	6.7	6.4	6.0	5.6	5.4	5.4			
Industry														
Industrial Production Index	1993-94= 100	225.2	237.9	234.4	235.5	234.8	243.5	234	247.8	261.6	265.1	251.8	284.5	
	% change (yoy)	9.9	11.7	9.7	13.2	10.3	12	4.5	15.4	12.5	11.43	10.78	12.94	
Energy/Infrastructure														
Coal production	mln. tns.	31.5	33.1	32	31.1	29.1	29.2	33.6	36.4	39.5	42.2	39.3	48.4	
	% change (yoy)	3.4	8	11.9	10.9	0.6	0.8	2.3	4.6	3	10	6.6	10.65	
Crude oil production	mln. tns.	2.75	2.86	2.81	2.86	2.7	2.81	2.93	2.82	2.92	2.9	2.67	2.93	2.79
	% change (yoy)	-1.8	1	0.8	4.1	12.1	9.3	9.4	9.8	10.7	4.7	4.9	3.16	1.38
Power generation	bln. KwH	53.4	55.6	53.5	53.8	54.3	54.4	57.5	52	59	58.4	51.9	58.9	
	% change (yoy)	5.9	5.1	4.9	8.2	4.3	11.7	10	5.2	12.9	8.5	3.4	7.6	
Railways: freight traffic	mln. tns	58.1	59.5	58.2	57.4	55.3	55.8	58.8	61.1	63.6	65.7	61.7	72.1	
	% change (yoy)	11	7.6	11	11.7	7.3	10.8	10	11	7.5	6.5	6.8	8.9	

Source: *Icube at Planning Commission, Centre for Monitoring Indian Economy (CMIE)*

Special Session of National Development Council on "Food and Agriculture"

PM Unveils Rs 25,000 cr Agriculture Package

THE UPA government has unveiled a Rs 25,000 crore plan to boost the country's farm sector-a crucial part of its *aam-aadmi* plank of governance.

Announcing the scheme here at the 53rd meeting of the National Development Council that he heads, Prime Minister Manmohan Singh said the modalities of the new scheme will be worked out within two months by the Planning Commission and the agriculture ministry. "The Centre will commit funds if states maintain their baseline levels of expenditure. This will ensure greater public investment in agriculture," he said in his concluding remarks at the meeting. The plan is based on the premise of states coming up with localised solutions for problems in their farm sector. In the face of severe problems plaguing the agriculture sector, including its dismal growth, the continuing spate of farmers' suicides, food insecurity and inflation, the Prime Minister announced a slew of emergency measures, including a Rs 25,000 crore plan, to help states boost the country's farm sector growth by addressing its needs at the grass-root level during the next four years.

The PM also said that the government would initiate steps to launch a food security mission in the coming months, in order to reduce the country's dependence on import of basic commodities such as rice and wheat. The government also intends to provide additional resources for irrigation under the Accelerated Irrigation Benefits Programme.

The NDC adopted a resolution setting a target to raise wheat production by 8 million tonnes, rice by 10 million tonnes and pulses by 2 million tonnes over the next four years. The 11th Five-Year Plan has targeted raising the prevailing 2 per cent growth in agriculture and allied activities to 4 per cent by 2012.

The PM also announced that steps to restructure the present urea-specific fertiliser subsidy programme would be taken. "We must reflect on whether subsidies, though necessary, are being delivered in the best possible manner. We need to question both the quantity and the manner in which subsidies are delivered," he said.

Planning Commission Deputy Chairman Montek Singh Ahluwalia said the ratio for sharing the additional cost burden between the state and the Centre would be worked out shortly.

The new central assistance scheme has the backing of Finance Minister P Chidambaram, who, in his address to the NDC said: "In my view, the allocation across states should be based on a transparent formula: the size of agricultural GDP of the state and the prevalent yield gap could be among some of the parameters. It is in our common interest that we agree on a plan of action and implement it without hindrance."

The government also said that the Rural Infrastructure Development Fund would be restructured. In addition, efforts will be made to ensure that all eligible farmers are covered under the institutional credit mechanism in the next four years.

However, while the states were supportive of these measures, the issue of contract farming and corporate farming saw differences emerge with Communist ruled states like West Bengal and Kerala. Punjab Finance Minister Manpreet Badal expressed satisfaction at the deliberations, saying, "At least agriculture is back on centre stage".

Centre and States work out Agri Revamp Strategy

During National Development Council (NDC)'s special conference on farm sector and food, attended by chief ministers and top brass of PM's Cabinet, there were no discordant notes between Centre and states.

Some CMs raised the point of lending greater emphasis on irrigation and need for more funding. On his part, the Prime Minister said the problems of water deficit states should be looked into and also the "possibility of transferring water from surplus areas to deficit areas".

He stressed that there should be universal coverage of credit and wanted the finance ministry to expand the institutional credit coverage in a time frame of four years.

On subsidy, however, Mr Singh said: "We must reflect whether subsidies though necessary are being delivered in the best possible manner. Are input subsidies better delivered to farmers or by subsiding the input itself? We need to question both the quantity and the manner in which the subsidies are delivered".

The NDC resolved to initiate steps to restructure the fertiliser subsidy programme and its delivery to the farmers, and to promote the use of bio-fertilisers and organic manure. A major highlight of NDC's deliberations was the agreement to encourage the states to draw up their own plans in agriculture. "State specific plans taking into account local needs and capabilities should be the core of any agriculture revamp strategy", Dr Singh asserted, adding that the states should build upon district plans integrating available resources at the local level.

Mr Singh said that small farmers and women who work in the farms need to be adequately protected.

The NDC also resolved to accord priority to seed production so that quality seeds of crops and fodder were available at reasonable prices and at the right time.

Considerable Scope for Increasing farm Productivity

Montek Singh Ahluwalia

"In the longer run, we must go beyond closing yield gaps and work to extend the technology frontier to overcome the problem of technology fatigue".

The prime minister has already referred to the emergence of a technology fatigue in Indian agriculture. This is reflected in the fact that the yield of new varieties released in recent years has plateaued. However, there is still considerable scope for increasing the productivity because the yields actually being achieved for many crops are much below the realisable potential even of existing varieties if best cultivation practices are used.

In wheat, the unutilised potential is only 6 per cent in Punjab, but it is 84 per cent in Madhya Pradesh.

In maize, the gap is only 7 per cent in Gujarat, but it is as high as 300 per cent in Assam.

In rice, the potential yield increase is over 100 per cent in Assam, Bihar, Chhattisgarh and Uttar Pradesh.

These yield gaps suggest that there

"In the longer run, we must go beyond closing yield gaps and work to extend the technology frontier to overcome the problem of technology fatigue"

is considerable scope for increasing production with the existing technology to realise the targets of 4 per cent growth in agricultural GDP in the Eleventh Plan.

In the longer run, we must go beyond closing yield gaps and work to extend the technology frontier to overcome the problem of technology fatigue. This is especially so, given the challenge of global warming and the need to adapt to possible climate change, which may impact adversely the agricultural production, unless we can discover new varieties that can handle new stresses. We need to strengthen our national agricultural research effort to achieve this objective. This calls for additional resources and also a more result oriented, strategically driven research system. We will address these issues in the Eleventh Plan.

Although the potential yield gap is large, it is important to recognise that realising these yields requires co-ordinated effort and additional cost. Part of the additional cost has to be met through increased public investment, or publicly funded plan expenditure on irrigation, watershed management, rural roads, the extension system etc. Another part of the cost has to be incurred by the farmer himself, and this must be facilitated by acting on several fronts. We must address the knowledge gap about what works best under different circumstances.

The Prime Minister referred to food security as an important objective of agricultural policy. This is especially so in the wake of stagnation in the production of foodgrains over several years.

Fortunately, the yield gaps in foodgrain crops in many areas suggest that we can evolve a strategy for increasing production of wheat by 8 million tonnes, rice by 10 million

tonnes and pulses by 2 million tonnes by the end of the Eleventh Plan period. A food security mission will be launched to achieve these objectives, focusing on selected districts than provide scope for significant yield increases at modest costs.

While food security is important, our projections also suggest that the production of foodgrains needs to increase by only 2 to 2.5 per cent a year over the Eleventh Plan period. This means that if agriculture as a whole is to grow at 4 per cent, it will be necessary for other sectors to grow at around 6 per cent. Diversification into horticulture, dairying, poultry and fisheries must therefore form a critical part of our agricultural strategy. We need to pay much more attention to the specific needs of these sectors in the future. ❑

(Excerpts from Planning Commission Deputy Chairman Montek Singh Ahluwalia's address to the National Development Council)

Centre, states need to work in tandem for better results: FM

Attributing the high inflation to spurt in prices of primary articles including food items, the government said there was consensus between Centre and the states on launching a mission to increase the production of wheat, rice and pulses. "It is in our common interest that we agree on a plan of action for central and state governments (for the proposed mission) and implement it without hindrance," finance minister P Chidambaram said in National Development Council (NDC) meeting. Chidambaram also said, "I realise that when we launch the mission, there will be demand for more funds...hence, I would support the proposal to provide additional resources and transfer the same through the method of additional central assistance."

"Additional resources of the Centre and state should be spent without wastage and corruption"

The success of the proposed mission would depend on the willing participation of states to the actions that fall within their areas of responsibility, he said. Recognising the different requirements of states, the finance minister supported the view that state-specific plans for agriculture should be developed.

"Even a state-specific plan should be an aggregate of district specific plans, formulated for the districts in that state," Chidambaram said. Each state should also ensure that its current level of expenditure on agriculture as a proportion of total state plan expenditure is maintained and additional resouces are found by them from their own resources. The minister said the additional resources of the Central and state governments should be spent without wastage and corruption on irrigation, seeds, soil testing, better delivery of fertiliser subsidy, modern markets and agricultural research and extension.

14-Point Action Plan For Centre, States

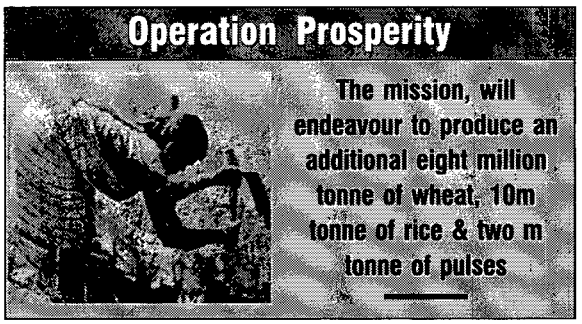
Action plan for the Central Government

- A new Food Security Mission aimed at an additional production of wheat of eight million tonnes, rice of 10 million tonnes and pulses of two million tonnes.
- A new Additional Central Assistance to incentivise states of draw up plans considering region specific plans taking agro-climate conditions, natural resource issues and technology into account.
- Additional resources to improve irrigation including component for modernization and command area development.
- Giving scientific input a new direction, additional funding will be provided to support regionally focused research projects in State Agriculture Universities.
- Instead of year wise funding by NABARD, the government will adopt state-wise funding keeping in mind the states with low credit deposit ratios.
- Fertilizer subsidy will be restructured for easy delivery to the farmer. Subsidy for balanced plant nutrition would be provided.

Action Plan for the State Governments

- States will have to formulate district level plans every year to avail the Rs 25,000 crore scheme.
- Each state will have a state agriculture plan aimed to achieve the state specific growth target.
- Special effort to complete all projects under different Central Government schemes with improvement in water management.
- Availability of better quality seeds to farmers will have to be prioritized to reduce yield gaps. In this agriculture universities will play an important role.
- Revamp of state agriculture extension system that includes universities and krishi vigyan kendras.
- Implementation of the Vaidyanathan Committee recommendations and deadlines to meet the commitment.
- Notify amendment in Agriculture Produce Marketing Committee Act to allow variety of marketing tools including contract farming and cooperative farming.

Govt. launches food security mission for wheat, rice and pulses



Aimed at ensuring sustainable levels of food, the government announced the launch of a food security mission covering wheat, rice and pulses. The mission, to be covered under a central scheme, will endeavor to produce an additional eight million tonnes of wheat, 10 million tonne of rice and two million tonnes of pulses.

The decision was taken at the meeting of the National Development Council (NDC), which discussed the issue of food grains shortage faced by the country. Production of food grains have constantly depleted since 1991-95. After reaching a high of 207 kg per person per year (PPPY) during the period, availability of food grain decelerated to 186 kg PPPY during 2004-07. In an attempt to reverse the deceleration in the crucial farm sector which has recorded just 1.8 per cent growth against the targeted 4 per cent in the Tenth Plan, the Centre, at the NDC meet, also decided to provide additional resources for irrigation projects through the Accelerated Irrigation Benefit Programme (AIBP). The funds will be given for use of modern techniques in irrigation methods and adoption of improved participatory irrigation management and command area development.

Giving an impetus to agriculture research, additional resources will be provided for National Strategic Research Fund. The fund will be given a governance and implementation structure appropriate to fund universities, CSIR labs and private institutions besides ICAR. Added funds will be handed out to support regionally focused research projects in state agriculture universities. The Centre and the state have agreed to undertake the initatives in an attempt to achieve the targeted 4 per cent growth in the sector in the Eleventh Plan.

The Centre also plans to restructure the Rural Infrastructure Development Fund (RIDF) funding by NABARD and replace the present pattern of year by year fund allocation by state-wise indicative allocations for the entire Eleventh Plan which will keep in mind the needs of states with low rural credit deposit ratios.

Steps will also be taken to restructure fertiliser subsidy and its delivery to farmers and shift to a system that provides balanced plant nutrition. Initiatives will be taken for skill development in the farming communities including training of farmers in modern methods of agriculture.

The states on their part will formulate district plans fully utilising the available resources from all existing schemes, including district level resources from schemes like Backward Regions Grants Fund and National Rural Employment Guarantee programme. Based on these district plans the states will have to prepare state agricultural plans aimed at achieving the state agri growth objectives.

The states will also make special efforts to complete all projects taken under the AIBP without time and cost overruns. Accord highest priority to seed production to ensure adequate supply of quality seeds and enhance agri production.

They will also have to expedite the implementation of the Vaidyanathan Committee recommendations, sign MoUs if necessary and set monitorable deadlines to revamp the cooperative credit structure and ensure credit to farmers.

Bridge gap between potential & yield : Swaminathan

Reacting to the announcement of a Rs 25,000 crore plan for new farm sector projects agricultural scientist M S Swaminathan said in Chennai, the exercise would be worthwhile provided the states use the extra amount for a single purpose – bridging the gap between potential and actual yields with technologies on the shelf."

Wide gap

The gap varied between 50 and 100 per cent, and was very wide in dry farming areas and in eastern India.

Action plan

Agricultural production could be doubled if the States prepared a plan to tap the large production potential available with technologies on the shelf in both rain-fed and irrigated areas.

"But the technologies should be supported by appropriate services: input supply, good quality seeds, soil health care, balanced fertilization, necessary infrastructure, and above all, assured and remunerative marketing."

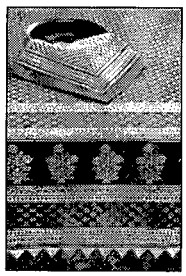
Food production

If all this was done, the total food production could be taken to about 300 million tonnes in the next five years.

This would provide a measurable output indicator of the benefit gained from this large additional investment, Dr. Swaminathan said. ❑

(Compilation by Editorial Unit, Yojana, Delhi with inputs from Editor, Yojana, Chennai and agencies)

A Fresh Look



B Syama Sundari

Handlooms is not only altering dominant market norms, but also changing the nature of market transactions

THE TEXTILE sector is facing new challenges in the post multi fibre agreement period. The opening up of markets will have an impact on the handloom sector in the sense of fluctuations in the price and availability of raw materials and the increased competition from cheaper mill made products. There is a need for gearing up the textile sector to face the competition in the new context. For the handloom sector the problems are two fold- it has to prepare to work in a more open market while it has to strive to build value in the domestic market also.

There are a number of reasons for the failure to create value for handloom product in the domestic market. One of the important reasons is the perception of this sector as indulging in an outmoded practice, which has few expectations for a future. The additional cause for bad performance is the lack of investment in this sector, which resulted in not as much attention being paid to quality issues. There is a wide-ranging opinion that handlooms ignore the market trends and consumer tastes. Actually it is the separation of the market, which is increasingly urban and driven by modern trends, from the weaver that is the key problem area in handloom industry. This disconnect creates a place for a role which includes reading the market preferences and converting them into design and taking responsibility for making it possible at the production level. There has been no recognition of the significance of this role and the problems created by its absence and as a consequence the sector as a whole has suffered.

The relevance of traditional technology and practice in the present context has not been adequately explored by both the mainstream intellectuals and the alternative discourses. In the former it finds a mention as an outdated practice and in the latter it figures in the perspective of safeguarding a cultural heritage. The handloom sector is often seen through this lens. When we enter a sector permeated by such perceptions we find it difficult to assess competence and plan for the future. Generally any intervention that is mapped in this

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background is not adequately addressing the issues of growth for the sector. Handlooms have been suffering from the effects of such unstable support, which completely ignored the possibilities for growth. When we look at the specific issue of marketing in handlooms, the consequence of such a perception has resulted in a lot of damage to the self-esteem of the weaver. Therefore the aspect of motivating the producer also falls in the domain of issues to be addressed in order to successfully sell the product.

When a few organizations involved in successful handloom marketing analyzed their methodology and practice in the context of a market dominated by the mass production paradigm, crucial insights into the act of marketing in the artisanal sector became apparent. Interestingly they offered no uniform strategy or method to consolidate a single marketing strategy for dispersed production. The whole exercise has thrown up innovative ways of connecting producer and consumer. In addition, it brought home the point that organizational forms of each of the player were different. The link between the form of organization and the requirements of the producer combining effectively to reach the market threw up challenges to the straitjacketed thinking of servicing the market. It has brought out strongly the different markets that are vibrantly present which are distinctly different but connected to each other through their commitment to hand made production.

The organizations supporting the producers looked at the interventions from either the *livelihoods perspective, or that of sustaining the traditional craft* or making space for a *traditional product* in the mainstream market driven by modern technology.

The requirements of a dispersed mode of production are unique. The problem lies in applying the logic of mass production to the hand production processes. Looking at the different strategies adopted by the organizations, it is evident that each intervention is distinctive. It is interesting to see the strategy of certain firms, committed to artisanal mode of production, in negotiating these markets. The answer lies in balancing the market led design interventions in such a way that they make the minimum damage to the traditional mode of production. By adhering to a different mode of production, which is antithetical to the ruling paradigm of the market, the firms and organizations are issuing a challenge to the mainstream understanding of the market.

In the firms looking at handloom marketing as a medium of revival for the traditional craft the directions are entirely different. The revival happened through streamlining production systems, actively engaging with the markets and proving to the producers that their traditional activity can become attractive as a viable occupation again. It also showed that commitment to artisanal mode of production in no way is a losing proposition and only needs attention in the appropriate areas. Refusing to go along with the status quo situation also helps break the myth that there is only one way of negotiating the market. Revival of the sector sponsored by Royal patronage takes an entirely different route. The economic and social exchanges between the royalty and the artisan who brought trade into the land are conducted with due respect from both sides. For instance, Maheshwari the textile; speaks of a long history of association between the queen Ahalyabai and her weavers. In a contemporary context, where the government has failed to play the role of patron successfully, the Rehwa society was conceived by the family of Ahalyabai Holkar. The declining product of Maheshwari was provided with the essential support and built slowly back to capture its traditional glory. In this kind of intervention, sustaining the craft goes hand in hand with initiatives for ensuring the welfare of the crafts people. Therefore the surplus earned by the Rehwa society was used to run welfare projects like setting up a school, medical aid facilities and housing.

The other kinds of initiatives from the organizations take the form of an effort to re-energize rural livelihoods. They form part of the larger move towards lessening the pressure on urban land, reducing poverty, which ultimately would reduce the divide between urban and rural landscapes. The realization that growth in one direction would not necessarily ensure expansion in all spheres and the need for a conscious endeavour to check the inequities inherent in this model form the core of this livelihoods debate. In a way livelihood forms the kernel of the work of all the firms committed to hand made production. Whatever be the ideological seed that inspired these initiatives, they recognize the inability of the present economic model in supporting the poor and the marginalized. The heavy investment and technology model is not within the possible reach of these people. In this scenario they are ending up as migrant labour in the urban spaces without any skill resource except that of physical labour. The attempts to build value for their skills in the civil society spaces and within the producer communities itself form a key part of the work done by all the organizations promoting traditional crafts. The result

is not strategic business relations (though they form part of the linkage) but models of entrepreneurship, which encompasses a larger social equation.

In contrast to this model is the dominant market paradigm informing a totally different kind of enterprise. The reach and depth of this idea are so pervasive that any alternative that does not fall in its orbit has to face a number of challenges. Before we observe how the dispersed mode of production faced those challenges, we need to be aware of the different dimensions of the prevailing model.

Mainstream markets

Market is one of the important institutions that play a key role in the realization of economic activities, contributing to a country's development. 'Market' started out as a space where the transactions of goods, the simple business of buying and selling happens. Slowly it expanded from being a technical device for the allocation of goods and services and became a tool to regulate society. Human beings err and human agency is fallible but the "impersonal mechanism of the market, by responding to supply and demand, can, given a little time, adjust all rewards as it possesses an automatic mechanism for correcting its own errors. The mechanism is both sensitive and impersonal; being impersonal, its verdicts are morally acceptable" (Gellner, 1979: 283). If the market is a place where individual actions can come together naturally without conflict there is no need of any external force to keep human being on the right path. The impersonal forces of a market, according to this conjecture, take care of social justice and a social order, which resembles a market place, is the best. This faith in the idea of a market has undergone some changes and the need for regulation is now accepted as imperative. However, the influence of the market on the society has not lessened. In fact, it has extended to the social and cultural sphere and gradually, the market has come to be the only possible path to improve the material condition of the people and achieve development of the community. Market is no longer viewed as an institution, which must be regulated by external social forces, but it became the means to regulate the society as a whole. Market thus becomes the guiding principle for both individual and collective action. This perception of the markets is important to keep in mind, as it is the guiding principle, which informs all the negotiations in and around the markets.

Soon after our independence, Nehru declared that the task ahead for the nation is "the ending of poverty and ignorance and disease and inequality of opportunity."[1] The path to achieving these goals was located in the industrialization model. The main support structures for the course of this journey were provided by science and technology. The progress of a society and nation adopting this route are known to be towards reaching the goal of development. If science and technology form the backbone of the model for development, markets become the guiding principle that puts the nation on track.

The present markets are geared largely towards the mass markets where operations are centralized for effective delivery. Mass production is de-linked from the cycle of needs of the local community. The product has to be exchanged in a situation external to its production process. In the changed circumstances, when the product is not directly linked to the consumer, demand for the created product had to be generated artificially. This process of promotion becomes an integral part of the marketing. Centralization of production became essential in the altered state of affairs and the organic connection between the producer and product became obsolete. The hope for a link with the end user in such a state of affairs is a far cry. In order to survive in this fundamentally changed context, the decentralized (artisanal) mode of production had to deal with many new challenges. To retain its mode of production and find ways of linking to its end user in a distant place was the first major test and the other was to constantly defend its existence in the face of the industrial mode, which had the qualities of volume production in a short span of time.

In defense this sector has to join hands with craft groups and confine exclusively to this location. The only support they can expect from such a standpoint is one of patronage and welfare. When we attempt to trace in history the various support systems formulated by the government, this element comes out strongly. Not one approach can be singled out that perceived the growth potential in this industry.

Policy issues

The debates on craft and small-scale sector in our country generally adopted two models for discussion. One is the route of patronage, drawing inspiration from the old traditions of rulers supporting these activities. The other is the more recent one of providing more livelihoods especially in the rural areas. Handloom functions in the hazy area that falls in between, it being both a skill for sustenance and a higher form of art and tradition. In the community it has an organic role, fulfilling the dual duties of aesthetic and the more material. Any attempt to work with or

intervene in this area cannot escape being coloured by these perceptions.

Examining the concept of patronage in crafts we recognize that the economic aspect of craft also has an important role to play. The manner in which a craft is put to use brings out its cultural context. This is the integrated model we see in the earlier patronage of the royalty. There was a qualitative difference when the modern State became the patron. Visionaries like Kamaladevi Chattopadhyaya realized that preserving traditional crafts means bringing new vibrancy to them. Nevertheless, promoting craft was done in a fashion that showcases products as exclusive and pieces of art that have to be preserved. The value of a product is derived directly from a past, which seems dead giving the product an almost archaeological flavour. The artisan, in this perception, becomes a loner holding on to a fast disappearing past. The festival of India exhibitions, which were held during this period, can be seen as clear example of this perception. The economic aspect of patronage was not highlighted in this vision. The issue of reviving the handlooms through the Co-operative movement provided a perfect foil to achieve this objective. Instituting primary weaver co-operatives all over the country became a tribute to both the spirit of re-construction of the national agenda and that of safeguarding our weakening cultural legacy. Government became a major shareholder in the Co-operative societies and maintained control over all the transactions of the society.

The State, as the chief sponsor, took the responsibility of marketing. This attempt at selling was along the lines of campaigning for our legacy. The Apex marketing bodies were created as the centres where the public could access products reflecting the past legacy. This strategy worked, as there was enough momentum in the community in the early days of Independence to influence people. Additional activities to support this measure were not taken up. There was a gradual neglect of the issues like quality of the product, new designs etc, also competition from machine made products was not sufficiently taken into account. The product, by being handloom, was believed to occupy a 'niche', which would ensure its value. As we all know, nothing can be endlessly exploited without simultaneous efforts to sustain it. The value of 'being handloom' slowly lost its content and was reduced to an empty slogan. The modest context that was being salvaged after independence also got eroded chiefly because of a lack of clarity about what it is that needed protection

The initial efforts were to ensure continuous work to the weavers and the Hank yarn obligation Act and the Handloom Reservation Act were created for this purpose. The former was not amenable for implementation, added to that it was under litigation for more than two decades after it came into existence. The latter became only a notional icon to be flogged by both the parties (Power loom lobby& the Handloom lobby), one contesting the very conception of the Act, the other, demanding protection under its umbrella. While these debates were crystallizing a negative image of the industry as one that needed constant hand holding, the actual links in production processes and marketing deteriorated. The Co-operative societies, which were given the mandate of holding both these functions, were left without any appropriate support. A large number of co-operatives especially had to work in this vacuum. Any industry that has to work against such a mixed baggage of representing a tradition and extending a hand for charity to sustain that tradition has to face an uphill task. The handloom and other handcrafts suffer from a serious lack of engagement with them as prospective business ventures. Both State and the major investors have never turned their attention to this sector, counting its assets like flexibility in terms of design and product variety, low capital investment, the scope and opportunity for making use of existing productive skills. They have always put it aside with the one consideration of old technology giving low volumes. Therefore no work has been done to explore the ways in which we can build on the industry's strengths in order to service the existing markets.

In fact in a manner similar to the organizations discussed before, the face of the co-operative society changes the moment they make themselves more responsible to the process and step out of the straitjacket perception of low productivity and low volumes. This is evident in the working of some societies even today, which are motivated enough to ensure that adequate wages are provided for every weaver through providing continuous work. This is clear in the process of their operation, where they remained responsive to the market and were willing to introduce certain changes remaining within the limits of their technology. When the efforts of Co-operatives succeeded they not only provided employment but also managed to build the self-esteem of the weaver.

Artisanal industry issues are always addressed at the policy level with a view to creating employment in the rural areas. In some cases the burden of preserving the cultural heritage is also added. This industry however, unlike the modern industry, does not feature in

the aspects contributing to the growth of the economy. Therefore, handloom did not figure strongly in the projections for increasing textile production to clothe the growing population. Consequently any schemes that were devised were concentrated on developing a small select market for this sector. As this sector does not fit into the paradigm of productivity and efficiency, whatever support it receives is geared towards achieving these goals. Since it is not considered to be a part of the overall economic programme of the nation, there was no concerted effort from policy makers to address the concerns of marketing handlooms in the altered context of the mass markets.

Innovative ways of linking the dispersed centers to cater to a market largely ignorant of the nature of artisanal production has not formed the basis for the way forward in any of the policy interventions until now. The efforts to create a successful central apex body that will procure products from the various centers of production, failed precisely for the same reason. Today the apex societies are held accountable more for failure of delivering on their welfare commitment. We forget that good business practices and fulfilling the targets for sales form an important aspect of the functioning of these bodies. The failure to set up channels for feeding market information to the dispersed producer groups, systems that can feed information about design, colour etc directly to the producer base, do not seem to figure in the evaluation of the functions of these marketing bodies. The perception of the apex body that it has to continuously pick up the produced stock, irrespective of any quality parameters, with the sole objective of providing work for the weaver, has taken deep root. The result is that these organizations are in a continuous state of debt and need bailing out by the government periodically. This has contributed in a major way in sustaining the belief that this sector can only survive with State support.

Challenges

The dominant perceptions of the handloom industry as traditional and restricted to a niche market in the popular, scholarly and business imagination has acted as a barrier in recognizing the flexibilities in the industry. The production-market parameters set by organized mass production cannot deal with the complexity of dispersed production. For example, dealing with handloom fabric raises myriad problems for the modern retailer, since handlooms does not conform to mass production norms (of, say, speedy delivery). This has also fuelled the perception that handloom fabric suits only a limited, elite niche market, and that it should build on the 'traditional identity' label to target overseas markets as well. However, this is not borne out by actual experiences in handloom marketing, where it is not uncommon to find the handloom product inhabiting a variety of segments and niches. The point this underscores is that the huge diversity within the handloom product allows it to span different segments of the market, both within the country and outside.

Another dominant perception is that of the weaver as hidebound, risk-averse and incapable of innovation. Every handloom enterprise examined contradicts this assumption and reveals that they are actually capable of major shifts in scale, product development and markets. Very often, this is accompanied by building capability in servicing new markets. For instance, this is the capability to take large orders [which means larger investments], frequent design changes [which means increase in development cost], ability to face new uncertainties [risks], etc.

It is our contention that the handloom industry is far from being the 'sunset industry' it is often made out to be. This perception, in addition to some of the ones mentioned above, has tended to box handlooms into an'unchanging, traditional type'. The organizations/firms involved in marketing handlooms, building on its strengths such as innovation and flexibility refute several of the myths surrounding handcrafted textiles. They provide ample indications in support of the claim that a different point of entry into the question of handloom markets is needed today.

It is also clear that there is no one tried-and-tested way forward, and that several choices are made by the handloom organization/ firm which are influenced not only by market considerations, but also several non-market parameters. Where to produce and with what resources are not only situational decisions but influenced by the form of the organization, its normative mandate and the ways in which it perceives the bottleneck in the production-marketing chain. Based on all of these, innovations all along the chain are designed. We suggest that, in doing this, handlooms is not only altering dominant market norms, but also changing the nature of the market transaction itself. The norms dictated by a homogeneous mass market are clearly put in question by the new re-linking of producer and consumer through the handloom/artisanal mode of production. The analysis offers an alternative to the mass production paradigm, with greater possibility of equity and well being to the producer.

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Completion of 3 years of UPA Government at the Centre

Inclusive Growth Guiding Principle of our Policies : PM

"Economic growth must be socially inclusive and regionally balanced"

The Prime Minister Manmohan Singh says the main objective of his Government is to ensure that while sustaining higher rates of economic growth, the improved performance of the economy contributes to employment generation, poverty reduction and human development.

Dr. Singh came out with a slogan, "Build a New India, a Caring India", on the occasion of the completion of his government's three years in office. Prices remained his topmost concern in his address to the UPA allies and supporting parties.

He said that high national income growth alone could not address the challenges of employment generation or poverty reduction. "The national common minimum program is based on the recognition that economic growth must be socially inclusive and regionally balanced".

Key components

There were seven key components in its strategy of "inclusive growth", including stepping up investment in rural areas and agriculture; increasing credit availability to farmers; increasing rural employment; increasing public spending on education, healthcare and strengthening the mid-day meal scheme; investing in urban renewal; empowering the Scheduled Castes/ Tribes and other backward classes, minorities, women and children socially, economically and educationally; and ensuring that through public investment the growth process spreads to backward regions and districts.

Strategy

"This strategy of 'inclusive growth' combine empowerment with entitlement and investment. Education empowers, improved health care empowers, employment guarantee entitles, fulfilling quota obligations entitles. Through a combination of offering entitlement, ensuring empowerment and stepping up public investment, our Government has sought to make the growth process more inclusive".

The Prime Minister recounted the gains of foreign policy and said together they made global environment more secure for the country. "Never before has the external political and economic environment been more benign and supportive of our development aspirations. The world wants India to do well and it is up to us to take up the challenge and opportunity at hand".

Development was not just a matter of quantitative growth but it entailed a qualitative change in mindsets and in aspirations. This required political stability and social cohesion, an environment in which the full creativity of the people could find free expression. The Government was committed to providing such an environment, Dr. Singh said. ■

Report to the People

Social Sector

- The total allocation for education is Rs 32,352 crore in 2007-08- a 34% increase over the previous year.
- Implementing Moily report will facilitate greater access for education to SCs, STs, and OBCs. Law on quotas.

Economic Resurgence

- Impressive growth rate. Target of 9% growth rate in XIth plan.
- VAT. With a 9.2% growth in 2005-06, the manufacturing sector stood revived.

Infrastructure

- Committee on infrastructure set up to review initiatives creating world class infrastructure.
- Ongoing modernisation of airports, liberalization of air services.

Counter-inflationary measures

- To control 6.5% inflation, govt has lowered import duty to ensure availability of essential items.

Building Bridges

- Expanding international relationships while preserving independence.

Towards a Just Society

- Overall communal situation remained under control. National Integration Council set up.
- Welfare of minorities to be addressed by Sachar report, Ministry of Minority Affairs, and 15-point programme for minorities.

HIGHS

- Achieved robust 8 per cent to 9 per cent economic growth.
- India-US civilian nuclear deal.
- Passing pro-poor laws like the National Rural Employment Guarantee Act and Right to infomation Act.
- PM's personal image, integrity remains high.
- Broad success in managing the UPA coalition.

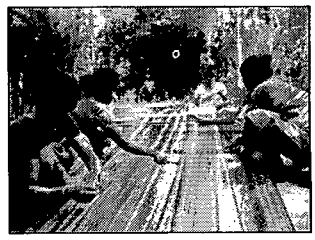
LOWS

- Spiralling inflation.
- Controversy over SEZs
- Farmers' suicides, agrarian distress

ROAD AHEAD

- Quota-in-education and office of profit bills. Both pending in the Supreme Court.
- Economic reforms, including labour and banking reforms, and FDI in retail; power sector reforms
- Wrapping up the civilian nuclear deal with the US while ensuring country's interest.
- To keep the dialogue going with Pakistan.

The Story of Many Threads



Poonam Bir Kasturi

Their relentless perseverance to convert to natural dye has now enhanced their product range and the value the customer enjoys

STORY OF DESI can be understood better if you look at the threads that come together to give shape to this project.

- The thread of one man's vision, understanding, and commitment.
- The thread of creating livelihood with equity and dignity.
- The thread of great value to the customer.

Prasanna trained as a chemical engineer and switched to theatre. He is today acknowledged as an authority in the field. He sees himself as activist and a Marxist who is also a Gandhian.

It would be right to say that Prasanna has been the main driver that has led to the creation of the handloom marketing venture called DESI (Developing Ecological Sustainable Industry). DESI is both the name of the store and the name of the marketing endeavour, which is run by a not-for-profit trust. This trust has 11 trustees, among them is the eminent film and theatre personality MS Sathyu.

DESI the trust was established in 1998 with its first retail outlet in Malleshwaram in Bangalore, which shifted to Basavanagudi in Feb 1999, and later to South End Circle, in September 1999. Currently this is the location of the shop and it has added two another smaller outlets as franchise's-one in Bank Colony, Bangalore and the other in Mysore city.

Really perhaps it began back in 1994 when Prasanna formed Kavi Kavya as a Trust, mainly to promote Art and Literature, with emphasis on Folk Art and Traditional Crafts. Over the years, watching how art and literature intersected with the questions of alternative livelihood options he felt that, Kavi Kavya had the power to contribute towards assisting the rural poor, particularly women to find reliable sources of income, as most of them were dependent on seasonal agricultural labour. He was also looking for ways to decrease pressure on the land and the fragile eco-system of the Malnad region. (As he says, his Marxist ideology and many years of work in the

The author has passed out from National Institute of Design (NID), Ahmedabad and specialises in product design.

rural areas led him to seek a solution that was different from "looking at cottage industry through a guilt-ridden moralistic viewpoint"). With a hunch that well managed alternative employment for women might create change in many ways, he encouraged and helped the formation of the Charkha Gramodhyoga Ghataka' in 1994.

This unit started with training women in tailoring, and activities like weaving, dyeing embroidery, painting, were added gradually. This process was tough and members of the Ghataka had to work hard to convince Dalit women to participate. Though weaving was virtually unknown in the Malnad regions, women in the around Bheemanakone in Sagar Taluk were trained. In 1995 the 'Charkha Women's Multipurpose Industrial Cooperative Society' was formed with 20 women who came from largely from the backward classes.

Prasanna had already envisioned that the co-operative had to produce for the urban market and that merely training the rural poor to produce items, without marketing support, would have made the whole exercise meaningless.

He chose the strategy of making a fashion statement through handloom products and specifically Kurtas because he saw that it was easy for the rural artisan to understand the "Kurta" and it was a profile that matched the urban market without too much intervention. He decided that it was the ideal first product to concentrate on end to grow from.

The only other store in Bangalore in 1998 with similar products and interests then was Fab India. Fab India provided the Indian Middle Class with the experience of "class". It was not like a "Ritu Kumar" and yet not like the "Handloom House".

While you could say that Prasanna was inspired by ventures like Fabindia, Dilli-haat, Suraj Kund mela, Amul, Shyam Ahuja, it was his vision for alternative ways of re-energizing rural industry that was what really shaped Charkha and subsequently DESI.

He began testing the market in small steps. 'Charkha Gramodhyoga Ghataka' took up the job of marketing "Kurtas" and other products at *Jathre* (village fairs), *Santhe* (Sunday market), seminar venues, schools, and colleges. Prasanna describes this process-he narrates how he managed to transport small bundles of products to places he was invited to lecture or tell a story or perform a bit of theatre. "I could save on expenses, since the people who invited me would cover my transportation and say costs, then I would set up a stall outside the auditorium and make a request to the audience for support telling them the background of the project".

In his words he is working "To attempt to give a new meaning to the concept of profitability, and to find ways of converting disadvantages such as decentralized production and labour intensiveness into advantages. In order to do so it is necessary to provide an interface between urban designers, marketing experts and the village crafts. It is a process of profiling each rural product afresh, so that they get converted into useful consumer products for the city markets. It is also a process of developing creative marketing strategies for such products".

Initially it was Prasanna's intiative and interest that pushed the marketing endeavour At a later stage, the Trust was formed, comprising of like-minded people, which took the initiative forward. The initial source of support entirely depended on the sum of money invested by Prasanna. As the market expanded and sales increased, DESI became wholly self-sustained and independent.

Bhagyarati the secretary of Charkha feels that Prasanna's guidance, vision, methods of working, teaching and narturing are qualitatively different from what she sees of other NGO's working with handloom. She says when she meets other organisations at exhibitions and seminars she becomes aware of the differences and the major difference in her analysis is the quality and coherence of Prasanna's inputs.

She values the fact that the growth was gradual and not invasive; that it was customer focused and celebrated excellence. She also acknowledges that Prasanna sets a personal example by his own lifestyle, which is a source of inspiration that spurs the team along. She states that though weaving was not a perferred activity in the Malnad regions, the group of women running Charkha for the last five years has established beyond doubt, that handloom production can be a sustained income generator for the poor. This achievement according to her was possible because of Prasanna's leadership and the hard work of the team.

The efforts of Prasanna, members of Kavi Kavya, and Charkha along with the intrinsic quality of the products from Charkha, has helped popularize the products and build brand value, and the 'Society' is now a story of success, which is looked upon as a role model for other similar organizations.

Over the recent years, DESI has proved to be an evolving experience for both the people involved in the production of the products, and the customers who come to buy these products. In the current scenario of

urban landscapes that look like clones of the west, it's interesting to see the DESI brand emphatically banking on a simple, clean and authentic visual positioning. It has given the customer, be it Indian or otherwise, a taste of the culture and traditions of India, in its own unique manner. Its patrons include people from all classes of society, all castes, every religion, and every age group.

A permanent Production-cum-Training Centre at Charkha has been set up. The Centre augments the facilities available with Charkha, to train an increasing number of people, mainly Dalit and other weaker sections, to take to weaving as a viable source of income.

Equity and dignity

The learning of Charkha and DESI is that there is enough of a market available for handloom-what they have achieved is the ability to tap the market in way that lets the wealth flow back to the rural sector and to the hand that works on the loom with no compromise to the quality or its urban value.

The issues as they see it are a lack of understanding of how handloom needs to be positioned and to what end. The machine is here to stay, but there are enough people who still need employment with dignity. Handloom and other industry at the rural level can provide wealth and prosperity if managed well. This requires people who can understand how to invest in social and natural capital over a long term with a concomitant ability to manage the process.

DESI sees its model as an innovation in the handloom sector and feels that it is coherent and robust and replicable.

People at Charkha and DESI feel that there should be more such equitable but accountable efforts to promote handloom. Equitable for all people who produce and sell and accountable in terms of the value to the customer. Prasanna also feels that the issue of Handloom should become political like at the time of the freedom struggle. He feels that this will celebrate the culture of working with the hands, which will reenergize the economic landscape of the rural communities of the country.

In his words, "I believe that we need to go back to the culture of using our hands. '*Kaayaka*' is the Kannada word for hands. When you are immersed in a culture of the hand, you will rarely commit a mistake of violence. This is tangible. What we are faced with today-is industrialization. Today is an industrial world where the machine has become important. Today the machine has completely taken over man, it has destroyed man, and a whole lot of other things. So it's essentially machine versus man. Man as an alternative to machine. The dignity of man, the dignity of hands and the dignity of labour".

Charkha and DESI have also managed to address the concern that they began with "The Social, Economic, and Ecological situations in the Malnad regions show the obvious need to provide alternative/secondary sources of income, to ease the pressure on the land".

In Prasanna's words the most difficult thing to overcome was the "mindset" of the women. This was the challenge in the Charkha front. Women had to be convinced that handloom was a viable alternative and would provide them with work dignity, their families had to trust the process and everyone was waiting for it to fail and say "I told you so". Also to learn the skills of handling the spinning wheel and the loom was hard for novices initially.

He also had to figure out the challenge of product profiling on the retail front. He had to create a coherence with the seemingly different objectives of equity profitability and price. How do you work out a reasonable wage and still manage to keep price down? Today each worker takes home Rs 6 per meter of cloth woven and nets approximately Rs 1200-1500 per month. Though this may not seem a large sum of money to a city dweller, it is a sizable supplementary income in rural household. It is at par with what a person can earn by manual agricultural labour in the fields. It is preferred by the girls working at Charkha because fieldwork is usually out in the hot sun is physically more demanding.

Prasanna made an interesting comment- "I find people like me, NGO's, activists, all suffer from one problem-we do not understand money, and I feel that is where we fail". Prasanna feels that product positioning and pricing are risk prone. If you don't get it right then you are in trouble. Also if the model is to be duplicated, then the ability to keep group processes transparent, democratic and yet creative is the challenge.

Rudrappa worked in a Bangalore garment industry for two years and feels that his current job as a production manager is far more fulfilling. He says "Workers in the urban factory know only how to do one job-like making sleeves, here each person is able to make a whole garment. We are more confident and less like slaves".

Charkha is women's co-operative society and wages are discussed by the 8 member board. It was a conscious decision to use the co-operative framework to constitute the group. While it helps the members, the bureaucracy and corruption of

government process slow down routine administrative tasks.

Prasanna feels that while the policies of the government are good, the implementation is fraught with corruption, inefficiency, inertia and waste. He feels that there should be a single window clearance for projects like these. Now they have to be tied to the Co-op Bank and every other agency of the goverment interferes or creates a hurdle.

There are a total of 266 members of the Co-operative. The Charkha production centre hires 80 women who work at the looms, tailoring, dyeing, embroidery etc.

Bhagyarati Prakash who has been with the society since its inception and holds the post of secretary describes the co-operative as a pastoral space. She says that women who work here have never left because of a complaint of the conditions of the workplace. Nobody is asked to leave because they are not "good" or "productive". They are counselled to find a task in the organization that suits their capability.

Charkha organizes cultural programs, financial and insurance programs and credit schemes that all contribute to making a workplace that is efficient and productive without the stress of the modern urban factory.

Bhagyarati acknowledges that in the future it would be nice if more members understood the market better, but she claims that her exposure to the Bangalore market has only convinced her that the "Charkha" model is the way to produce handlooms. She says that Prasanna's insistence on always keeping the customer first has paid off and has lead to the Charkha product reaching its current position of strength.

Charkha has brought in experts in the field of Loom Technology, Natural Dyeing, Weaving Pattern Making to Conduct workshops for the members. Both goverment agencies as well as individuals have given of their time and knowledge.

They have not had a formal design-training workshop or Branding workshop as yet.

Since most workers are women who join work to supplement the family income, the turnover of labour is high. Each new entrant undergoes a 6 month training where they are taught the various tasks and paid Rs 350 per month. These young girls get married in the span of 2 years and new recruits need to be trained afresh. The training and learning curve is high.

The society in now working to provide women the possibility of working from home. They plan to create a scheme where looms can be placed in individual homes and the handloom produced can be bought by the society. If women find this convenient it will only enhance the reach of the society-since women who live far away can avail of the opportunity to supplement their income.

Voices

Talking to the women who work at Charkha about their work revealed some insights

Q: Don't you think that its hard work on the loom?

A: Yes, its hard work, but once you get into the rhythm, then its OK and its definitely better than working in the fields in the hot sun. Here we are together and we get a sense of community and see our products go out into the urban world.

Q: What is the reason you choose to do this work?

A: It adds to the family income and people at home respect you as an earning member. I like the fact that I am helping my family.

Q: What other things do you think you gain from a place like this?

A: A sense of confidence, a sense of dignity. Exposure to other views because of the cultural programmes and seminars and visits by people.

Q: What are your views on handlooms?

(This is where there was no real response-the response to this was vague and we could not get real understanding of their understanding of this issue and all its implications.)

The management cadre had clearer ideas and thoughts on this. They echoed in spirit Prasanna's overall vision.

DESI hires young students on a part-time basis as sales people in the retail outlet.

DESI found that they could not match the pay that call centres or large retail chains were offering, so they solved this problem by inviting students. They advertise for positions on their own notice board and have flexible working hours to suit. This way they get committed, intelligent people without having to pay exorbitantly.

Providing value to costomer

Catergorical moderate pricing of the products, quality, and homeliness radiated by the store make up parts of the USP of DESI. The most noteworthy and high selling product in DESI has been the mens' kurta.

A similar kurta in any other is double the price for the same quality. This is a result of a vigilant strategy. And customers appreciate it.

Now, in May 2004, the conscious shift to "natural dyed" products is expected to add to brand credibility

and hopefully contribute to DESI's growth.

DESI has so far grown based on intuitive market feedback. They have not used any formal tool or method to assess their market or customers. They have in some sense created a market and now want to push it further with their natural dyed products. They are planning a campaign about management of clothing and eco-awareness that underscores their philosophy of looking at the whole picture rather than its parts.

Customer profile

Customer from all strata of society form the 'regular consumer' base.

Initially, the response was primarily from the middle and lower middle class of society, but off late, there have been footfalls of the upper classes and corporate consumers who have begun buying at the store. There has also been a increase in the younger customer-a lot of college students frequent the store.

There is no data bank or formal process in place at the moment to evaluat this perception. The store manager S Mohan Murthy has been an associate with the group since 1992 and he feels that the profile has changed and there has been a change in the numbers of customers as well. DESI currently services only the local market.

Prasanna feels that DESI can continue to grow and he sees it expand and set up franchise outlets in the middle class market segment.

Their Mysore outlet is run by a woman and he feels that the woman empathy adds value to the enterprise and hopes that more urben women will take up DESI franchises.

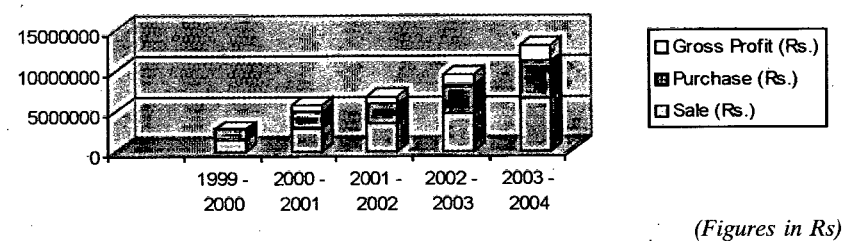
Product Profiling

Product profiling is something Prasanna is passionate about. His deliberate emphasis on the kurta as the first product helped establish the production systems and built brand credibility. There is a conscious effort to check if the product is designed to suit the urban needs, its size, colour, motif, and cut. Prasanna feels that it is best to build the handloom brand on the fact that in today's pile of mass-produced textile, handloom is the original. Not a fake, replicated by machines.

Retail Strategy

The product range has grown over in recent years. It now includes mens' kurtas, women as well as childrens' kurtas and other clothing accessories such as bags, stoles, pouches, handkerchiefs, etc. are also being manufactured. Besides these, a very well priced quilt (produced from waste generated in the co-operative) sells very well because of its pricing strategy. Currently an approximate number of 90 products are in production.

Sales have steadily grown over the years and the figures below show how profitabtlity has also grown in relation to sales.



(Figures in Rs)

Period	Sale	Purchase	Gross Profit
1999-2000	1,370,710.00	1,354,355.000	16,355.00
2000-2001	2,844,595.00	1,948,539.00	896,056.00
2001-2002	3,378,365.00	2,446,309.00	932,056.00
2002-2003	4,753,637.00	3,466,849.00	1,286,788.00
2003-2004	6,509,200.00	4,540.050.00	1,969,150.00

Besides the products manufactured in-house at Charkha, a variety of products have been added to the portfolio by way of outsourcing. Products made of wood, cane, jute paper, handmade paper, terracotta, metal, straw, food and health products, etc are being outsourced from rural suppliers all over the country. This has been done again as a strategy to provide a "value for money" experience to the customer.

Prasanna has worked out a strategy for pricing the different outsourced products. DESI applies different margins on different items and reverses the perceptions of how customers perceive products like handloom sarees and mill-loom sarees. For example, the outsourced mill-loom sarees are priced higher than handloom sarees because the margines are different. So DESI can sell more handloom sarees this way and support this sector positively.

While the customers did not directly push for the increase in product profile, an increase of customers because of the increase of product profile seems to suggest that this is the right way to grow.

The choice of producers from whom these products are procured is based on the organizations' structure and working. Most producer groups that

DESI works with fall into the following categories:

Self-help groups
Women based production groups
NGO's
Rural craftpeople
Craft councils and societies
Individuals

These groups are primarily chosen due to the nature of their constitution. Though new products are welcome, they are scrutinized by a 'purchase committee' and are released only after the standard requirements are met. Product price is also critical, DESI does not hold products where the price is perceived as "too high" or disproportionate to perceived value of product.

Procurement of products supplied from Charkha occurs through a conciliator, Kavi Kavya Trust (KKT). KKT acts as the mediator and receives and delivers orders and consignments. Orders for Charkha products are given a priority by KKT. Most products are delivered from existing or 'creatable' stock.

Outsourced products are mostly picked up from existing stock of the producer, unless a request for bulk trade is received (mostly by corporate houses making 'gift buys'). In this situation , the producer is contacted and orders for the required numbers are placed.

Issues concerning quality, colours, deliveries, etc occur infrequently. There have been instances when slight variations in colour, poor quality, or inadequate numbers have surfaced, but these have been adequately and agreebly settled. These issues are commonplace due to the nature and administrative set up of suppliers/traders.

DESI now return goods that are faulty or damaged to the producer groups.

Procurement occurs in different modes. Products supplied by Charkha (the Production unit of DESI) are procured on a fortnightly basis (by load transport). The store has a record of priority products that are in constant demand, and these are procured regardless of excess. A manual system of checking supply and demand is in place. Out sourced products are procured as and when the goods are felt to be low in supply or high on demand. These also come by road.

Nevertheless, most products are constant-on-the-shelf products. There is no "event" sales or specific packages as yet.

Production strategy

DESI is able to deliver a well priced, well-finished product only because they have a efficient production processes in place.

The production unit is clean, airy, large and well maintained. Installation of rainwater harvesting, filtration plants for dyeing waste, growing of trees needed for natural dyes etc., all reflect the values of sustainability that DESI promotes as its brand.

The society has invested in good quality looms, dyeing set up and spinning and warping tools. There is a well-defined understanding of the technicality of each process and the supervisors are competen and efficient. It takes a 20-day cycle to get a cloth of 200 metres from start to finish produced. And their current consumption of yarn is around 8 quintals of yarn per month. 80-100 kurtas can be produced per working day at Charkha.

Quality

Charkha considers Quality to be of prime importance. Initially they did not realize that they had to build checks into the system and had to suffer from goods being returned to them from the retail outlet DESI. They now have a system of checks at every stage from the dyeing to the packing. Their board believes that a compromise on quality should be avoided as this may lead to the death of the product itself. They agree that consistency of quality and its control is important for the survival of their organization, especially as they are in the fragile handloom sector.

When asked what happens if the packer finds that the size in not right or that the buttons are not stitched properly, the answer was that a group then checks why the problem occurred and rectifies it. They pay close attention to stitching and Rudrappa their production manager says that these checks are possible now because they have learnt from their mistakes.

Charkha's investment in a Master Weaver has also contributed to reaching a standard of quality that is high. The Master Weaver has been able to push the standards over time to reach its current position.

Charkha did try and link quality to wages and the system ran into trouble. Workers who produced "bad quality" kurtas had to agree not to be paid for that piece. The workers and the supervisors could not come to a common agreement and this approach was abandoned.

Design

On the design front, very limited changes have been implemented. This is due to very high customer satisfaction and demand for the original.

Slight variations in style have been accepted in new versions of products. A vast range of colours is being used, apart from an array of woven stripes (double and multicoloured).

Incremental changes were made in response to a need for larger variety and selection, a need to give the customer something new, and enhance production capability by learning to create new and different products.

Introductions of new/varied versions of the products at appropriate occasions assured the acceptance of these products by the consumer. E.g., kurtas made of thin, more breathable, and soft fabric, introduced during summer, ensured that it addressed the needs of the customer and a context. At present DESI is able to give design inputs to its prime supplier Charkha, with the help of fashion and apparel designers working with the institution.

The incremental approach to change is interesting to see at Charkha and DESI. It has an exponential effect on the value they have built up. This is apparent in how their relentless perseverance to convert to natural dye has now enhanced their product range and the value the customer enjoys. They have researched on behalf of the customer and invested in every stage of the process to deliver value to the customer in a pro-active way. That is good business strategy.

Thoughts

Studying the Charkha and the DESI project has been stimulating. Meeting Prasanna has been inspiring for all of us at the Srishti team.

Listening to many people who make up the organisation one gets a sense of energy and optimism. It would be a great learning experience for anyone in the handloom sector to engage with this project in the coming years.

Today it comes across a well-designed and implemented project, but the tremendous work that has gone into making it what it is remains in the memory of the people who have laboured to bring it to this stage.

Talking to Prasanna and sharing the work Srishti has done in capacity building with craftspeople, we felt that it was an area that DESI could look at for the future. Making the craftspeople or the members of the co-operative society creative thinkers is synchronous with the overall objectives of such a project.

Prasanna feels that their model can be shared and other players can use it to develop the market further, we feel that it's prudent to acknowledge his role and become aware on its implications, before one can replicate this model. ❑

(Email : pbkasturi@usermail.com)

Weaving dreams for Kerala's poor

You don't need money to help the less fortunate. All you need is to want to do so and the drive to make it happen. Just ask Gopinathan.

A man of humble beginnings, Gopinathan was the seventh of 10 children born to a poor weaver. His family was so poor that two meals a day were a luxury. But his stark poverty not only drove him to make something of himself but also to help others. At the age of 11, he left home in search of his fortune. During his wandering days, he came across many weavers and visited handloom centres across the country. The art fascinated him and he soon decided this was where his vocation lay.

Having mastered the art, he returned to his village to help the womenfolk. He gave them a small plot of land and taught them to weave, keeping them up to date on the latest trends. His hard work saw the formation of a Mahila Samajam of self-reliant women. Then came a loom cluster in Manjavilakom village, 37



kilometres from here. Once a backward area, the place is now bustling with activity. In the process, Gopinathan infused life into the handloom industry that was gasping for breath and changed the face of at least a dozen backward villages. Thanks to him, 2,000 people make a decent living today.

> "I am not after honours. They come and go. I want to wipe the tears of as many as I can"

"All of them are my children. Besides professional help, they share their personal problems with me," he says, pointing to a group of women weaving mundus (wraparound skirts). His bony 60-year-old frame in its trademark unbuttoned shirt is everywhere, setting up a loom here, checking the dye there. "I always tell them there is no shortcut to success."

Gopinathan now has his eyes on the nearby Adivasi settlements and has drawn up plans to set up a unit in Amboori, one of the most backward tribal settlements in the district. He has also received invitations from Kanpur and Hyderabad to help weavers there.

For all his hard work, the nation honoured him with a Padma Shree this year. But the ever humble Gopinathan says: "I am not after honours. They come and go. I want to wipe the tears of as many I can." ❑

(Courtesy: "The Hindustan Times")

Results of 2007

Topmost rank among women, Humanities and Geography in 2007

Anindita Mitra 8th Rank

***Topmost rank with Geography for the* FOURTH TIME IN LAST FIVE YEARS**

8th Anindita Mitra-07, 3rd Randhir Kumar-06, 8th Bhaskar Katamneni-04, 5th Ajay Kumar Mishra-03

Total 77 selections out of 474 results declared

IAS 2007-08

Results 2007

1ST



8th Rank
Anindita Mitra

3RD



19th Rank
Sheetal Verma

We forget the fact that for the fourth time in five years Geography top rank holders were from Ensemble. We also forget that 77 students have qualified in 2007 from Ensemble. This may be reflective of our Quality, Sincerity and Commitment. However for us QUALITY has far different dimensions and meaning .....

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Quality means Crystal Clear Concept

Quality means high analytical ability

Quality means interrelationship of understanding

Quality means expansion or contraction of the explanation according to the need of the question

Quality means Security, certainty to Success

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.....we do not forget these meanings of QUALITY

Obsessed with Quality

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Advanced Course of five month for beginners to help them prepare intensively as well as extensively for Mains and PT, 2008 both well in advance of others. Designed to give enormous strategic advantage to students, giving them a near perfect preparation.

Summer Session

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(Summer Session)

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16th July (Monsoon Session)

Enrichment Programmes

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Equips candidates to write and frame any answer from varied angles. Discussion of answers of all possible questions that has been asked and the questions that can be framed. Perfection in writing introduction, conclusion and structuring of answers.

(After PT Results)

30 40

(After PT Results)

80 90

APSIP (1st week of July '07)

APSIP is a weekly guidance programme for all those candidates who have appeared the preliminary test and have been cleared by ENSEMBLE APSIP for participation. The programme seeks to correct the flaws in the candidates concept and writing ability at the last stage before the Mains examination, so that the candidates go on to maximise their gains from the examination with the minimum of effort. The programme seeks to meet its aim by regular meetings and tests, the discussion and evaluation of tests and their best presentation techniques. PIT seeks to improve the **answer presentation capability** of the candidate for the Mains. The tests are followed by one hour of intensive discussion of the questions followed in turn by their evaluation and feedback.

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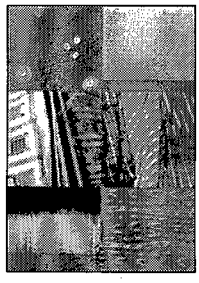
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YE - 7/7/06

Fabindia – A Case Study



Savita Modak

The success of Fabindia is due to the fact that the company has always believed in and practiced good business practices and never compromised on quality

FABINDIA IS today one of the most successful pioneers in the field of export and retail marketing of handloom fabrics and ready-mades as well as home linen. This case study attempts to study and understand the reasons, the policies, the processes and the philosophy that have contributed to the success of Fabindia. The case study is based on interviews with the management of Fabindia.

Fabindia was founded in 1960 by the Late John L. Bissell. The founding shareholders were family and friends of Mr. Bissell who put in $38,000 as the initial share capital.

John Bissell along with Meena Chowdhary and a staff of one set up the first Fabindia office in Delhi in 1960. During the first five years upto 1965 were one marked with a struggle for survival. This was because the demand for its products was low and there were hardly any importers of Indian textiles. It was a period when many of the earlier exporters concentrated on carpets and silks. At the time Fabindia's emphasis was on hand spun and handloom cotton while the worldwide demand for these products was limited.

By 1965, when Fabindia moved to its second office Delhi, business had begun to grow and the sales had reached Rs. 20 lakhs.

However, two extraordinary partnerships cemented by Fabindia helped them grow continuously for the next two decades. These were with "Habitat" - a large UK based buyer and Bharat Carpet Manufacturers – quality manufacturers of rugs and durries. The production of durries was handles almost entirely by Bharat Carpet Manufacturers run by Mr. A.S.Khera and his son Madhukar Khera, which gave Fabindia the necessary quality needed by Habitat.

It was also during this period that the company added the retail business to its fold. The company began to witness a small but steady growth in its retail business. The merchandise selection for the retail business consisted mainly of fabric, house linen and durries.

The long term relationship with Habitat ended abruptly in 1992, when Habitat was taken over by new

The author has varied experience in direct marketing including financial services and banking.

management who made a conscious decision to cease working with Fabindia. Though exports continued as the company could now deal with other customers, business was never quite the same.

By 1994, the focus had begun to shift to retail and Fabindia opened its second store in Delhi followed by Bangalore in 1996; Chennai in 1997; Mumbai in 1998 and one more in 1998; Italy in 1999; Pune and Gurgaon in 2001. Today, Fabindia has over twelve stores in nine cities in India and one in Rome as well and provides employment to 7500 artisans with a staff of approx. 400.

The Fabindia Philosophy

All business decisions are governed by the fact that they must be viable and that people normally do make choices - hence good business practices and good quality must not be overlooked at any point of time.

The aim of Fabindia is to become the "World's largest craft marketing organization."

The company believes in doing business with very little or no "fireworks display". The board is driven by the guiding principle that ROI's must be guaranteed in year 2 or 3 by more than 25%.

Fabindia also always believes in recognizing the role and contribution of the weaver and giving him a fair deal in respect of payments, technical help and repeat orders.

- The company has formalized its induction and training processes so that all employees work on set and expected standards.
- Fabindia has a written manual which is a repository of the ideas, systems and procedures that have evolved at Fabindia. Its purpose is to codify these as standard procedures.
- Accountability with responsibility backed by training makes all Fabindia employees ready to meet the ever-growing challenges of the industry and customer demands.

Market Segment and Products

This was very niche initially. However, Fabindia has through its broadening of product range, expanded its market to include retail as well. Also, the institutional segment has been well understood and hence has grown in response to Fabindia's innovation in design and product range and responsiveness to customer demands.

Fabindia started out with hand spun and handloom cotton home linen. Then they included rugs and durries and finally also, included ready made garments in both silk and cotton variants. Today, Fabindia also has in their stores handicraft items which promote local crafts and showcase the canvas of Indian handlooms and handicrafts to the world.

The Fabindia clientele are largely the urban consumer who likes handloom garments because they are made from natural fibres (there is an unstated assumption that handloom also means cottons only), aesthetically beautiful and who believes it has a lot of character. Handloom Fabric is perfect for a tropical climatic environment like in India and is very comfortable though perceived to be expensive and unaffordable by most of the uninitiated.

There are also another lot of people who associate handloom garments with style and would like to make a statement about it. These would not particularly care about the fact that it is handloom but would want to wear it because it says something about them, looks nice and not necessarily because they're hand woven. They would be students, professionals, homemakers (middle/upper income and SEC classification here), entrepreneurs, social workers, educationists and people from all walks of life in SEC A upwards. Essentially, people who have the freedom to make their own choices.

- Life style preference : other customers would be the socially and economically aware set of people - more conscious of the environment, who believe in preserving traditions and crafts and would pledge a whole hearted support for the produce from the weaver and printer communities across the country.

Location of the markets:

- Located mainly in urban areas in the metro /mini metros across the country
- Mainly urban towns, wherein the exposure to handlooms is there, people are more aware of handloom and its character and where people have the time or the resources to be able to maintain the handloom products.

Like other merchant manufacturers Fabindia sells through retail stores which are very high on "look-touch-feel" because that's also what sets them apart from the other unorganized setting of a crowded craft mela with people falling over each other. It's an easy setting which is cool and comfortable allowing the customers the luxury of browsing around, trying out various styles and shopping at their own time.

- The preference has emerged because of "convenience" becoming important in terms of accessibility and comfort and choice (consumers don't have to spend more time than they need to sifting thru' the merchandise looking for something to suit their needs- a basic selection

has already been made by the store). This clientele is a more discerning, less price sensitive lot who'd much rather buy from a quality merchant /specialty retail stores or a small scale setup from back of the home where they're assured of an aesthetically good selection of fabrics and madeups, quality and service and who would therefore, not flinch at the premium attached to the product in such a place.

- The success of Fabindia is also largely due to the fact that their outlets stock merchandize which is available when THE CUSTOMER wants it, not when the producer thinks its a good time (like diwali, wedding season etc...)

Some users prefer to buy directly from the producers themselves or producer societies because of the cost advantage.

- However, we must keep in mind the fact that accessibility to the producer/society is a problem because of timing and seasonality of these fairs and melas and a lack of permanent outlets.
- The direct producers sell through fairs, exhibitions and melas organized through the govt. or privately, which are fairly restricted and time bound hence not able to provide the mood and ambience for a good shopping experience.
- Then there are some outlets who sell handlooms because they are "producer societies", others would sell it because they believe in preserving the craft form and would like to provide a platform for marketing this produce, some others would sell it because it appeals to the customer they're targeting (be it a local or a tourist) and some others would just want to be able to provide it simply as an addition to their range on offer with no specific reasons to have handlooms.

Fabindia is different from each of the above.

Production and procurement

Fabindia gives orders based on existing stock situation direct to the producers. They also give them the design specs. They only look for inputs on colour from the producer groups. Fabindia normally orders in advance for the next season so that they do not have to wait for supplies in times of high demand. This is done through a fixed schedule in advance so that the suppliers also get used to a systematic time schedule and know how to plan for their raw material supplies.

Choice of the producers depends on several factors:

- Responsiveness to order and product design specs
- Product quality and specificity
- Colour mismatch
- Timeliness in completion of order

Issues relating to supply from Producers:

- Compliance with specifications in terms of color palette and other design inputs
- Fabric construction
- Quality standards
- Adherence to commitments on delivery within specified time frames and
- Maintaining an open dialogue on the constraints/vagaries associated with handloom products so that the sellers do not end up making commitments that they cannot keep to their customers.

Main problems faced by Fabindia:

- Maintenance of high quality standards on a consistent basis on account of
- Color fastness is an issue if the Fabric is piece dyed and if the yarn dyeing is not of good quality
- Consistency in color and weave(the entire production process is manual and very labour intensive and usually done in small setups- so maintaining a consistent color across one lot or more is a problem. Multiple looms churning out the same weave would also result in minor differences.
- Bad quality yarn and/or dyes would result in huge rejections and cancellations of orders

Fabindia's relationship with producers:

- Frequent and scheduled interaction with producers to help them understand the market requirements and receive feedback from merchandizers
- Fabindia's experience has been that weavers close to larger cities especially Delhi and Jaipur are more exposed to the end user and therefore are more receptive to change in their approach.
- Fabindia invests time in educating producers regarding the various QC parameters which result in lesser rejection rates.
- Fabindia has recognized that the handloom industry is producer driven and has institutionalized its processes accordingly. E.g. they work around the fact that loom sizes are "hard coded" and hence ordering should recognize the same.
- Prompt payment and the carrot and stick approach

Fabindia does not believe squeezing its producers for credit (which implies that the producer is paid within 10-15 days of delivery at any location)

Most of the producers are craftspeople or their descendants who have been exposed to just this as a source of livelihood in the family. The

driving force behind continuing the tradition would be more as a means of survival than a pressing need to prevent the craft from becoming extinct. There are cases also where distant relatives and friends of a family have also moved into weaving because there was a need to increase capacities (read number of hands and feet on the loom) for a confirmed marketer (trader/retailer) and people have been known to give up bidi-making to get into weaving! They just got naturally absorbed into the fold and learnt to weave!

Design and markets

Product Development

Fabindia feels that this could be an initiative undertaken by the weavers themselves if they have years of experience behind them and are aware of their customer's needs and requirements. A lot of their inputs are very valuable and with very little direction could end up with a brilliant product. Their abilities and skills cannot be underestimated, in fact most qualified product designers have not been able to provide that cutting edge that the weaver himself can provide, the best combination of course is for them to complement each other.

What guides the designing

Fabindia's guiding principle is that people make choices and as a retailer they have to (a) make available the choices to them and (b) respond to their demands. Fabindia's responsiveness to innovation reflects in the fact that they have used old styles and weaves like Mangalgiri and Chanderi and reworked on the borders and made them look contemporary. Also, they have successfully used pastels in Bandhani to introduce newness in those styles.

Rendering of designs pre production:

- Has to be done on bit looms, which may or may not be available, and of course through samples initiated with the weavers themselves- so the design is actually assessed from the practical production and costings point of view as well when being sampled which is a great perspective to have (always better to create a practical and workable design rather than design stuff that will eventually never get produced).
- The bit samples produced are assessed by the design team/designer themselves and the presented to the marketeers before being passed for production. (It is very important for the sellers to be sold on the product before they try to sell it to their customers).
- The first production lot has to also be cleared by the design person to even out any teething problems that there might be in the production process .Generation losses over time have to be monitored very carefully by the buyer (on behalf of the marketeer) because its a huge area and cannot be ignored, minor variations in color can throw the entire layout out of gear.
- Buyer/producer meets happen twice a year where weavers also come forth with their ideas and Fabindia also gives them a feedback on the end user requirement as well as interactions with the merchandizers. This has helped Fabindia develop product innovations in the jamdani, jaquard and bandhani styles of handlooms.

Issues relating to marketing

Packaging

Fabindia does not give too much importance to this aspect as they feel that the product should and does speak for itself. Packaging hence, has a negligible role to play because the product is so non fussy and simple that it needs no frills to make it attractive or stand out - no amount of window dressing will help sell a substandard handloom product and a truly good handloom product needs no packaging.

Product information

Product information is included in some manner (talking about what part of the country the product comes from and some highlights of the process and any significant details like done by weavers groups because Fabindia's own experience has been that a lot of customers, especially the discerning ones value this information sharing and help in eventually promoting the product through word of mouth publicity. Also, sometimes users would buy it because they know it supports a cause they feel strongly about (rehabilitating earthquake victims).

Visual appeal

At Fabindia this is important they feel as this always helps sell more. Not every customer is aesthetically inclined, some need help and direction, so visual merchandising at the point of sale definitely helps.

Branding

Importance is given to branding to help their customers identify their product from the rest in a multibrand environment (not every one is able to market their brand exclusively).

In shop convenience

Fabindia has recognized that this aspect is important from the point of view of providing a complete package to the customer- It would not do to say they do table covers but not mats and napkins or they do make kurtas but do not offer pyjamas to match. Their showrooms reflect the fact that in this day and age customers look for a single point shopping experience- they really don't have the inclination or the time to go around 3 places looking for things to match the one piece they bought from the Fabindia showroom.

What's important from the packaging

point of view is what it sits next to on the shelf at the point of sale. It's really sad sometimes to see an exquisite handloom piece sitting next to a viscose Fabric in a multiproduct store. Fabindia gives a lot of weightage to product display and does believe that product synergy in displaying handloom products is very important.

Conclusion

This case study clearly shows that the success of Fabindia as a major player in the retail handloom sector in India is due to the fact that the company has always believed in and practiced "good business practices and never compromised on best quality". The founders' belief that Fabindia's product quality will and should be the best has made them formalize their procurement, production, design and distribution processes. This has helped them create a brand which speaks for innovation, quality and value for money which in the minds of its identified target audience has positioned Fabindia as the preferred choice among retail handloom sellers in India.

Appendix

Other Important Macro Issues:

Issues relevant to the betterment of the producer/buyer relationship:

The handloom market today is producer driven and not buyer driven. This has implications on the product quality issues as well as design issues. Production processes, choice of colours and weaves as well as the size of the Fabric are specific to the villages the producers come from and are used to following. Hence, it is increasingly difficult to change these of ensure innovation in their output. The industry hence needs to address these issues at a macro level jointly so that the handloom sector as a whole benefits. This can be done through education and increased awareness of the producers' community in the areas of design, production and weaving and at the same time giving them an opportunity to understand the exact demands and expectations of the user groups.

General Industry Issues

Not many sellers make direct investments in the looms, other than non profit/NGO outfits. Most craftspeople require minimum expenditure in infrastructure and training to setup , what they need most is assured support to give them direction on how to make their produce marketable and to provide a platform for selling their product.

There is an element of seasonality in the buying for sure because during monsoons, weaving and printing becomes slow, so for a retailer, its important to plan ones purchases with care so there's no loss of sales on account of bad planning and stocking.

Handlooms are also more expensive than a lot of powerloom and hence deemed not good value for money- there is pressure on the sellers to have thinner markups on these handloom product to make them commercially viable, the pricing has to be "penetration" pricing else customers will find them completely out priced in view of the cost and benefit ratio. This has a direct impact on the sellers willingness and ability to promote/ aggressively market the products because they're finally left with nothing much after providing for all their own overheads.

Any regulation which has implications on the final cost to the seller and hence customer is bad news for the handloom sector because it makes their produce that much more expensive and out of reach of the urban consumer. What the regulating/ governing bodies need to understand is that it's very important to generate avenues for income and employment thru' craft because it does not disturb the cultural and social balance of either the home or the community which is very important in a rural society.

How do finances work?

The intermediaries are the ones known for exploiting the producers. It would be opportunity pricing for the intermediaries depending on to whom they're selling to. The producer does not play a big role in the final pricing of his produce- eventually he's just about able to recover his costs and an additional margin for his efforts- they're probably worried about over pricing their product to the intermediaries/final sellers which would make them less attractive to buy from, they'd rather make less money but produce more and be assured of a good market (in terms of volumes)

For the final sellers, eventually it makes a huge difference because if his product is not priced "right", he won't sell. So his markups would be largely determined by:

- The numbers of intermediaries involved in sourcing the product from the producer to the final seller- its obvious that if the seller buys directly from the producer his margins would be higher because he has eliminated the channels in between which are the ones who end up marginalizing the poor producer.
- His objective for the business. Is his focal point the producer or the customer or just his own interest? . Because if the producer is the focal point of his thinking and philosophy then he would believe in fair prices to the producers and lower markups for himself so that eventually his business is very volume driven. If he's in it for very commercial reasons he might squeeze the producer and have fatter margins himself. ❑

(Email: savitamodak@slosworld.com)

Fabindia gets Cased in Harvard

The India story has never been as engrossing. And the world is keen to read the fine print of this success script. As global B-schools seek out Indian enterprises as case studies, the Indi-chic clothing brand Fabindia is the latest adition to the list chosen by Harvard Business School. It joins the august ranks of Infosys, Wipro, Keggfarms, B Bharat Forge, Arvind Eye Hospital and Narayana Hrudalaya, that already serve as teaching aids for management students worldwide. Even less known companies like Tasty Bite of Pune and government organisations like the Indian Railways are being cited to give students a lesson or two on Indian enterpreneurship.

Its not surprising that Indian enterprise and management are now the focus at Harvard Business School, Robert Smith School of Business, University of Maryland and the London Business School. They all want to study the Indian experience to gain insights into emerging markets. "India has been drawing immense attention from the international business community and it is logical for students at foreign institutions to know more about their future job destinations," says P K Kothandaraman, director, Harvard Business School, Mumbai Centre. "Besides, there are an increasing number of faculty nembers from developing countries like India whose knowledge is invaluable in understanding the companies better."

Mr Kothandaraman has co-authored the recent Fabindia case study for Harvard along with Assistant Professor Mukti Khaire.Given the kind of growth in emerging economies like India and China, institutions are now taking special interest in success stories from these countries. "HBS is increasingly expanding its scope to include international cases in the classroom, to best prepare students for a world of global competition, says Ms Khaire. "Fabindia, for instance, was seen as a case of a for-profit Indian retail company with the stated mission of providing employment to weavers and traditional artisans in rural india."

HALL OF FAME

- Infosys, Wipro, Keggfarms, Bharat Forge, Arvind Eye Hospital and Narayana Hrudayalaya serve as teaching aids for management students worldwide.
- Even less known companies like Tasty Bite of Pune and government organisations like Indian Railways are looked up as role models.

According to Arun Maira, Chairman, BCG India, most of these success stories discuss new business models. "Modern managers are always keen to understand the models, which can generate revenues from not so hopeful streams and audiences like, poor people," he says. These unusual models thrive on innovation and budding managers in foreign insitutions would need to understand these to do business here."

Other innovative strategies being studies include Narayana Hrudayalaya, which offers low-cost healthcare for the masses and Keggfarms, which was set up to address the nutritional and income needs of poor villagers. Keggfarms supplied chicks to about 4 million poor villagers, generating income for 700,000 households when they sold the eggs and meat. Amul is another example. Infosys, Wipro, Bharat Forge, Big Bazaar are also being studied by several schools.

"20 years ago India didn't matter, but today it does," says Soumitra Dutta, dean for external affairs and professor, business and technology, INSEAD. And the new-found interest in India is best described in the words of K Rangarajan, head, IIFT, Kolkata centre:" In the 90s, it was a one-off thing to study cases from India. Today it's the competition that's forcing them to do so."

But that's perhaps not so surprising given the levels of creativity in some of these strategic initiatives. Take ITC's eChoupal for instance, which aims to help farmers who have traditionally sold their products in ineffective and unfair marketplaces to sell better, based on an understanding of technology, sociology —and appropriate incentives.

Those factors are at the heart of the India story; little wonder then, that is finding a receptive audience at HBS and beyond. ❑

(Courtesy: The Economic Times)

Increasing Competitiveness



Adarsh Kumar

Innovative and even radical solutions are the order of the day

AT THE root of the decline of the handloom sector has been the disconnect on government policy toward the sector in the post-liberalization period. Since independence, extensive government support to the sector had played a crucial role in promoting the production and sales of handlooms. However, in the post-liberalization textile policy-framework, the emphasis is on providing an even playing field to promote large-scale, organized textile manufacture. Under this new framework, many of the benefits previously provided to the handloom sector, in the form of product reservations and subsidies are being withdrawn while at the same time, incentives such as the Textile Upgradation Fund have been provided to encourage investment and production in the organized textile sector.

However, there has been no corresponding correction in the policy lens toward the handloom sector to encourage private investment and entrepreneurship and it is caught in a vicious cycle: the sector, especially cooperatives, is seen as being subsidy-driven and out of touch with markets, and the pool of resources available to them in the form of special promotional government schemes are proving to be inadequate to help revive them; and there is no policy push to transform the sector and encourage private investment required to make it competitive in the new economy.

This article gives a brief overview of the problems facing the handloom sector and suggests that policy reforms to make it more competitive should focus on promoting stronger intermediary institutions; developing robust private markets for raw material and technical inputs; and encouraging both public and private capacity-building investments into the sector.

As of 2004, handlooms accounted for 14.22% of total textile production in the country. There are no concrete employment figures available for the sector, but the official estimate by the Ministry of Textiles is 120 lakhs. As shown in Table 1, there has been a marked decrease in the quantity of cloth produced by the sector over the past decade, with an especially severe

The author is with All India Artisans and Craftworkers Welfare Association, New Delhi.

decline over the past four years. The overall decline in production hides even greater variations at the cluster level, with some traditional clusters such as Benares reporting more than a 50% drop in production. Anecdotal evidence also shows that, in many such clusters, weavers have not been able to find alternative gainful employment and are facing financial ruin.

Handloom weavers continue to be marginal producers, using low levels of working capital to produce an average of 4-6 meters per day. As pointed out by Mukund and Sundari, the shift in market demand for handlooms from traditional local markets to extra-local markets has increased the dependence of weavers on intermediaries to connect to wider markets. However, at the very time that the dependence of weavers on intermediaries has been increasing, primary cooperatives have been functioning poorly. This, in turn, has forced weavers to be dependent on a series of middle-men to reach the market.

TABLE 1

Production of Cloth by Handloom Sector in India (1995-1996 to 2004-2005) (Qty. in Million Sq. Mtrs.)

Financial Year	Qty.	Growth Rate %
1995-1996	7202	17
1996-1997	7457	4
1997-1998	7604	2
1998-1999	6792	-11
1999-2000	7353	8
2000-2001	7472	2
2001-2002	7589	-21
2003-2004	5581	-7
2003-2004 (Apr-Jan)	4723	-7
2004-205 (Apr-Jan)	4694	-1

Source : Ministry of Textiles

The problems faced by handloom weavers can largely be attributed to their status as marginal producers located in the informal sector; their inability to bargain collectively or form collective arrangements for purchasing, production and supply functions; the lack of development of transparent private markets for yarn, the main raw material input; their inability to access adequate working capital credit; and the inefficiencies of different intermediaries that they are dependent on.

Objectives of Policy Interventions

Policy interventions by the government must seek to bring the handloom sector more in line with the post-liberalization economy, making it more competitive and helping it to break into mainstream markets. Towards these objectives, policy interventions must focus on the following:

- *Create a model for reviving Weavers Cooperative Societies (WCSs):* Despite the dysfunctional nature of WCSs, they represent a critical interface between weavers, especially in rural areas, and the market. The societies own infrastructure at the local level and have established links with the market. Since almost all weavers continue to be affiliated with WCSs, these societies represent the quickest way to impact the livelihoods of a large number of weavers. Policy interventions must urgently address the poor financial and operational position of WCSs and seek to develop a model for handloom cooperative reform across states. This includes encouraging the registration of WCSs under the Mutually Aided Societies (or equivalent) Act, freeing them from excessive government interference.
- *Help remove market inefficiencies and develop private markets for the supply of inputs and for sale of finished products:* Policy interventions should seek to remove private market inefficiencies in the supply of yarn and credit as well as better develop the supply chain for finished products back to urban and export markets. There is the potential to use Information Technologies (IT) to create a virtual clearing house for the purchase of yarn of requisite counts directly from the mills; and for streamlining the procedures for credit approval and disbursal. More efficient markets for inputs such as yarn will benefit both the cooperative and the private sector. Interventions must also focus on spurring demand for finished handlooms by promoting a strategy of brand-building and raising consumer awareness of different handloom traditions.
- *Encourage private investment into the handloom sector:* Policy interventions should focus on developing policy and regulatory infrastructure at the Central and State Government levels to encourage private investment in the handlooms sector, addressing issues such as regulations on starting a private firm; credit availability to such firms; and tax structures for the sector.

Handloom Cooperatives

The National Cooperative Union of India (NCUI) estimates that primary handloom cooperatives are responsible for 58% of total annual handloom production. However, the failure of cooperatives to adapt to market shifts has perhaps been the biggest reason for declining handloom production and the loss of handloom-based livelihoods. The following are the main reasons for the poor performance of cooperatives:

- *Poor policy outlook and program design*– Cooperatives continue to be shielded from markets by a web of government programs and subsidies, and consequently, their ability to respond to market realities is low. The complex web of subsidies for each individual aspect of the operations of the WCSs provides incentives for them to operate in a framework dictated by the requirements of subsidy schemes rather than on market realities. In addition, subsidy programs in the past have placed a greater emphasis on 'non-productive' investments such as rebates on the sale of handlooms rather than on capacity-building investments on improving management, design, product quality and new product development.
- *Lack of transparency* – Current audited financial statements of most WCSs are not available for public scrutiny. Financial information that is available is not in a standardized format. A review of financial statements of selected cooperatives shows that, in many cases, essential records of product inventory are not being maintained on a regular basis. Consequently, there is a lack of transparency in the functioning of the WCSs and operational efficiency is compromised due to nepotism, corruption and 'capture' of the cooperative by local traders.
- *Poor marketing* –Marketing refers not only to the process of getting finished products to customers, but also to a range of activities designed to enhance customer-experience and perception of the product. This includes activities such as developing new designs and blends, improving product quality and ensuring that the product is available to customers through an appropriate outlet. There is minimal investment made at the WSC level on these activities, and they are addressed only as part of government schemes that promote a limited set of activities such as exhibitions and trainings
- *Lack of timely access to credit* – WCSs face difficulty in procuring working capital credit in a timely manner. A recent research report by the All India Artisans and Craftworkers Association documents the failure of the credit sanction process and highlights the fact that credit delivery through primary handloom cooperatives has become defunct in most areas.

Master-weavers

The decline of cooperatives has been paralleled by the rise of master-weavers as intermediaries, coordinating production of weavers in their area and forging marketing links for the supply of woven cloth. It is estimated that up to 40% of handloom production passes through maser-weavers, making them the second largest 'producers' of handlooms by volume. Master-weavers have played a critical role in sustaining handloom production in the context of the declining role of primary cooperatives. In addition to serving as conduits for the supply of handloom cloth, services they provide include production coordination, raw material procurement, marketing linkages, and limited design innovation.

Although the relationship between master-weavers and weavers is a many layered relationship that is governed by caste and class identities and interests", essentially, master-weavers can be thought of as informal sector firms, employing weavers and paying them wages for production of handloom cloth. Due to their status as informal sector employers and the consequent freedom from labor regulations; the limited bargaining power of weavers; local caste equations; and the absence of other intermediaries at the cluster level, master-weavers usually behave as local monopsonies, suppressing the wages of weavers. They capture a majority of the profits of handloom production without making sufficient capacity-building investments into the sector.

However, it should be noted that almost all but a small percentage of master-weavers run small-scale operations, with under 100 weavers working for them, and are therefore minor players in the market for the sale of handlooms. As small-scale intermediaries that also purchase and distribute raw materials to weavers, they are most affected by the lack of developed private markets in inputs, as they do not have the institutional access to subsidized yarn and credit enjoyed by WCSs, and therefore, pay higher effective prices for these inputs.

Design Firms

Post liberalization, a new category of intermediary firms have grown rapidly. These firms – Fabindia and Tulsi being two of the most prominent examples - have made capital investments in new product development, design innovation, product packaging, branding and retail outlets. In doing so, they have successfully spurred urban-market demand for handlooms and have succeeded in building a cost-effective supply chain from weaver to mainstream retail markets. These firms represent an interesting and replicable model of promoting handloom-based livelihoods through private capital investments. Although the nature of handloom production prevents a realization of significant economies of scale in production, these firms have demonstrated that there are significant economies of scale to be realized in other functions such as management;

finance; technical inputs such as design and quality control; and diversification of product range – i.e., selling a range of different types of handlooms as well as different handloom products. However, it should be noted that although they have significantly spurred employment in some handloom clusters, these firms have usually not been willing or able to reform the supply chain up-stream, and still depend upon the master-weaver to manage production at the cluster level, thereby limiting income gains to weavers.

Suggested Interventions

Policy interventions must seek to transform the cooperatives into profitable, market-oriented bodies. The intervention has to be comprehensive, and cover the wide range of problems currently faced by the WCSs. These interventions, for the purposes of planning and policy-implementation, can be grouped into three broad areas: Operational Viability and Financial Transparency; Inputs, including yarn, credit, and other technical services; and Marketing.

Operational Viability and Financial Transparency

- *Adoption of standard commercial accounting and operating procedures:* The WCSs need to adopt standard accounting procedures and to maintain financial statements in a common format. Accounting reforms should focus on creating three reports at the end of the year – a balance sheet, an income and expenditure account and a receipt and payment account. Adopting these three statements in common commercial format will require changes in accounting procedures as well as operational procedures such as inventory and sales tracking systems; and WSC staff will need to be given extensive training on adopting these procedures.

  It is also critical that the WCSs submit to an annual independent audit to verify their financial statements. There is precedent for both the requirement for an independent audit and the adoption of standard accounting procedures: The Ministry of Rural Development, Government of India, has recommended these steps for District Rural Development Agencies (DRDAs). Independent auditors can be identified and empanelled in each state to carry out such audits.



- *Replacement of web of subsidies with a single operational subsidy* – To reorient the operations of the WCSs towards the market, policy reforms should seek to replace the complex web of government subsidies to a single operational subsidy. This subsidy can be given as part of a draw-down capacity building fund made available to WCSs. Also, incentives need to be given to successful cooperatives, perhaps by allocating a greater proportion of funding to those WCSs that demonstrate improvements in financial viability, total sales and outreach to weavers in their area.

Inputs – Credit, Yarn and New Designs

- *Create a more efficient system for approval of credit* – Policy reforms should seek to reform the credit approval process currently being followed and streamline the credit application, approval and disbursal process. There is the potential to use Information Technologies (IT) to set up a web-based interface that makes the financial details of the cooperatives accessible to the concerned banks and textiles department officials; and includes a web-based record of credit application and approvals that records the dates of application and processing at each stage. The objective is to create a record of the process that is easily accessible and transparent; and to help cut the processing time of credit applications from 8-12 months to a maximum of two months.

- *Setting up of yarn banks / web-based purchasing systems* – Removing inefficiencies in the supply chain for yarn is a critical step in reviving the handloom sector and will benefit both cooperatives and private operators. Again, there is the potential for innovative solutions incorporating IT. The Office of the DC Handlooms and the National Handloom Development Corporation (NHDC) can seek to create a 'virtual' yarn bank: a web-based interface where cooperatives and master weavers can place orders for particular counts of cotton yarn, which can be matched with the yarn supplied by the mills. Such a 'collective ordering system' will help bring economies of scale into the procurement of yarn and create a record of yarn demand and supply, thereby making it more difficult for the mills not to supply their hank yarn obligation. It will also help reduce the number of intermediaries

in the yarn procurement process. Although setting up such an interface and building a supply chain for yarn will require an initial investment, such a portal can be made self-sustainable through charging a fee based on a percentage of the total transaction.

Marketing

- *Building sector-wide brand equity for handlooms* – Building meta-brands is a critical first step in enabling handlooms to take advantage of new market opportunities. Increasingly, the lack of investment in brand development is leading to a negative association in consumers' minds, with many consumers, especially the young, associating machine-made fabrics with being 'modern' and handlooms as being lower-quality products. The launching of a 'Handloom Mark' by the Government is a step in the right direction, although the government's decision to run it as a purely government run initiative, rather than as a public-private partnership, will lead to limited impact on the marketing front in the long run.

  A fund, managed by the Office of the DC Handlooms, can be created to help advertise the brand-names created for handlooms in both domestic and international markets. Contributions to the fund can be solicited from the Ministry of Textiles, the Rural Development Ministry, the Tourism Ministry and the Ministry of Small Scale Industries (SSI).

- *Creation of a fund in each primary society consisting of 10% of sales of WCSs for design development and marketing costs* – In the long run, the WCSs need to plan for the costs of design development, marketing and advertising, including the cost of participating in trade fairs and buyer meets. For this purpose, WCSs should be encouraged to start a fund to pay for these costs. The WCSs can set aside a percentage (5-10%) of their sales into this fund, and a matching contribution can be provided by the state and central governments.

Interventions: Private Sector

Many of the interventions discussed above target both the cooperative sector and the private master-weaver. However, policy reforms should also focus on building larger private intermediaries (by total turnover) with the aim of promoting private capacity-building investments into the sector; encouraging the growth of firms that are more competitive by leveraging the economies of scale discussed above; and seeking to bring handloom production into the formal economy. Such investments will be critical in making the handloom sector more dynamic and responsive to the market, as it not efficient or feasible for the government to be the single-provider for capacity-building investments and services in the long run. Suggested policy reforms should address the following:

- *Providing incentives for private capital investments* – The government should designate the handlooms sector as a Priority Sector and explore incentives by way of time-bound tax-breaks and subsidized credit for projects that invest in research and development, building retail infrastructure, branding and advertising, and other such capacity-building investments. The feasibility of initiating a single-window clearance facility for such projects through the office of the DC Handlooms should also be explored.

- *Developing appropriate regulatory infrastructure* – The government needs to look at simplifying the procedures required to register and run a private business in this sector. Tax structures and procedures for confirming to the tax regime also need to be simplified. Complex procedures result in hidden costs, thereby reducing competitiveness of handlooms, and resulting in an urban bias, since master-weavers and other intermediaries in rural areas find it more difficult to access specialized consultancy services that are needed to comply with tax regulations. In an informal survey of handloom-based private businesses and design firms in Delhi, many reported that, due to unclear regulations vis-à-vis handlooms, they incur almost as high a cost in meeting the procedural requirements of confirming with the tax regime as the actual taxes paid. Such costs decrease the competitiveness of handlooms in mainstream markets. To promote private investment, it is critical to simplify and clarify taxation procedures for the sector.

Conclusion

As a major source of rural non-farm livelihoods, handlooms can play a critical role in promoting employment and raising rural incomes. However, the government needs to play a proactive role by creating a policy regime that encourages greater public and private investment into the sector and promotes competitiveness of handloom products in mainstream markets. Innovative and even radical solutions are the order of the day, not minor increases in budget allocations and tweaks in government schemes. ❑

(Email: adarshkumar@aiacaonline.org)

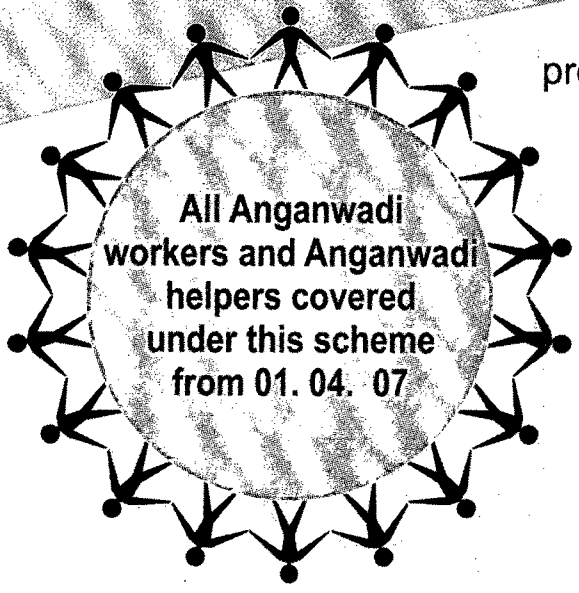
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Ministry of Women & Child Development
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Towards a new dawn

YOJANA

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Smt.Sonia Gandhi
Hon'ble Chairperson
United Progressive Alliance



Dr. Manmohan Singh
Hon'ble Prime Minister



Smt. Renuka Chaudhury
Hon'ble Minister of State for Women and Child Development (Independent Charge)

NUAL PREMIUM - Rs. 280 (Rs. 100 by LIC, Rs 100 by M/o WCD and Rs 80 by the beneficiary)
PAYMENT of Rs.80/-pa. by the beneficiaries for critical illness waived by LIC for two years w.e.f. 01-04-2007 to 31-03 09

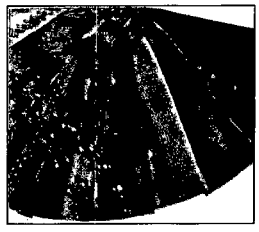
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rther details, please contact the nodal agency (CDPO/DPO, ICDS Scheme) as notified by the state governments or arest Pension and Group Schemes Unit of LIC

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YE - 7/7/11

Changing Landscape : Andhra



Aruna Varma

Handloom products in the local markets need to develop better integration of both product availability and awareness creation

IN THE present globalization scenario, the erosion of rural livelihoods is rampant which could lead to social commotion unless alternative employment is offered. The increasing population and urbanization leading to more and more migration is causing heavy disruption in social and economic systems of the nation. The dual economic structure of the nation is also posing lot of problems as the rural economy, which is home to 60% of the population is growing at 1.9% and urban economy which is home to 40% of the population is registering a stunning growth rate of more than 8%. This situation presents an immense need for distribution of wealth and to wage a war against concentration of economic power. Even though the Government is initiating many social security measures to bridge the gap, the success rate of these projects is limited resulting in ever growing disparity between the haves and the have-nots. The cell phone mania among our nation's middle class fills our ears with such a buzz that this situation forces us to believe that we are now living in a new India, where poverty and unemployment no longer exist. All this euphoria fades away if we understand the reality.

Let us consider manufacturing in the artisanal sector, and take the case of the handloom industry in particular. Handloom industry in India is one of the greatest manufacturing institutions in the world. According to the Compendium of Textile Statistics 2000, published by the Office of the Textile Commissioner, though the production of handloom cloth as a percentage of textile production dropped from 24 per cent in 1980-81 to 20 per cent in 1999-2000, the actual production went up from 3,109 million square metres to 7,352 million square metres. And, during the same period, mill production fell from 36 per cent to 4 per cent, from 4,533 million square metres to 1,714 million square metres.

In Andhra Pradesh alone, the industry provides livelihood to more than 3 lakh families with each weaving region in the state producing cloth of superior quality, having its own design identity. The weavers, were famous for producing fine and soft saree, which could be stored in a match-box. They were also popular for depriving Rome

The author has varied experience in handloom activities including handloom marketing.

of the nation's gold reserves through exports, are now faced with the dilemma of sustainability of this livelihood. How did this state of crisis come, and how can we address these problems? In the enthusiasm of creating a global village, can we leave the rural masses behind and carry on the development work? How can sustainable development models that benefit and include the majority of Indian population be built? In the present globalization scenario, local livelihoods which are traditionally connected closely to local markets are fast disappearing. The emergence of new sectors resulted in successfully creating plenty of employment opportunities to young generation mainly in urban areas. Now, the question arises where will the highly skilled artisans who can create wonderful hand made products with minimum equipment and working capital go? Can we create an alternative employment which would offer social and economic security?

The focus should be on creating social responsibility among the public by encouraging the use of locally made products. It is imperative to preserve the livelihood of large numbers of rural families as generating alternative employment is a big question?

Post independence, the manufacturing activity in handloom industry was consolidated with the establishment of many co-operative societies. Initially these societies catered to the clothing needs of the local markets and soon the State Government instituted apex body of co-operatives APCO, which took the responsibility of marketing the products of the handloom co-operative societies through exclusive sales showrooms established in all major cities and towns of the State. Apart from this, Master weaver system also became a dominant player in the marketing system as the co-operatives could offer employment to only limited weavers. In the process, the weaver became totally dependent on either cooperatives or master weavers which resulted in distancing himself from the knowledge of market needs. The master weavers pay low wages and reduce production, if a particular design does not receive good market response. Similarly the apex bodies reduce procurement from the societies if their sales are not up to the mark. This results in blocking of working capital in the stock. Here no one offers guarantee to the producer regarding sale of his product. In this situation, always some ambiguity looms over the lives of weavers for regular and secured income.

Decline in wages and insecurity of employment are forcing weavers to relinquish the industry and shift to other means of livelihood such as domestic labour, construction work, beedi-making, mining etc. In the process, they are also undergoing de-skilling and are labeled as unskilled labour. Instead of analyzing who is responsible for this condition, the focus should be on how to better the situation. In this prioritization of needs of different sectors, if employment generation is given major importance then what pushes the policy makers to abandon existing sectors, which have successfully made nation's presence to be felt all over the world. Handloom sector functions with local resources and is not dependent on foreign know-how or electric power. A systematic approach and development of efficient support systems can make a big niche for them in the global market. There are many NGOs such as Dastkar Andhra, Urmul and also few geographical clusters such as Kannur in Kerala which are registered pockets of success with concentrated efforts. These could be taken as benchmarks and scaled up by the Government at different zones and markets.

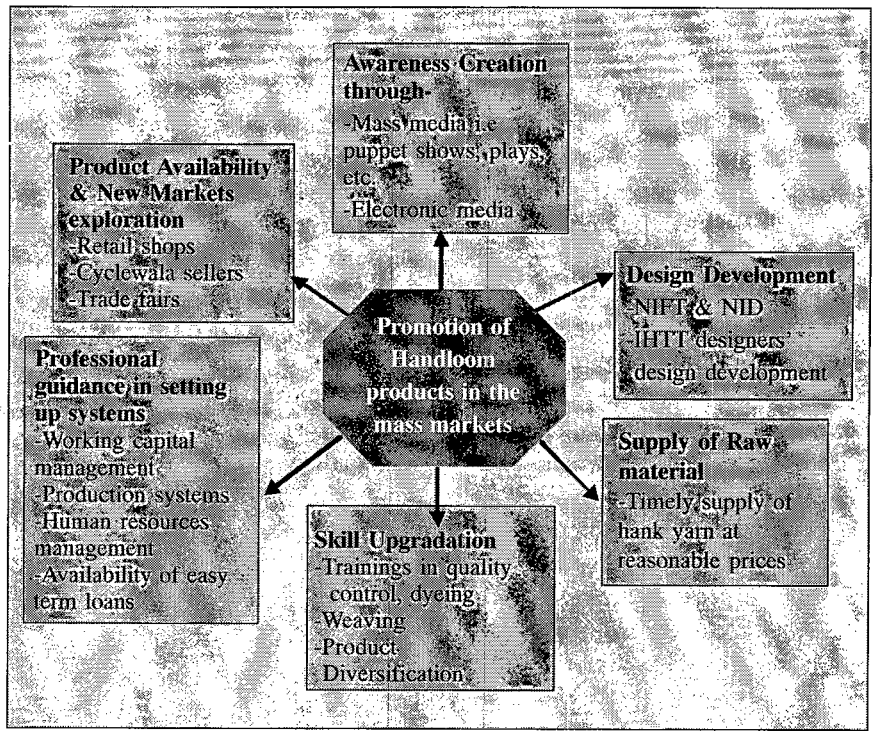
In India, 59% of the population belongs to lower income group segment. Unless a big industry like handlooms is connected to this market the growth and survival in the long run would become a big question. Simultaneously, there is a strong need to develop integrated business models across the value chains to create better returns for all stakeholders. The opinion poll carried out to know the perceptions on handlooms among the lower income group women in both urban and rural areas, divulged many inherent weaknesses that have cropped into the system.

To change this situation and to connect the handlooms production with the mass markets there is a need for a strategy which would address these weaknesses.

The Methodology could be-

- **Awareness Creation**: The opinion poll clearly indicated that majority of the population in the young generation are not aware of handlooms or could not differentiate between mill-made/powerloom products and handlooms. To connect the public with the product there is a need for a publicity campaign on creating awareness about handlooms. This can be done only by Government through advertising in print and electronic media, stressing the benefits of handlooms and need for the public to use them regularly. Television commercials by National Egg Co-ordination committee, and National Dairy Development Board have proved to be quite effective in creating enthusiasm among the public about the product. Simultaneously, mass media campaigns such as puppet shows and plays also act as powerful tools in influencing the buying behavior of the people.
- **Design Development:** Timely response to the market needs is very critical for the success of any product and similarly infusion of new designs is important in handloom market. Even though National Institution of Design and

National Institute of Fashion Technology are working with some geographical clusters on a project mode basis there is a need to integrate the designers with the markets, wherein the response would be analyzed with the help of management schools which have expertise in this. Findings have to be integrated in the next design development process to fix up the problem. After fine tuning both product and design there is a need for scaling up the operations by making the product available through regular marketing channels.



- **Supply of Raw-materials:** In a drive to boost export earnings, Government has opened doors for cotton and yarn exports which resulted in creating scarcity of yarn supply of specific counts in the local market. In order to curb these malpractices and leakage of yarn to non-handloom beneficiaries, the Government imposed 9.2% excise duty on hank yarn. The imposition of excise duty and paucity of raw-materials in local market has pushed up the prices of hank yarn, and this instead of getting absorbed into the product's final price, squeezed the wages of the weavers. The modest increase in final price has created an impression that handlooms are highly priced among the public in our highly price sensitive market.

- **Skill Up-gradation:** To improve the quality of the products there is not only strong need for timely and continuous up-gradation of skills but also creation of space for innovation. Technical knowledge would often encourage to experiment and innovate, even though many schemes are available in this regard, the impact is often very limited. While expanding the production base there is also a strong need for reviving rare weaving methods so as to create amicable atmosphere for learning among the young generation, which would in turn help in developing a niche market.

- **Professional guidance in setting up systems:** The failure of the co-operative system could be attributed to the failure of developing efficient systems for working capital management, production system and human resources management. Involvement of qualified professional for a long term and separation of political system from the co-operatives could help in resolving these problems. Financial institutions also can work with co-operative societies in setting up better working capital management systems.

- **Product Availability:** In the present scenario, handloom products are available through exclusive handloom retail show rooms such as Fab India, exhibitions or either through other retail shops where products could not be differentiated. In a highly price sensitive markets like lower income group segments handlooms are not available through regular marketing channels unless those products are produced locally. To confront this situation, mass marketing strategies such as selling through cyclewalas, self helps groups distributing through Public Distribution systems have to be explored. Otherwise all other efforts will be futile if the product is not available at the right time at the right place.

In the wake of trade liberalization and globalization the artisans have to survive in extremely competitive environments wherein the ability to fine-tune the systems and processes and capacity to meet big orders play a strong role. To increase the penetration of handloom products in the local markets, there is a strong need to develop systems for better integration of both product availability and awareness creation. Simultaneously, now the need of the hour is to make the producers believe in the product by offering security for sales which would lead to product innovation and market expansion. ❑

(Email: arunavarma1@yahoo.com)

Two Andhra villages learn to craft sari into success

Pathri Rajasekhar

Two famous villages of weavers near this southern Andhra Pradesh town have defied the fate that has befallen the industry elsewhere in the state.

No weaver has committed suicide from the tiny villages of Paturu, 10 km from here and the centre of the well-known Paturu saris, or Venkatagiri, 70 km away and renowned for its cotton saris.

In fact, weavers from these two villages do not want any assistance from the government. Their work keeps them so occupied that they do not have the time to do the rounds of government offices.

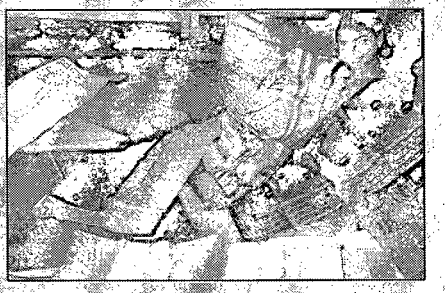
Also, weavers in both the sari centres rely on human ingenuity rather than machines to draw their winning designs.

More than 80 per cent of the 2,000-odd people in Paturu village depend on producing cotton and silk-cotton handloom saris.

According to legend, Tikkanna Somayaji of the trinity of poets who translated the *Mahabharata* from Sanskrit to Telugu belongs to Paturu. He is believed to have worked from the Siddeswara Swamy temple at the village in the 12th century.

"We used to produce pure cotton saris till 1993, and shifted to cotton-and-silk saris for the sake of variety and to remain in the market," said master weaver Kolamala Indrasena Kumar. The weavers procure quality cotton thread from spinning mills in the State and first quality silk from Bangalore. None of the master weavers depends on machinery or modern equipment for new designs.

"We draw the design on graph paper, transfer it on to a cardboard and use it in the loom," said artisan Kumar. In most cases the designs are their own creations while for the rest they take suggestions from customers.



The weavers get orders for plain silk saris from a few companies in Kerala, Karnataka and Tamil Nadu which embroider their own designs on them. The quality of the saris is such that popular organisations such as Chennai Silks purchase saris from Paturu.

"We assign a specific number of each design to clients like Chennai Silks to help them place repeat orders without hassle," said Indrasena Kumar, who produces more than 2,000 saris a month. An order for even four saris is enough for the weavers to produce a new design.

But more than selling to large organisations, the weavers are happier selling to housewives at their homes in metros.

"The women pay us 50 per cent at the time of supply and the balance while placing the next order," a trader said.

Paturu saris cost from Rs 350 to Rs 5,000. "We are ready to offer support to the weavers if they form societies," assistant director of handloom and textiles A. Jagajjeevan said.

The master weavers are, however, averse to the very idea of approaching the government. "We have to waste at least 20 days for a bank loan. We can produce 1,000 saris if we spend the same amount of time at our looms," a master weaver said.

The weavers produce saris worth Rs 30 lakhs in the nondescript village every month, and it is understandable why the weavers do not bother about government assistance. It also explains why the craftsmen have not been driven to despair unlike in other parts of the country.

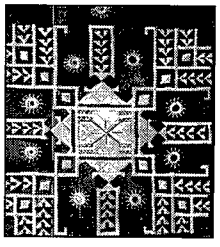
Assistant director Jagajjeevan said that Rs 1 crore worth of the more famous Venkatagiri saris are woven every month. The special feature of Venkatagiri saris is the Jamdani work, a technique invented by Venkatagiri weavers.

The work is done without using machines and this invention has won the President's medal for the weavers.

The weavers, though, have one demand. That power be supplied without cuts. The frequent outages are seriously affecting production which hits the weavers working on daily wages, said weaver Ramanaiah. ❑

(Courtesy : The Asian Age)

Handlooms as a Means of Expression



Charulata Singh

Handlooms represent the simplest yet most expressive specimen of intricate work touching every aspect of human interactions

HANDLOOMS, JUST as the other art forms have survived for centuries due to their richness and flexibility through the traditional values which are very subtly seeped into the coming generations. This art form weaves through the moods, thoughts, behaviours, and lifestyles of a particular period of time.

The handlooms have been working as communication links between various countries and have been radicalising Indian arts through a rooted approach, which is giving rise to a cumulative tradition where various activities help each other to blend with the indigenous and even modern concepts strengthening the foundations of diaspora of Indian culture.

They can easily take the form of bringing social change in our societies or preserving the cultural values. It being functional, interpersonal and having contextual base have been able to carry the messages of change, development and even the environment awareness. Rabindranath Tagore remarked aptly, "All traditional structures must have sufficient degree of elasticity to allow it to respond to varied pulse of life, delicate or virile, to grow with its growth, to dance with its rhythm". The reach and effectiveness of handlooms as a means of communication exemplify the richness and diversity of cultures and thence the artistry of the weavers as well as continuity of tradition.

Handlooms in India are the largest cottage Industry . Nearly four million handlooms are engaged in weaving fabrics of nearly twenty three different varieties of cotton. The industry has been providing direct/indirect employment to over thirty lakh weavers i.e. 12.5 million people approximately. It provides livelihood to over ninety million people in the country. It is the largest economic activity second only to agriculture. This sector contributes nearly 23% of the total cloth produced in the country. Textile industry is the single largest foreign exchange earner for India, i.e thirty eight percent. India has the second highest spindleage in the world second only to China.

Hand weaving covers a wide range of textile making. Its raw material is fibre. Fibres have always been developed to meet fundamental needs from the most mundane to most

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sublime. Most of the products which were exported included silk, muslin, cotton fabrics having patterns from mythological themes. Indian floral prints dating back to 18th century A.D. were discovered by Sir Aurel Stein in Central Asia. By the Mughals, muslin was referred as : baft hawa or abe rawan and shabnam.

Handlooms represent the simplest yet most expressive specimen of intricate work based on the simplest of principle of interlacement of opposing threads becoming, in skilled hands, the means of producing works of the most magical and aspiring nature, touching every aspect of human interactions. Hand weaving is most creative expression through fibre interplay and surface texture with patterns and colours ...and like all other crafts, it is also about a different appreciation of time. The bygone and intricate artistic impression are woven in diverse colours and style in their variegated hues and tints presenting the cultural lavishness still held intact with artistic alcoves of Indian masses .It has been a weavers heaven.

Handlooms have been found in two vivid expressions in the past :one, traditional handloom textiles were produced to be used for personal or for families of the villages. They were run by individual households involving domestic or local methods of weaving where the family members or community members took turns, which in turn wove them together through the invisible threads of communication ; second, opulent palace textiles were professionally produced by wealthy patrons or aristocracy , who produced for special occasions or for exports. Most of the handlooms in export market drew regional designations and the others got affiliated to their area, village, clan or community. The most famous Indian textiles are:

Silk: India is the only country in the world which produces all four kinds of commercially grown / known silks i.e. Mulberry, Tusser, Eri(raw silk), and Muga(east Indian) silks. Widely recognized varieties of silks are: Madras check of Tamil Nadu ; *Ikkat* of Andhra Pradesh and Orissa, it is called *Potola* in Gujarat, this design correlates the Indian traditional design to the designs made in Okinawa in Japan , Bali and Indonesia, Kutch in Gujarat is also famous for bead work and *Applique* work which is associated with a particular community. *Bandhej* is of Orissa; Tie and dye of Jam Nagar (Saurashtra), block prints of Ajar, Bhuj Tera, *Nirona* of Kutch distt of Gujarat; *Brocades* and *Baluchari* of Banaras which is originally from Murshidabad; *Jacquards* from Banaras; *Gulbanda* and *Daccai* of West Bengal; *Tanchoi* of Surat, *Phulkari* of Punjab.

Woolen: Pashmina , Jamawar, Shahtoosh , Angora from Kashmir and Himachal Pradesh

Cotton: Khadi, and all kinds of cotton fabrics are a fashion statement to-day and are flaunted by people all over the world. Mahatma Gandhi in 1920 remarked in 'Young India', " I present the spinning wheel on which depends India's economic salvation".

Jute: It is golden fabric found in Eastern parts of India.

Indian textiles present wide and exciting range of textiles which weave exquisite poetry in colourful fabrics, The most commonly used dyes in textiles were originally all natural dyes, for eg. Shellac for reds; Vinegar for black; Turmeric for yellow; Pomegranate rinds for green; and various others of flower and vegetable origin. All of these have been the communicating agents in one form or another.

Today much of this treasure is being lost to time and advances in technology. This means not only loss of skill or loss of livelihood for weavers but also, the loss of a fine way of expression and communication. If the handloom industry has to fight against the competition from powerlooms.

The Handloom Act, 1985 aims to shield handloom weavers against powerlooms and textile mill operators by reserving certain textile articles. Some major promotional and developmental programmes formulated by office of the Development Commissioner for handlooms relate to: Input support, Employment generation programmes, modernization and upgradation of technology, market support, welfare means and publicity. Variuos NGOs are also working towards this .The All Indian Artisans and Craftworks Welfare Association(AIACA) was also set for the welfare of craftsmen, it consists of 55 member organizations including NGOs and private businesses.

Workshops and training programmes need to be organized to motivate people to preserve and stand by their dyeing means of communication, which have been conveying messages in their unique manners generations after generations and connecting us to our roots, traditions and cultural ethos adding to our identities and affiliations.

There is need to keep alive and further create market for handlooms, by sticking to old indigenous designs. The waves of ethnic revivalism would be able to withstand any kind of competetion. Celebrity endorsement can be another means for reviving handlooms as for eg. Aishwarya Rai's fascination for Banarsi silk recently witnessed a boom in the sector.

There is a dire need to preserve these subtle and alternate forms of communication and expression. Their preservation for posterity will ensure continuity of a cultural heritage.

This infinite wealth of old skill is fascinating as it is an innate and individualistic way of interaction. It connects to the richness of the world around us and binds us through the invisible threads of affiliations. If this means of expression is protected against the adverse conditions and changing trends, the handlooms will continue to communicate to future. ❑

(Email: charukuldeep@yahoo.co.in)

Securing the Future

V Balakrishna

The women of SHGs in Warangal in Andhra are more comfortable than many others and the reason is insurance

JURRU Saramma, a member of Self Help Group (SHG) from Veleru Village of Dharmasagar Mandal of Warangal district in Andhra Pradesh got Rs 30,000/- as insurance on her husband Mr. Komariah's natural dealth.

When Jeedikanti Anjaiah of Quilashpur Village of Raghunathapalli Mandal in the same district died, his wife Chandramma who is also a member of SHG got insured amount.

When Nallagonda Swaroopa of Timmampet Village, Duggundi Mandal, a SHG member herself died naturally, her husband Koti got the insured amount.

The women of Self Help Groups (SHGs) in Warangal, district of Andhra Pradesh are more comfortable than any other rural women in the state. The reason behind this is the insurance for their life and their spouse's life. Their children's education is also secured. All this happened with the unique 'Kutumba Rakshana Yojana' scheme came up from District Rural Development Agency (DRDA) Warangal offering Group Insurance Scheme to thousands of Self Help Group women members between 18 to 59 years of age. The idea is conceived with the help of Life Insurance Corporation of India Ltd with their 'Janshree Beema Yojana'. All that the SHG members have to do is to enroll their names with Mandal Samakhya and pay Rs. 100 per annum as premium. Premium is Rs. 50/- in case the member is a widow or a single woman.

In this scheme, an amount of Rs 75,000 for death or permanent disability in accident, Rs 37,500 for partial disability and Rs 30,000 in case of natural death of the head of the family, will be paid to the nominee. An amount of Rs 20,000 in case of accidental death and Rs 10,000 in case of natural death of woman member of the Group will be paid. In addition to this an amount of Rs 1,200 is paid as scholarship to the

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children studying 9th to 12th, but restricted to two children per family.

"In a never before incidence we are bringing almost all the rural women and their husbands in a District under insurance cover at one go. So far we have received 278 cases of death of insured and all these cases are referred to LIC of India. The LIC has cleared 131 cases and paid an amount of Rs 39.85 lakh in the first round. 108 cases in the second round amounting to Rs 38.25 lakh. The remaining cases are under process" says V Bhaskarachary, Project Director, DRDA, who is the mastermind behind the scheme.

"We are giving top priority to the SHG members for settling their claims. We have simplified the process of verification of documents like Death Certificate, Nomination etc. and we are paying the money directly to the nominee in the form of cheque" says Mr. K. Sreenivas, Branch Manager, LIC of India, Warangal.

Because of the overwhelming response from the members, DRDA has announced its second round of enrollment. It was intended to cover all the left over SHG members of the District. 61,500 SHG members have applied so far and Rs 59 lakh has been collected as Premium.

SHGs themselves are actively involved in identifying eligible members, processing claims, submission of required documents etc. to claim the money. Mandal Samakhya is acting as a Nodal agency at Mandal level and the policies are issued in the name of Mandal Samakhya. The Master Policy is issued in the name of PD, DRDA.

Looking at the success of this 'Kutumba Rakshana Yojana' in Warangal district, many other districts in the state are in the process of doing the same.

❑



Reminiscing the Revolt of 1857

A Gangatharan

Until the lions have their own historians, the history of the hunt will always glorify the hunter

– Chinua Achebe

The revolt of 1857 must be viewed as a prelude to a long process of collective identity formation for national liberation

NATIONS EVOLVE their history but they don't do it so under circumstances selected by themselves, rather under circumstances encountered, given and transmitted from the past. Historical legacy is indispensable in the collective memory of a nation. Every nation has its own momentous occasion, memorable events and long cherished tradition which it invokes at frequent intervals to create freshness of communitarian sensibility and belongingness. The assertion of a collective identity formation through a national mega programme/festival has long been universally acclaimed as a cultural exercise to which India is not new.

The events of 1857, whatever we may generally call it, as revolt/mutiny/war, assumes great significance in its completion of 150th year in 2007. The Government of India has already drawn up a comprehensive plan to celebrate this carnivalesque event (relatively less in enthusiasm with its centenary celebration) with a view to instill the spirit of nationalism, particularly among the youth. Seminars, symposiums, workshops, national rallies, and exhibitions have been organized across the country to reminisce the revolutionary spirit of this memorable event. The event of 1857 was a watershed development in the historical life of modern India. The political identity of the Indian nation-state began to take shape from 1857, whether war or mutiny, had brought about a radical transformation as far as India's political structure is concerned. The genesis of Indian liberation movement may substantially be traced to this period. In spite of varying appellations and nomenclatural descriptions, the event sought to have gained a greater political currency in the sight of the 'imperial eye'. The culturally constructed English India turned into a jewel in her crown with a declaration of Queen Victoria in November 1858.

The general uprising was variously

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depicted by civil servants, military officials and the administrators in accordance with their interest perception and involvements. The event was described by the Secretary of State, Earl Stanley in his communique to British Parliament as a 'great uprising' in June 1857. C.T. Metcalfe refers to this event as a major 'social churning' in his monograph, *Two Native Narratives of the Mutiny in Delhi*. Karl Marx, the London correspondent to the New York Daily Tribune, was perhaps the first to recognize the mass character of the event.

The Times correspondent W.H. Russell echoed similar sentiments though on a limited scale. It was Benjamin Disraeli, the opposition leader of the House of Commons, in his three hour long speech on 27 July, 1857, opined that, "the mutiny has gained sufficient strength to become national revolt and the popular character of the movement cannot be set-aside for strategic reasons." On the other hand, the company compelled by its own contemporary necessities tried to downplay its magnitude and its intensity. It never recognized the mass character of the movement and tried to dub it as "sepoy mutiny/insurrection." William Muir, J.W. Kaye, M.R. Guibbins and J.C. Nott have categorically dismissed the popular character of the event. Nevertheless, the British government, in due course, recognized the potency of the movement and effected adequate changes in the military and administrative systems.

The indigenous intellectual response to this movement was substantially varied and they tried to draw inspiration by emphasizing different dimensions of it. V.D. Savarkar was perhaps the first nationalist to valorize this event as the "The Indian War of Independence" as early as in 1909. Aurobindo and Tilak saw the seed of nationalist spirit in this movement. The debate about the nature of the revolt once again reached its pinnacle on the eve of the centenary celebration in 1957. Scholars like S.N. Sen and S.B. Chaudhuri demonstrated the revolutionary spirit of the event. While R.C. Majumdar brought to focus the stultified side of the event by indicating the inconsistent and vacillating characters of the rebel leaders. Similarly, the event was subjected to greater scrutiny and debate in British academia. Various sources and interrelated issues were brought to light for thorough discussion beyond the pale of colonial framework. Scholars like Richard Hilton, J.B. Harrison and Richard Collier came up with the insightful arguments and contesting point of views. The sovereign states like Pakistan and Bangladesh also have their versions which invariably adds new dimension to this unending debate on this topic.

The events of 1857 have been the subject of bitter controversy and provoked impassionate literature than any other single event in modern Indian history. Memoirs, biographies, monographs, official reports and personal accounts of military and administrative officials are in plenty to gauge the British response to the 1857 revolt and its aftermath. These works deserve re-visitation as they may offer new insights to our understanding beyond the stated official claims and positions. Similar exercises need to be undertaken in regard to native reports, reminiscences and other recounting. Unfortunately, we have not yet completed the task of unearthing the native narratives and their rendering as they lay buried in a maze of linguistic traditions and folk narratives. A critical analysis of these primary records will not only enable us to bridge the gap between the actual events and our academic interpretation, but also provide a link between past perceptions and present understandings.

The current debate on the dichotomous nature of the event is not merely a rhetoric representation or theoretical formulation. They indeed are based on solid facts conforming to a pattern of historical argument. It is obvious that every historical explanation is susceptible to certain ideological underpinnings and identity assertion and thus as the result of which the sense of objectivity becomes casualty. While recognizing the ineluctable nature of bias, we need to critically analyze and scrutinize various established historiographic trends and viewpoints without loosing its chronological framework. The British formalist school attempts to locate the events of 1857 within the colonial hegemonic framework by denying its legitimate claim for a national movement. On the other hand, the resurgent native Indian historians see in these events a great mass upsurge heralding an era of national identity formation.

Various community groups have come together across the society with a unity of purpose to oust the British from their sway once and for all. The events were largely characterized by a spontaneous violent reaction of the people against the ill-tempered policies of the company regime. Besides the revolt was subjected to a plethora of hyper-reading which needs serious scrutiny. The essentialist and the revisionist tendencies are not uncommon phenomena in the nationalist narration. They are inextricably linked with the nationalist representation. Critical events such as this cannot be seen as a mere historical

happening. They indeed carry a mark of vital sprit of vibrant nationhood, seeking for a legitimate identity.

The event began predominantly as a sepoy mutiny in upper and central India, the area lying between Bihar and Rajputana, touching the Himalayas in the north and the river Yamuna on the south. It also comprised a portion of the North-West Province which consisted of eight administrative divisions. It evoked a mixed response from various political and social sectors but causing major stir and panic in the administrative quarters. While the revolt lacked an all India character it brought about a significant administrative, political and structural changes throughout the country.

A comparative perusal of various episodes suggests that the Revolt of 1857 was not only simply confined to the army and its related units but it gained intense support in the areas where the victims of company misrule were active, aggressive and bent to put an end to foreign domination. Thus the intensity of the revolt was related to ill-tempered policies of the Company Raj. In other places, the revolt received little or a modicum of support. Therefore the nature and character of the events must be studied on the basis of case-by-case analysis by locating it in its micro-spatial context. The southern part of India witnessed widespread civil disturbances, what was generally known as South Indian Rebellion in the beginning of the 19th century. It largely broke out against the rapacious land revenue policies. Policars, who may be roughly equated to the Taluqdars of the north, strongly resisted the ryotwari policy adopted by Madras government, which was subsequently put down. The Vellore Infantry of Madras Regiment had also mutinied against the discriminatory reforms effected in the army, in opposition to their religious sentiments. Similarly, the Bengal civil-unrest was met with the Permanent settlement by satisfying the interest of the landed gentry. Thus colonial policies were framed keeping in view of the interest of the collaborative classes. Though the company established its control in large part of the country, it did not adopt a cohesive policy mechanism nor did it evolve a uniform pattern of administration to manage its day to day affairs. It was in the process of becoming a political power *par excellence* throughout the subcontinent. The Indian response therefore largely grew out of local compulsions and immediate petty interests and historical exigencies. It was conditioned by the nature of the relationship in which native Indians were constituted, governed and controlled.

Each one of the events therefore should be studied in its specific historical material context, by taking into account a variety of interrelated features. Given the considerable absence of leadership and intellectual input the events must be studied in its particular context while focusing on its main objectives and purposes. The native reaction was largely conditioned by the policies adopted by the colonial authority. The interaction arising out of socio-political milieu becomes central to the historical analysis. Historical theories are not only reflection of material reality in a given social context, but also indicative of existing ideological leaning and intellectual predilections. The European endeavour to reconstruct the Indian identity through an Oriental project coincided with the Company's colonial enterprise, marking the beginning of *Pax Britanica* in the subcontinent.

Crucial to this development was the idea of India, which began to penetrate into the elite domain through a process of colonial modernization. The English education and European ideas became the cornerstone of British India, opening new vistas for colonial engineering. The company developed its own mechanism to control and establish its authority over the native subjects. India was constituted by a set of categories, classificatory modules, and administrative units for political domination. Neither Indians were recruited nor consulted in regard to administrative matters. They simply constituted a body of subjects, informants and tax-payers, whose task was to aid and abet the process of colonial enterprise. The Company paid more attention to retaining its relative superiority and cultural hegemony by distancing itself from its subjects. Native social sentiments, cultural sensibilities and political aspirations had been totally ignored. Economic question and land revenue policies also became the bone of contention, causing serious tension in the polity. The company did not relent from its aggressive policy of aggrandizement, nor was it willing to accommodate local expectations, which culminated in a showdown in 1857.

It had come as a bolt from the blue to the Company, as they did not expect such a violent native reaction. Dalhousie, the Governor of Bengal, was said to have remarked in his departure note in January 1857 that he was leaving a peaceful India, at least for many years to come. The company could not identify the growing discontent arising against its policies which was indicative of the nature of the relationship between the Company and its subject.

Given this historical context, the contemporary accounts of the Revolt left by the native intellectuals are

crucial to our understanding as they may throw light on the other side of the story. Mention can be made about few accounts in this regard, but they did not represent the native sentiments, since they were written with different purpose and focus in mind.

Syed Ahmed Khan, a prominent native intellectual, who was in service of the Company while the revolt broke-out had written an essay, *"On the Causes of the Indian Revolt"* (originally written in Urdu in 1858 as *Rissalah Asbeb-e-Bhagawat-i-Hind*), and was translated by Lee and Richard Temple for the Government of India in 1860. Subsequently it was published in 1873 from Banaras which again was translated by Graham & Colvin. Syed Ahmed Khan argued that a the Company's interference into the religious life of the people through social reforms and their soft corner attitude towards proselytizing mission was central to the conflict. While recognizing the popular character of the "great rebellion", he set aside Muslim conspiracy, national sentiment and annexation of Oudh from the list of causus belli. He also emphasized the lack of native representation in the Legislative Council which was responsible for widening the gap between the ruled and the rule. One may not be able to attach a great deal of importance to this work as it was mainly written for policy reforms to be adopted by the government in the aftermath of the revolt.

The Delhi-based local officials Jiwanlal Munshi and Mainuddin Hasan Khan's diaries give a graphic account about the battle in Delhi between the months of May and September, 1857. These two Persian diaries were published in English as Two Native Narratives of the Mutiny in Delhi by C.T. Metcalfe in 1859. Though these works bestow a volley of information, they cannot be wholly useful in understanding the popular sentiments. Most of the native accounts were written with the purpose for official use, but they did not fully reflect the ground realities from the popular perspective. In 1860's the young Bengali Journalist, Sambhu Chandra Mukherjee, published a curiously entitled pamphlet, *The Mutinies and the People or Statements of Native Fidelity Exhibited during the Outbreak of 1857-58*, which was a collection of the memorials of the pro-British. This work might have been written with a view to win the favours of the Company for rendering war time service.

On the other hand, the accounts of the native non-officials were simple description throwing light on the poor plight of the common people during the revolt. A cursory glance of these works would undoubtedly supply sufficient information to sustain an alternative argument. Mirza Ghalib's *Dastanbu* (Persian), Durgadas Bandopadhyaya's *Bidrohe Bangali* (Bengali), Godse Bhadji's *Maja Prabas* (my journey in Marathi), are some of the valuable native contemporary narratives, which provide useful snippets concerning various uprisings during this period. Besides a corpus of British contemporary accounts, there is hardly any work worth mentioning pertaining to this subject. Marx and Engles developed their own independent argument focusing on the class character of the struggle. They see a great mass upsurge in the 1857 revolt which gathered momentum from all quarters but however failed to develop into a national revolution. This was precisely because the conservative, capitalists and aristocratic elements sensed the popular character of the movement and defected to the British side. Consequently their privileges and interests were safeguarded in the post 1857 colonial administration. Thus economic factor had been cited as the key to the whole conflict.

In fact no particular factor or set of factors can be attributed to the outbreak of the revolt at a time when the Raj was in its political acme. Rather, it was conditioned by a distinguished characteristic and fatal features of the authoritarian regime, which paid no attention to the basic sentiments of its own subjects. Each one of the aggrieved parties, directly or indirectly by the policy of the company, tried there best to plead their case for redressal. But the colonial Raj outrightly dismissed their genuine demand in its *ad valor'em* forcing them to harbour enmity against the ill-tempered policy of the Raj. Nana Saheb, Rani of Jhansi, Maan Singh, Kunwar Singh and many other rebel leaders were impelled not by choice but by circumstances to enter into a conflagration against the company as their last bit to save their personal honour and national pride.

Economic grievances had been the bone of contention, but religion provided the necessary tinder to spark a popular uprising across the nation. Though the movement of 1857 could not bring forth an immediate political victory, it eventually prepared ground for a long drawn struggle against the colonial hegemony leading to its logical culmination. The revolt suffered largely on account of the lack of political vision and intellectual leadership from which the immediate posterity learned a great lesson. The revolt of 1857 must therefore be viewed as a prelude to a long process of collective identity formation for national liberation. ❑

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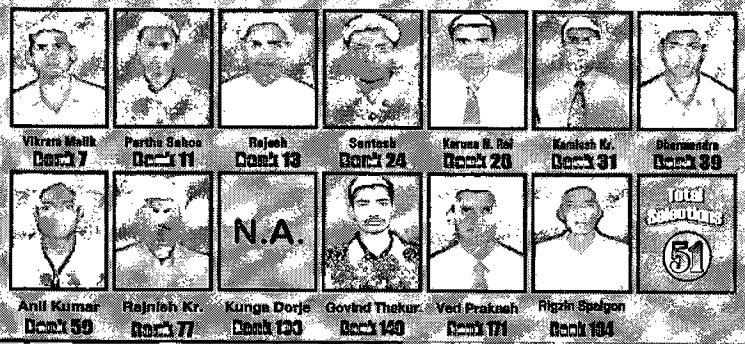
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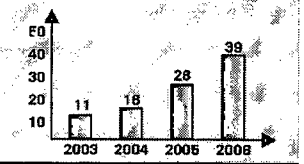
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J&K WINDOW

Improvement in J&K situation : UPA

INSISTING THAT situation in Jammu and Kashmir has seen "appreciable improvement", government said it is trying to "understand the causes of dissatisfaction" and is working to find lasting solutions to the problems of the state distressed by terrorism.

In its report card on completion of three years in office, the Congress-led government said the state has seen "healing touch" over the last few years and dialogue with various shades of opinion has led to "relieving the sense of alienation" among some people.

"There has been appreciable improvement in the law and order situation (in Jammu and Kashmir). The number of incidents of violence, civilians and security personnel killing and persons kidnapped have registered significant decline," the government said.

"We have been effectively engaging with as many political and other groups as possible to understand the underlying causes of dissatisfaction," the government said.

Referring to the Roundtable Conferences involving various shades of opinion of the state, it said these conclaves have "thrown light on some of the issues".

The government is engaged in talks, including at the highest level, with a large number of political groups in both (Jammu and Kashmir) regions.

These talks have "progressed in a constructive manner and have contributed to relieving the sense of alienation among some of our people", it said.

The Government portrayed a rosy picture on the foreign relations front, highlighting the Indo-US civil nuclear deal and progress in talks with Pakistan but noted that cross-border terrorism and infiltration remained a concern.

The Government said it had been able to engage Pakistan in a "meaningful and constructive dialogue that has the potential to bring peace and prosperity to our region as a whole."

The composite dialogue made "some progress" over the past year with the signing of an agreement on Reducing the Risks from Accidents relating to nuclear weapons and a revised Shipping Protocol, it said.

Expressing its keenness to further tone up internal security situation, the government said it intended to take several initiatives including "significantly" improving the police-population ratio and raise 79 battalions.

The government also proposed to introduce a bill for a new Police Act for the union territories.

Modernisation of the central paramilitary forces had been taken up at a cost of Rs. 4,185 crore for equipping them with modern arms, ammunition, equipment and vehicles.

The report card noted that the overall internal security situation was under control and the Government said that "multiple initiatives" have been taken to strengthen internal security. ❑

New Vistas for Kargil Women

TILL THREE years ago, death loomed over Kargil in the form of Pakistani shells. On any normal day, every afternoon these shells would chase it's, residents into underground bunkers. Some of them would pound the Kargil region with ferocious intensity, hitting innocent people, shops schools and hospitals.

Things are better for the past 38 months now. The ceasefire which came into force on the borders of Jammu and Kashmir in November, 2003 has brought about positive changes in the people's lives. After having faced war and displacement from their house, life is improving for the residents.

The peaceful and conservative Shia population dominating this land-locked district prays for the perpetuation of the "fragile peace". At an altitude of 2,704 metres, 204 km from Srinagar in the west and 234 km from Leh in the east, Kargil is close to the Line of Control in Ladakh and has suffered much devastation during the Kargil conflict of 1999.

But now, the IT revolution is knocking at the doors, computer centres are being opened and the Army is expanding its network of Army Goodwill Schools. Shia girls and women are coming out in large numbers for economic empowerment. Razia Bano for Wakha village trudges her way to the women empowerment centre (WEG) in the heart of Kargil town. After completing her Class XII, Razia could not continue her higher studies as the social set-up in Kargil does not encourage girls to come out of their homes for higher education and jobs.

After sitting at home for a few years, Razia persuaded her parents that she be allowed to join a WEC opened a few years ago under the Army's Operation Sadhbhavana. She enrolled herself into a year's diploma course in DTP at the WEC which has

six Internet connections. Zakiya Bano travels 21 km everyday from Kumbathang to Kargil to attend computer classes. There are many other courses attended by some of these girls.

In the past seven years, the 14 Corps has undertaken, massive development work in Ladakh. In an area where the temperature touches sub-zero (–60°C) and the state administration is literally defunct, Leh Army has been doing a lot.

"Though women work hard at home and in the fields in Kargil, it does not fetch them any money when we opened the WEC and other welfare centres of them, they gradually realised they would be able to earn", said an Army officer posted in Kargil.

The WECs train them in knitting weaving, tailoring, embroidery, carpet weaving an so on, making them self-reliant. All of them are paid while they are trained. The fact that these women generate additional income for their families have enabled them to take part in decision-making at the village level.

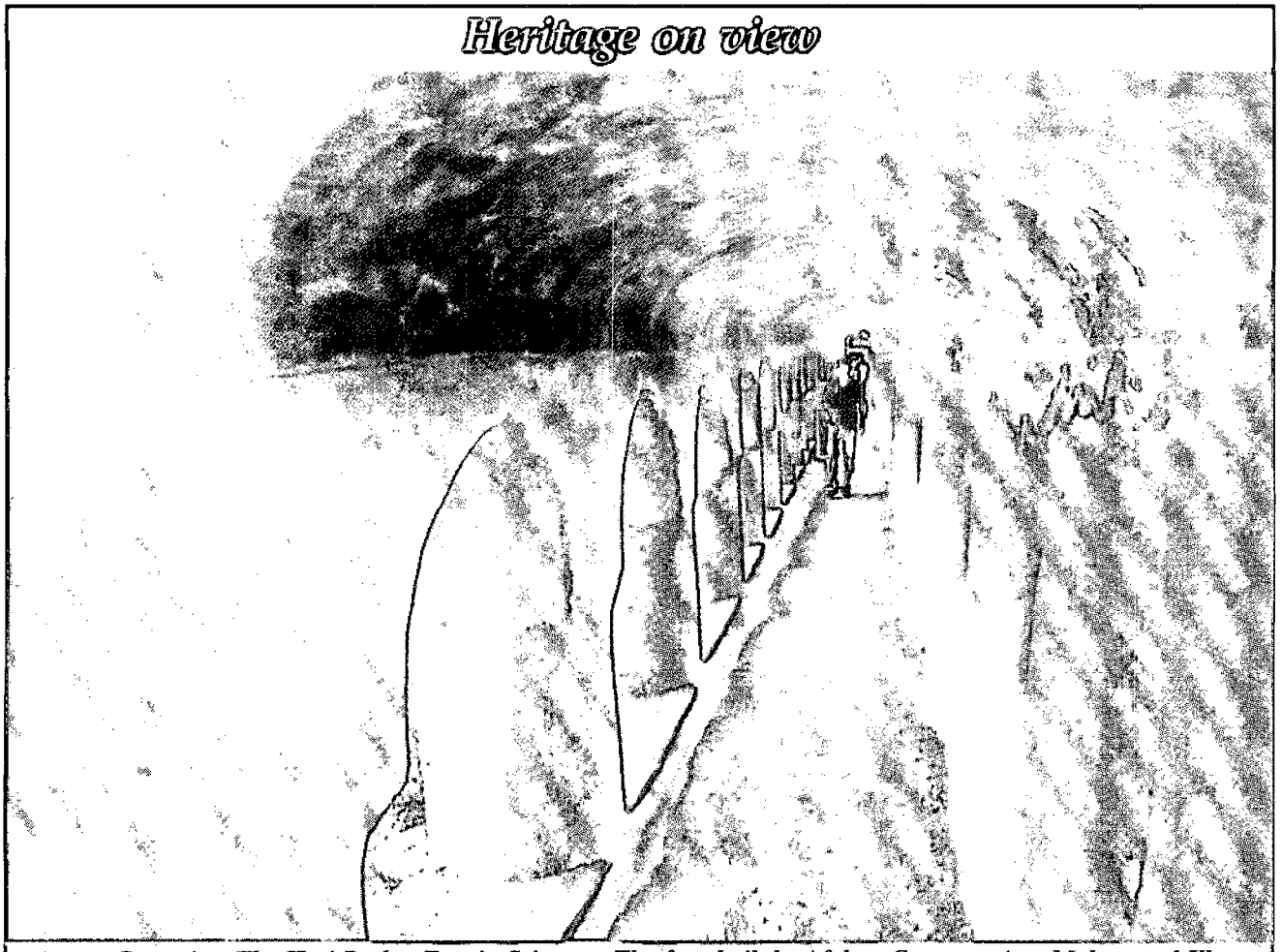
During the six winter months when the Zojila Pass, gateway to the frontier region of Ladakh gets blocked due to heavy snowfall, the WECs and adults literacy centres help the local women.

They can sell their prouducts such as shawls, sweaters and monkey caps. Women can weave a small carpet or embroider a shawl which cost from Rs. 150 to Rs. 1,000. Besides, WEC products such as mufflers, gloves and woollen socks are purchased by soldiers' families. Some of these are put up on sale in cooperative fairs organised by the Army Wives Welfare Association.

"We have 20 girls in the WEC. We have trained more than 150 women", say Mohammad Hassan, the tailoring and knitting instructor at the Kargil WEC. The young generation is quite excited about the development projects. The women of Kargil now taste a degree of economic independence. Many women completed their vocational training and turned entrepreneurs or gained employment. Through the WECs they are trying to make a living for themselves and educate their children.

"Many of the girls have their own boutiques after being trained in

Heritage on view



Across Centuries: The Hari Parbat Fort in Srinagar. The fort, built by Afghan Governor Atta Mohammed Khan in A.D. 1808, was recently opened to the public after 17 years

tailoring. Many girls have got jobs in state and Central schemes launched for the rural and border people of the state" Colonel GP Kamat, who over sees the Sadhbhavana project at the 14 Corps, Leh, said.

In this cold desert where survival is the main issue, the Army feels that border management is a game of human security which includes human development and border security.

Fatima Bano, a supervisor/ instructor, believes that the WECs at Kargil and Drass have helped to widen the vision of women besides enhancing their self-confidence. In the militancy-free district of Ladakh, which was recently in the news after clashes between the Buddhist and Muslim communties for women to earn a living is a dream come true.

The Army believes that women should be the instrument of change in the region and for conflict prevention.

For those Kargil women who are still unable to come out of their houses to attend welfare courses, the Army invited a team of eight experts from the Himalayan Environmental Studies and Conservation Organization, Dehradun.

It conducted a course in Kargil to train 46 women to make joss sticks, preserves such as jams, squashes and pickles, besides baking biscuits all with the help of local resources. These women work from their homes.

New vocations such as candle making, basket weaving, food processing and block printing are also being added to the WECs.

Women's education is being stressed. Since the institution of the Kargil Autonomous Hill Development Council, special emphasis has been laid on increasing girls enrolment in district schools.

The Kargil Hill Council was set up in 2003. Of the 30 councillors, twenty six are elected and four nominated. There are two women councillors in the Leh Hill Council and three women in the Kargil Hill Council. ❑

(Courtesy: 'The Statesman')

CM announces IITC at Pampore

Centre sanctions Spice Board, Foreign Trade Offices for J&K

CHIEF MINISTER Ghulam Nabi Azad announced setting up of India International Trade Centre (IITC) at Pampore over an area of 45 acres of land. The Centre would be established at an estimated cost of Rs. 25 crore to be provided by the central and state governments in the ratio of Rs. 15 crore and Rs. 10 crore respectively, Azad added.

Addressing the award giving function organized by Kashmir Chamber of Commerce and Industries at SKICC he said the proposal in this regard has been consented to by the Union Minister of State for Commerce Jairam Ramesh,who was also present on the occasion.

The Union Minister had during his meeting with Chief Minister also approved the proposal for participation of Jammu and Kashmir in the international fairs being organized at Dubai, Trafalgar and Melbourne. The Union Minister sanctioned Rs 1 crore each for these international fairs. Union Minister also approved the proposal for organizing major Expo of Kashmiri Carpets at Dallas in USA for which Rs 2 crore was sanctioned.

The Chief Minister said that Kashmiri Carpet exporters will get opportunity to penetrate the American Markets.

Azad informed that Union Commerce Ministry has in principle agreed to provide Rs. 2.5 crore for integrated international marketing for Kashmiri handicraft, handloom and silk products including carpets and that the ministry has also agreed to create permanent handicrafts exposition center for Jammu and Kashmir at Delhi. Azad thanked the Union Commerce Minister for agreeing to organize exclusive buyer-seller meet for Kashmiri carpets in the Valley this year.

The Chief Minister however, expressed dissatisfaction over inability of the concerned department to utilize Rs. 4 crore already granted to it by APEDA for setting up an Apple Packing House at Shopian.

Speaking on the occasion, Union Minister of State for Commerce Jairam Ramesh gave an assurance that the decisions he has taken here would be actually implemented on the ground. To ensure this he promised that Chief Minister would visit Valley once every month and monitor the implementation of decisions personally.

The Union Commerce Minister agreed with the suggestion of Chief Minister to facilitate the conduct of regular buyer-seller meet here. He informed that Union Ministry is willing to facilitate setting up of packing house for walnuts also in the valley. He announced setting up of a cold storage facility at Srinagar Airport.

The Union Minister listed various decisions he took for the promotion of industries and commerce in the state. He announced setting up of an office of National Spice Board in the state and a new office of Director Foreign Trade at Srinagar. He informed that Jammu and Kashmir Bank has agreed to provide rent-free accoummodation for these offices.

Jairam said that contrarily to the common belief that tourism is the backbone of the economy of Kashmir, it is actually the horticulture and the handicraft sectors, which contribute significantly to the GDP of the Valley. ❑

Ten Point Social Charter

Our better-off must understand the need to make our growth process more inclusive

In a modern, democratic society, business must realise its wider social responsibility. The time has come for the better-off sections of our society to understand the need to make our growth process more inclusive–to eschew conspicuous consumption, to save more and waste less, to care for those who are less privileged, to be role models of probity, moderation and charity. Indian industry must, therefore, rise to the challenge of making our growth processes both efficient and inclusive. If those who are better off do not act in a more socially responsible manner, our growth process may be at risk, our polity may become anarchic and our society may get further divided.

I invite corporate India to be a partner in making ours a more humane and just society. We need a new Partnership for Inclusive Growth based on what I describe as a Ten Point Social Charter.

First : have healthy respect for your workers and invest in their welfare. Unless workers feel they are cared for at work, we can never evolve a national consensus in favour of much-needed more flexible labour laws aimed at ensuring that our firms remain globally competitive.

Two : corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions. This is a part of our cultural heritage. Mahatma Gandhi called it trusteeship.

Three : industry must be proactive in offering employment to the less privileged, at all levels of the job ladder. The representation companies give to SC/STs, OBCs, minorities and women in their workforce must increase. I am, therefore, encouraged by CII's Report on Affirmative Action. I commend your example, and hope it shall be widely emulated. You must show sensitivity to those who are physically less-abled, in providing a workplace conducive to their employment. You must employ retired members of our gallant Armed Forces.

Four : resist excessive remuneration to promoters and senior executives and discourage conspicuous consumption. In a country with extreme poverty, industry need to be moderate in its emolument levels. Rising income and wealth inequalities can lead to social unrest. The electronic media carries the lifestyles of the rich and famous into every village and every slum. Media often highlights the vulgar display of their wealth. Ostentatious expenditure on weddings and other family events, for example, plants resentment in the minds of the have-nots.

Social pill for industry

PM's prescription

- Have healthy respect for workers and invest in their welfare.
- Corporate social reponsibility (CSR) must not be defined by tax planning alone.
- Industry must be proactive in job creation for the underprivileged.
- Resist excessive remuneration to promoters.
- Invest in people and their skills and offer scholarships.
- Desist from non-competitive behaviour and operation of cartels.
- Invest in green technology to preserve ecological balance.
- Promote enterprise and innovation for facilitating development.
- Fight the scourge of corruption at all levels.
- Promote financially and socially responsible media and advertising.

Five : invest in people and in their skills. Offer scholarships to promising young people. High rates of growth mean nothing for those who are unable to find employment. We must invest in skill-building and education to make our youth employable. Here too, I appreciate the CII's initiative in upgrading ITIs. This is a very good beginning, as I said, but there is more to be done.

Six : desist from non-competitive behaviour. The operation of cartels by groups of companies to keep prices high must end. It is unacceptable to obstruct the forces of competition from having freer play. Even profit maximisation should be within the bounds of decency and greed. The private sector should show some self-restraint in this regard.

Seven : invest in environment friendly technologies. India's growth must be enhanced and, yet, our ecology must be safeguarded for our future generations. Our track record in resource use is good, but must improve further. As a country of a billion plus people, with a scarcity of natural resources on a per capita basis, we cannot afford the wasteful lifestyle of the Western world. Conspicuous consumption must be reduced not just because it is socially undesirable at our level of development, but also because it is environmentally unsustainable.

Eight : promote enterprise and innovation, within your firms and outside. If our industry has to make the leap to the next stage of development, it must be far more innovative and enterprising. The success story of the last two decades has been the emergence of a large number of first-generation enterprises. As industry aims to master increasingly complex technologies and becomes organisationally more complex, it must try to maintain its competitive edge by investing in R&D and innovation and promotion of enterprise.

Nine : fight corruption at all levels. The cancer of corruption is eating into the vitals of our body politic. For every recipient of a bribe there is a benefactor and beneficiary. Corruption need not be the grease that oils the wheels of progress. There are many successful companies today that have refused to yield to this temptation. I commend them, and I urge others to follow.

Ten : promotes socially responsible media and finance socially responsible advertising. Through your advertisement budgets and your investments in media, you can encourage socially responsible media to grow and flourish. You can promote socially relevant messages and causes.

This is not an exhaustive list. You may wish to add to it, and adopt your own Social Charter for inclusive growth. The objective would be to encourage a culture of caring, sharing and belonging. We must end forever the debate whether our country's march of progress has benefited India and not Bharat.

India is Bharat. ❑

Based on Prime Minister Manmohan Singh's speech on May 24 at the inaugural session of Confederation of Indian Industry's Annual Summit, 2007.

Beyond the Boundaries

Kunal Badade
Medha Katkar

There is no reason why India should not emerge as a major international banking centre just as it has emerged as an important location in IT and software

THE ADVENT of technology has changed the face of Indian Banking. Post liberalization era had compelled the banking sector to be in line with the changes in global financial system. While developing its internal structure of payment & settlement according to the new inventional banking products, it had to spread its roots into the corners of the country. As a result, now India's banking system is one of the largest and an integral part of the international capital development and banking. These developments have brought with them immense benefits as well as costs.

Banking is an important sector. It is facing unique challenges today. Yojana launches a new series on 'Banking' from this issue onwards, which will cover various issues and dynamics of the sector

Being a service oriented business requiring high levels of professional and personal skill and national boundaries are no longer very relevant in mobilization & allocation of capital. So, there is no reason why India should not emerge as a major international banking centre just as it has emerged as an important location in the field of Information Technology & Software.

In India the design management and regulation of electronically based payments systems are becoming the focus of policy deliberations. The imperatives of development effective, efficient & speedy systems are getting sharper with the introduction of new instruments. E-banking procedures allow lower transaction costs, 24 hour trading, extends the business territory from a local bank to a borderless global bank, and allows efficiencies in the processes.

Most banks offer e-banking as a value added service. As well as, banking has led to the emergence of new banks which operates only thruough the internet called 'virtual banks'. The range of products & service offered by banks on the internet differs widely in their context such as:

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- Online Account Management
- Anywhere Banking (ATMs)
- Credit & Debit Cards
- ECS (Electronic Clearing Services)
- Electronic Funds Transfer (EFT)
- Financial Elcetronic Data Interchange (EDI)
- Internet Banking
- Online IPO, Equity Trading Derivatives
- Mobile Banking
- Smart Card

Information Technology

IT in banking has brought substantial changes in the functioning of organizations, the world over. Use of IT has become vital and an integral part of the day operations and functions of the banks.

The advent of internet has initiated an electronic revolution. The internet is one of the major distribution channel of product & services. Due to advances in internet security & the relevant protocols banks play their role as financial inter-mediators of commercial transactions. Banks have chosen a route of establishing a direct web presence as well as owner of financial services.

New providers have emerged within and across countries including online banks, online brokerages & companies that allow customers to compare financial services such as insurance politics. New financial entities are also entering the market including telecommunication and utility companies that offer payment & other services. Trading system for equities fixed income and foreign exchange are consolidating and going global. Electronic trading & communication networks have lowered the costs of trading and

Retail Electronic Funds Transfer Systems

Type	Volume of transactions (000s)			Value of transactions (Rupees crore)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
1	2	3	4	5	6	7
ECS-Credit	22,645	40,051	44,216	10,228	20,180	32,324
ECS-Debit	7,897	15,300	35,958	2,253	2,921	12,987
EFT	801	2,549	3,067	17,125	54,601	61,288
Total	31,352	57,900	83,241	29,606	77,702	1,06,599

Source: RBI Annual Report 2006-07

Card based Payments

Type	Volume of transactions (000s)			Value of transactions (Rupees crore)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
1	2	3	4	5	6	7
Credit Cards	1,00,179	1,29,472	13,242	17,863	25,686	34,694
Debit Cards	86,979	2,32,045	9,13,077	18,519	2,02,300	

Source: RBI Annual Report 2006-07

allowed for better price determination. The web is having a tremedous impact on financial services.

A recent survey indicated that consumers most frequently performed transactions include personal financial management services, messaging/e-mail and portfolio management. Growing usage of mobile phones has encouraged banks to develop new payment services for their customers. Mobile payment caters largely to micro payments segments and Wireless Application Protocol (WAP), so, it has turned out to be a convenient mode for small value transactions.

It is evident from the diagram, now banks in India accordingly tapping the potential of this mode of payment & promoting this as a delivery channel for small value retail payments.

As the new accord is resourc-intensive requiring large-database, strong IT architecture enabling building of risk profiles of banks on various scenario, it places heavy demand on banks & the regulator to improve their information base through appropriate tool. E-banking sets its own mechanism to improve the quality of the transaction taking place in a techno background. E-banking have given rise to a wide recognition and acceptance of having a set of international standards and best practices that every systematic transaction gives immense benefits to the system.

Transparency & Disclosure Practices: It has come to be regarded as the golden rule for the orderly behaviour of the financial system. Transparency is a major tool of the e-banking, which enables a person to make prudent supervision E-banking, which enables a person to make prudent supervision. E-banking in turn builds in a check against undue risk taking and reducing the probability of failures and systematic risk.

Ensures market Discipline: Due

to transparency, availability of data and open management it is possible to maintain a particular stability in personal portfolio of an inverstor.

Investor gets benefit at the time of sudden shifts in sentiment of the market, it lessens the vulnerability of markets, fosters healthy competition maintains a particular discipline.

Payment and Settlement System: It is needless to add the payment system plays a critical role in the development of e-banking transaction. As the banking products are transferred and delivered electronically but for completing the transaction physical movement or delivery is expected. There is a greater need for supervisory and regulatory system in e-banking, since many financial institutions such as banks, mutual funds, pension funds etc. deal with people's money. It is important to ensure that people's saving are safe, transactions are complete & transparent and not diverted anyway. The introduction of Systematically Important Payment System (SIPS), MIGR clearing, electroinc clearing, cards RTGS, etc. have brought the fundamental revolution in payment and settlement system in association with RBI.

Risk Management: E-banking facilities efficient investment decisions for banks, it translates into allocative efficiency and a clear perception of the risk return tradeoff embedded in investment proposals. In transactions credit & debits need to be settled in real time, so, that the value risks and default risk are minimized.

IT has also made possible to use complex financial products, such as derivatives, without adding to risk or uncertainty which has expanded the scope for meeting various kinds of financial preference risk profiles and different requirements of savers and investors.

Higher Output: E-banking has tremendous advantage for increasing productivity & generating higher output. As the banking product, unlike most other goods and services, money and finance can actually be used transferred and delivered electronically. This explains why financial volumes, with the aid of electronics and computerization have grown phenomenally in recent years. One estimate shows that total financial transactions in a day can exceed the entire GDP of an industrial country.

Lower Cost of Operation: Net based banking comes at only 10% of the operating cost of conventional banking practices & service. A cost comparison study done by IBM global service consulting group shows that traditional banks spend 60% of the revenue generated to run a branch where as the cost of providing the same via internet is just 15%. This is a huge saving for banks & consumers. Definitely the consumer is the principal beneficiary of the Internet Banking. He will be accessing the same service with more efficiency at low cost.

RBI plays a proactive role in facilitating the payment system initiated by banks in providing various services like mobile, internet, innovations also prescribes minimum safeguards which the banks should put in place before implementing such channels for payments. Following are some of the initiaitives of RBI in banking context:

- "Payment and Settlement System Vision Document 2005-06" released in May 05 to strengthen the institutional framework for payment & settlement.
- "NEFT-National Electronic Funds Transfer" launched in Nov. 2005, to bring efficiency in the retail & large value payments.
- "RTGS-Real Time Gross Settlement System" launched during 2005-06, enables the discontinuation of the paper based inter-bank clearing.
- "Financial Sector Technology Vision Document" in July 2005 for facilitating smooth & orderly technology upgradation of the financial sector.

Setting up the "Board for Regulation and Supervision of Payment & Settlement System (BPSS) since March 2005 which lays down policies relating to the regulation and supervision of all types of transactions and sets standards for existing and future systems.

Above information gives an insight about how RBI would continue to harness the full potential of IT to improve operational efficiency. The amalgamation of IT with business requirement would pave the way for capablities to process increased volume of transaction and provide good and efficient management information system inputs. ❑

Clarification

This is to clarify that the box on 'Poverty Check: Rural India Fares Better' at the end of the article by Madhura Swaminathan on Pg 16 of May 07 issue of Yojana is not a part of her article.

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- ☐ GIS as a tool of local planning
- ☐ Sectoral Plan vs Spatial Planning: Issues of Integration
- ☐ Gender Component in Local Planning: Experience and Lessons from Kerala
- ☐ Democratic Decentralisation: Planning Experience from other countries

The papers must reach M. A. Oommen, Malcolm S. Adiseshiah Chair Professor for Development Economics and Decentralized Planning, Institute of Social Sciences office, TC-2/2678 Surya Nagar, KRA-98, Pattom, Thiruvananthapuram, Kerala 695 004 (Tel: + 91 471 2534763 Email: maoommen@asianetindia.com) before 1 October 2007. Travel and other expenses of scholars from India whose papers are selected will be met by the organisers. Foreign participants may arrange their travel through their Universities/ Foundations/ Research Centres. Their hospitality, while in Kerala, will be looked after by the organisers.

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YE - 7/7/08

Retail Banking in India

R M Srivastava
Divya Nigam

The competitive edge of banks in retail banking would depend essentially on the kind of technology used and the efficiency of operations

RETAIL BANKING with its features of multi-consumers, multi-products, multi-channels and diversity of risk as also economies of scale and system has come to be acknowledged as powerful instrument in the hands of commercial banks and other financial institutions to deeply penerrate markets, enhance market share, improve competitiveness and increase their profit margin on sustaining basis.

As a segment of the banking business, retail banking is gaining prominence in recent few years not only in advanced countries of the global but also in developing countries including India. It is primarily because of tectonic change in socio-economic milieu leading to enhanced competitiveness, pathbreaking developments in information technology, financial market reforms and myriad of factors and fast changing lifestyle of the people.

Till 1990s, only foreign banks were the main players in retail banking activities in India. However, during the last five years there has been paradigm shift in banking business of Indian commercial banks from the wholesale banking to retail banking.

Retail banking has emerged as a key profit driver for banks in recent years with retail portfolio constituting about 22 per cent of total outstanding advances as on March, 2004. The loans are generally for duration of 5 to 7 years with housing loans granted for longer duration of 15 years. Credit card is another rapidly growing sub-segment of this product group. It is interesting to note that while way new generation private sectors (ICICI Bank, accounting for nearly 30 per cent of the domestic retail growth) have invested significantly in creating and sustaining a retail brand, their public sector counterparts have not lagged behind. Leveraging their vast branch network outreach, public sector banks like SBI having retail segment constituting 20 per cent of the total advances, had aggressively forayed to garner a larger slice of the retail.

The authors are Director General, Jeevan Deep Institute of Management & Technology, Varanasi; and Asstt. Professor, International College for Girls, Jaipur, respectively.

The retail lending of SBI grew by Rs 880 crore in 2003-04 as against an increase of Rs 6,641 crore in 2002-03. The ICICI has a wide distributed network of over 500 branches and 1900 ATMs. It has also a well-defined Direct Marketing Associate Structure which is a key element in its retail category. The ICICI's technology-based services such as Internent banking, Mobile banking and Phone banking enable customers to access the bank anytime-anywhere.

However, by international standards there is still much scope for retail banking business in India. Retail loans constitute less than 7 per cent of GDP in India vis-a-vis about 35 per cent for other Asian countries-South Korea (55 per cent,) Taiwan (52 per cent,) Malaysia (33 per cent) and Thailand (18 per cent). Further, retail lending in India is largely confined to urban and metropolitan regions and as such, there is tremendous scope for retail banking in vast rural hinterlands of the country.

Future prospects of retail segment of banking business in the India thus, seem to be very bright not only because of existing burgeoning untapped potentials in rural areas, but also because of multitudinous factors such as growing economic prosperity of the people and their purchasing power, changing consumer demographics with majority of population (70 per cent) below 35 years, upswing in income levels of middle class having high propensity to consume and changing mindsets and preferences for improving their quality of life, higher interest spread on retail advances of 3 to 4 per cent as compared to corporate loans giving average return of just 0.5 to 1.5 per cent, relatively lower risk element in retail advances due to high diversification and short repayment schedule and better opportunity for deepening relationship with existing customers through offering customized products speedily, cheaply and conveniently.

However, effectiveness of Indian commercial banks in capitalizing as emerging opportunities in the field of retail banking is contingent upon their capability to meet the challenges. The major challenge is how to deliver in a competitive landscape that is complex and rapidly evolving. From a historic position of strength the traditional banks now must fight how to sell new products. Consumers no longer automatically turn to their primary bank for additional services and most current accounts are loss-making. Besides, the core banking relationship itself is being challenged by product specialists and non-financial services players exploiting the power of retail brands.

A new generation of confident consumers is driving a fundamental change in consumer behaviour. Younger consumers are far more finicky and demanding, switching fast to a new offer. According to a research study of Asian consumers, nearly 50 per cent customers are dissatisfied with the service they receive from their banks and many would be prepared to switch if offered new opportunities. Banks will have, therefore, to be more watchful, monitoring changing consumer behaviour and accordingly, bringing about change in product, price and channel so as to offer superb product and customized service on continuing basis.

Growing ferocity of competitiveness in the sphere of retail banking will result in reduction of geographic barriers. Thus, geographic convenience could make the little difference in future. In that case, the consumer will choose banking services largely on the basis of price consideration. A time may come in the not too distant future when the consumer will be able to conduct a large amount of highly automated "Comparison shopping", usually so-called "Intelligent–agent" software programmes to search for and look at products from banks all over the country, not just from those banks that happen to be located near the consumers' home or work place.

In addition, the "electronic comparison" shopping will not necessarily always be for a "complete bundle" of banking services from a single bank, but could be on product-by-product basis or, as financial products become increasingly standardized as they become automated on a "accommodate-by commodity" basis. Thus, electronic delivery of banking serves could erode the brand-name loyalty consumers. Moreover, for retail produce like credit cards, mortgages, auto loans and some investment and savings products, there will also be nonbank competitors, specializing in being a very large provider of just one product to gain the lowest unit cost through economies of scale in processing.

Commercial banks are going to face new challenges from their competitors who are not relying on new, sophisticated technology, but are thinking of other ways to compete, cut costs and gain access to the consumers, and at the same time avoiding direct competition in those areas where non bank competitors already have a big advantage. For example, rather than relying on conventional branches, or setting up internet sites, and waiting for the consumers to take the initiative and eventually come to the bank in person, or electronically some multinational banks are contemplating (large grocery-store) chains where many consumers, including the customers of their

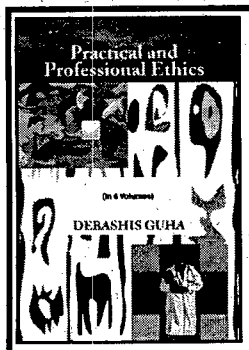
competitors, are virtually certain to come a few times each week. These scaled-back, but strategically placed, branches might help these banks capture that is not ready for total electronic products. In any case, this innovative approach to bank branching is considerably less expensive than conventional, stand-alone branches.

Another challenge which banks could be facing in near future is new forms of risks such as the potential risk of losing the competitive edge by underestimating the potential for electronics in banking, inadequate planning for electronic security, and the possibility for onerous regulation if banks do not provide reliable electronic banking products.

Finally, retail banking may not be so economical for banks in future. To meet the evolving needs of different segments, to develop new products, and to introduce services like internet banking and remodeled branches will all require a level of investment with which Asian banks are unfamiliar. Historically, banks in Asia have earned good returns partly because they were able to keep investments low and because they did not face stiff competition.

To meet the above challenges and ensure banking to survive and thrive, customers and customer service must be the kernel of retail banking business. This demands constant innovation in retail banking. In bracing for tomorrow, there is a paradigm shift in bank financing through innovative constant upgradation and revalidation of the banks' internal systems and processes. To use retail as a growth trigger requires product development and differentiation, innovation and business process re-engineering, micro-planning, marketing, prudent pricing customization, technological upgradation, home/electronic/mobile banking, cost reduction and cross-selling.

Thus, while there exists immense opportunities for growth of retail banking in India and abroad, the challenges are equally daunting. To what retail banking can exploit growth opportunities would depend upon the core competency of the banks to counterpoise the challenges and make use of opportunities profitably. However, the competitive edge of the banks in the field of retail banking would depend essentially on the kind of technology used and the efficiency of operations. ❑



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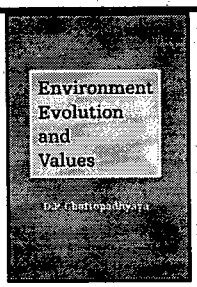
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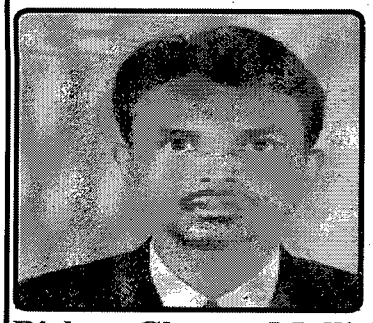
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YE - 7/7/10

DO YOU KNOW ?

How is President elected ?

The Election of India's 12th President is due in July 07. The President of India is elected by the members of an electoral college consisting of the elected members of both the Houses of Parliament and of the Legislative Assemblies of the states and the Union territories of Delhi and Puducherry. The importance of each state in the electoral college depends on the number of votes it carries. Uttar Pradesh's 403 members of the Assembly and 80 MPs therefore make it crucial for the presidential elections. With the emergence of the Bahujan Samaj Party as the single largest party in that state ensuring the formation of a government, the picture for the election of the President has been made clearer. A hung Assembly or President's rule in the state, as predicted by pollsters and political analysts, would have made the situation different as there is legal ambiguity on whether members of an Assembly that is in suspended animation could participate in the voting.

According to Article 55 of the Constitution, the number of votes each state is entitled to cast is determined by the following factors

- Every elected member of the legislative Assembly of a state shall have as many votes as there are multiples of one thousand in the quotient obtained by dividing the population of the state by the total number of elected members of the Assembly.
- If after taking the said multiples of one thousand, the remainder is not less than five hundred, then the vote of each member shall be further increased by one.
- Each elected member of either House of Parliament has as many votes as is calculated by dividing the total number of votes assigned to the members of the state legislative Assemblies by the total number of elected members of both the Houses of Parliament from the state. Fractions exceeding one-half are counted as one and other fractions will be disregarded.

The voting is by secret ballot. Among the 28 states, Uttar Pradesh has the largest number of votes and Sikkim the smallest. ❑

STATEWISE VOTES

The value of votes in each state and Union territory is as given below:

State	No. of Legislators (X) Value of Each Vote	Total Value
AP	294 x 148	4,351
Arunachal Pradesh	60 x 8	480
Assam	126 x 116	14,616
Bihar	243 x 173	42,039
Chhattisgarh	90 x 129	11,610
Goa	40 x 20	800
Gujarat	182 x 147	26,754
Haryana	90 x 112	10,080
Himachal Pradesh	68 x 51	3,468
J&K	87 x 72	6,264
Jharkhand	81 x 176	14,256
Karnataka	224 x 131	29,344
Kerala	140 x 152	21,280
MP	230 x 131	30,130
Maharashtra	288 x 175	50,400
Manipur	60 x 18	1,080
Meghalaya	60 x 17	1,020
Mizoram	40 x 8	320
Nagaland	60 x 9	540
Orissa	14 x 149	21,903
Punjab	117 x 116	13,572
Rajasthan	200 x 129	25,800
Sikkim	32 x 7	224
Tamil Nadu	234 x 176	41,184
Tripura	60 x 26	1,560
UP	403 x 208	83,824
Uttarakhand	64 x 70	4,480
West Bengal	294 x 151	44,394
Delhi	70 x 58	4,060
Puducherry	30 x 16	480

Other Statistics

- Number of legislators in the Country – 4,120
- Value of legislator's votes – 5,49,474
- The number of MPs – 776 (543 in the Lok Sabha + 233 in the Rajya Sabha – Nominated members do not have voting rights)
- The value of an MP's vote was fixed at 708. An MP's vote is calculated by dividing the total value of all legislators' votes by the number of MPs.
- The values of MPs' votes – 776 x 708 = 549,408
- Total votes in the electroral college – 5,49,474 + 5,49,408 = 1.098 million.

(Source : Lok Sabha Secretariat)

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YE - 7/7/09

Genetically Modified Foods

S K Gupta

THE HEADLINE news of March'07: "*Human Genes in Human Food*; the laboratory-created rice produces some of the human proteins found in breast milk and saliva" has drawn world attention. It is the first mingling of human origin genes from plants. The US producer, Ventria Bioscience, has produced three varieties, each with a different human-origin gene that makes the plants produce one of three human proteins. The two of them lactoferrin and lysozyme are bacteria-fighting compounds in breast milk and saliva. The genes, cultivated and copied in the laboratory to produce a synthetic version, are carried in to embryonic rice plants inside bacteria. US Dept of Agri. has approved it for commercial production. They claim it could be used to treat children with diarrhea, a major killer in the third world. They plan to harvest the proteins and use them in drinks, desserts, yoghurts and muesli bars.

GM technologies like all new technologies too pose some risks, both known and unknown

Similarly in December'06, "*GM yeast*" resistant to the ill effect of alcohol was reported, which could dramatically boost the efficiency of generating ethanol-based biofuels from corn and plant waste. Malaria Research Institute, Johns Hopkins University, Maryland has reported on 20th March' 07, "*Genetically Modified Mosquito to help fight Malaria*". Johns Hopkins, Howard Hughes Medical Institute with Santa Barbara, University have reported in March'07 the introduction of a "*single human gene into a mouse chromosome enabling it to distinguish more colours*", normally invisible to rodents.

Although above reports are marvelous and excellence in science, this has provoked horror among GM critics, scientists, environmentalists, NGOs, consumer groups, etc. across the world as they termed it disturbing and huge health risk because using crops and fields as glorified drug factories is a worrying development. If these pharmaceutical crops end up on consumers' plates, the consequences for our health could be devastating. The Consumers union, the Food Safety Centres and Union of scientists (a policy advocacy group in US), warned, "It is unwise to produce drugs in plants outdoors. There would be little control over the doses people might get exposed to, and some might be allergic to the proteins". The latest findings (13th March'07) in the Journal of "Archives of Environmental Contamination and Technology" is also

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alarming,- "rats fed for 90 days on Monsanto's MON863 maize exhibited the sign of toxicity in the liver and kidneys".

Genetic modification (GM) involves inserting a gene from one organism into another. The transferred gene, known as a transgene, carries the instructions for making a protein, as all genes do. These proteins control the organism's biological processes and determine its characteristics. Hence the very purpose of genetic engineering is to transfer a gene responsible for a particular desirable trait that it will share. In genetics combining genes from different organisms is known as *'recombinant DNA technology'*, which has the ability to combine DNA molecules from different sources into one molecule in a test tube, and the resulting organism is generally said to be "genetically modified", "genetically engineered" (GE), or "transgenic".Thus, the expression of certain traits, the phenotype of the organism, or the proteins it produces, can be altered through the modification of its genes.

What are the GM foods ?

GMFs have been available since the 1990s, with the principal ones being derived from plants; tomato, potato, soybean maize, canola, and cottonseed. In general term, using living organisms or their components, such as enzymes, to make products that include wine, cheese, beer, yoghurt, medicines and vaccines, foods and food ingredients, feeds, and fibers.

Are these foods safe to eat?

1. The currently available GM foodstuffs have been judged safe to eat, and the methods used to test them have been deemed appropriate. These conclusions have the consensus of the scientific evidence surveyed by the International Council for Science and are consistent with the views of the WHO.

2. The lack of evidence of negative effects does not mean that new GMFs are without risk. The possibility of long-term effects cannot be excluded. Scientists recommend that food safety assessments, which compare GMFs to their conventional counterparts, considered safe due to their long history of use, must be examined on a case-by-case basis to each process or product prior to its release in order to address legitimate safety concerns.

3. Consumers may select foods on the basis of how these are produced because of religious, environmental, or health concerns. Merely indicating whether a product is GM or not, without providing any additional information about its content or possible risks or benefits, will not serve the purpose. International guidelines are being developed for labelling of GMFs.

Benefits

Increased Food Production: Proponents argue that GM crops (GMCs) can end world hunger by increasing the yield of major crops as rice, maize, canola, soybean and cassava, which feeds millions in Asia and Africa, by creating following ways:-

- **Pest Resistance:** Crop losses from pests result to devastating financial loss to farmers and starvation in poor countries those cannot afford expensive insecticides. Secondly, farmers forced to use tons of pesticides annually, while consumers do not wish to eat food treated with pesticides because of health hazards. Thirdly, these may lead as run-off of agricultural wastes from excessive use and can poison the water supply and cause harm to the environment. GMCs can help to eliminate the application of pesticides and reduce the cost. World-wide trade losses, mostly by US, China, and Argentina, from mycotoxin presence in maize are hundreds of millions $US annually. The reduction of mycotoxins provided by Bt corn has been estimated to provide the US alone a total benefit of $23 million annually.
- **Herbicide Tolerance:** Generally, it is not cost-effective to remove weeds by physical means such as tilling, so farmers will often spray large quantities of herbicides to destroy weeds, a time-consuming and expensive process that also requires care not to harm the crop plant or the environment. GMCs resistant to one very powerful herbicide could help to prevent environmental damage by reducing the amount of herbicides needed.
- **Disease Resistance:** Plant biologists are working to create GMPs resistance to diseases, caused by many viruses, fungi and bacteria.
- **Cold Tolerance:** Unexpected frost can destroy sensitive seedlings. The trials are on to introduce an antifreeze gene into plants such as tobacco and potato from cold-water fish to enable them to tolerate cold temperatures that normally would kill unmodified seedlings.
- **Drought Tolerance/Salinity Tolerance:** As the world population grows and more land is utilized for housing instead of food production, farmers will need to grow crops in locations previously unsuited for plant cultivation. Creating GMPs that can withstand long periods of drought or high salt content in soil and groundwater will help people to grow crops in formerly inhospitable places, which can boost agricultural production.
- **Improved Nutrition:** Malnutrition is common in third world countries where impoverished peoples rely on a single crop such as rice for the main staple of their diet, which does not contain adequate amounts of necessary nutrients to prevent malnutrition. If rice could be genetically engineered to contain additional vitamins and minerals, nutrient deficiencies could be alleviated; e.g. blindness due to vitamin A deficiency is a common

problem in third world countries. The SFIT for Plant Sciences has created a strain of rice (golden) containing unusually high content of beta-carotene/vitamin A.

- **Pharmaceuticals**: Medicines and vaccines often are costly to produce and require special storage conditions not readily available in third world countries. Efforts are on to develop edible vaccines in tomatoes and potatoes, to make it easier to store, ship and administer than traditional injectable ones.
- **Phytoremediation**: Plants such as poplar trees are engineered to clean up heavy metal pollution from contaminated soil because soil and groundwater pollution continues to be a global problem.

Risks

There are safety concerns about the GMFs for human consumption and GM technology on the environment. A moratorium is effective in several countries on commercial planting of GM crops.

1. Harm to Other Organisms: A study showed that a gene for a bacterial toxin inserted into corn proved poisonous to monarch butterfly larvae that eat the leaves of those plants. It's uncertain what unintended effects transgenes designed to resist pests might have on beneficial insects or how they upset various balances in nature.

2. Uncontrolled Cross-pollination and Ecological Risks: GM plants can unintentionally cross-pollinate with other plants on nearby ecosystems is one of the greatest concerns. They can have potentially harmful consequences of (1) evolution of increased weediness; (2) increased likelihood of extinction of wild-relatives. Canadian scientists warned for rapid spread of pollen from GM crops, to the extent that makes it nearly impossible to grow uncontaminated seed in Canada today. Weediness of hybrids created with domesticated crops is quite common; in California, cultivated rye hybrids is with the wild *Secale montanum* to produce a weed, and this has led many farmers to abandon rye as a crop.

3. Gene Flow may affect Biodiversity and can impact entire Ecosystems: Pollen flow from conventional crops to native species poses gene-flow derived ecological risks, as crop plants are not selected to have optimal selective advantages in natural environments and farm fields are different to natural ecosystems.

4. Allergies: Nearly one-quarter of Americans reporting allergic to at least one food, critics say it stands to reason that mixing genes from different sources will only increase the risk of additional food allergies. If the gene from a common allergen were transferred to another crop, people with an allergy to that could unknowingly consume the allergen with potentially severe consequences. A project to transfer a gene from the Brazil nut to soybeans was halted after tests revealed that the GM soybean triggered an allergic response in people with allergies to nuts. In this case the source of the gene was known, but skeptics argue that such knowledge may not always be available.

5. Widening the gap: The biggest gainers will be agribusinesses, the large corporate. Creating GMOs and bringing them to market is costly, and businesses are patenting them. This may make the products costly leading to widen the gap between rich and poor countries/farmers.

Controversies

- **Safety**
  - *Potential human health impact:* allergens, antibiotic resistance markers, and unknown effects.
  - *Potential environmental impact:* unintended transfer of transgenes through cross-pollination, unknown effects on other organisms (e.g., soil microbes), and loss of flora and fauna biodiversity.
- **Access and Intellectual Property**
  - Domination of world food production by a few companies
  - Increasing dependence on Industralized nations by developing countries
  - Biopiracy—foreign exploitation of natural resources
- **Ethics**
  - Violation of natural organisms' intrinsic values
  - Tampering with nature by mixing genes among species
  - Objections to consuming animal genes in plants and vice versa
  - Stress for animal
- **Labelling**
  - Not mandatory in some countries (e.g., US)
  - Mixing GM crops with non-GM confounds labelling attempts
- **Society**
  - New advances may be skewed to interests of rich countries.

Safety Testing

How much of our food contains GMOs? When are we eating them? Who does produce? Who does regulate them? One of the central public debates of the coming years may well is over what we should eat for dinner, or more specifically, whether we should be eating, growing or selling GMPs.

US regulation for GMFs is determined by the objective characteristics of the food and intended use of it, irrespective of the way it was developed. The FDA policy states that a formal pre-market safety review is to be taken when the objective characteristics of any kind added to the food. Producers are required to submit documentation to FDA demonstrating its safety and await approval before selling it to consumers. The context for assessing safety of novel foods is the fact that existing foods often contain toxic components but are consumed safely; eg. potatoes and tomatoes

contain toxic levels of solanine and alpha-tomatine alkaloids, and this situation is recognised in the concept of "Substantial Equivalence" that was developed by the Organisation for Economic Co-operation and Development in 1993 as a criterion for identifying whether a novel food is at least as safe as the equivalent existing food.

Such concerns have never been arisen in significant way with GM bacteria and yeast, despite widespread commercial application for years. Diabetics have used insulin from a synthetic, human-like gene inserted into bacteria & yeast and people have been consuming GM rennet protein in vegetarian cheese for well over two decades with no loud public protest.

Regulations

Governments around the world are hard at work to establish a regulatory process to monitor the effects of GMPs and to approve them. Yet depending on the political, social and economic climate within a region or country, different governments are responding in different ways.

India has not yet announced a policy on GM, however is very supportive of transgenic plant research. Most likely the benefits of GMFs outweigh the risks because Indian agriculture needs to adopt drastic new measures to counteract the country's endemic poverty and feed its exploding population. Beginning of 2007 the Supreme Court has given directive to restrain fresh GM field trials, when the country has committed itself to usher in the second green revolution riding on biotechnology. Bt cotton is only the GMC approved in 2006 for commercial cultivation in India. It was grown but somehow spelt disaster for many farmers. The other food crops namely; brinjal, okra, tomato, chilli, rice, mustard, are being tested and await approval. By the rule book, a GMC must be tested for two to four years, both in limited and large –scale trials. Only when proven beyond reasonable doubt that it is profitable, poses no harm to the ecology, and human health, gets the OK stamp. Genetic Engineering Approval Committee under Ministry of Environment, grants the final approval for tests and subsequently, the crop to be grown commercially. The Department of Biotechnology, Ministry of Science & Technology is also meant to monitor safety standards. The trial crops must be destroyed and should not be used for consumption till approval.

According to 2003 survey, majority of people in the world felt that GMFs are bad. The lowest scores were in the US and Canada, where 55% and 63% (respectively) were against it and 90% in favour of a clear labelling, while the highest were in Germany and France with 81% and 89% disapproving. It also showed a strong tendency for women to be more opposed to GMFs than men.

The US filed complaint with the WTO challenging the moratorium and was lobbied by US biotech giants. Similarly, Argentina, Canada, Egypt, Australia, New Zealand, Mexico, Chile, Colombia, El Salvador, Honduras, Peru, and Uruguay also filed the complaint, indicating the European position toward GMOs immoral since it could lead to starvation in the developing world, as seen in some famine-threatened African countries (Zambia, Zimbabwe, and Mozambique) that refuse to accept US aid because it contains GMFs. Infact the US concern over Third World starvation is merely a cover for other issues. Some money for development aid is used by the US via the WFP to help their farmers by buying up overproduction and giving it to the UNO. US farmers lost marketshare in certain countries after changing to GMFs because of sceptical consumers interferes with this.

World Trade Organization's Ruling: was that EU restrictions on GMCs violate international trade rules. The US, Canada, and Argentina together grow 80 percent of all biotech crops sold commercially, and the EU regulates them. They argued that the EU's regulatory process was too slow and its standards were unreasonable given that the overwhelming body of scientific evidence finds the crops safe.

The world population has topped 6 billion and is predicted to double in the next 50 years. 17.3 million acres of agricultural land are lost annually to growth of cities and other non-agricultural uses, moreover global warming is another threat to reduce the land mass. One side claims GM can end world hunger and do away with pesticides. The other side protests that the risks are still unclear, speaks of *frankenfoods* and warns of *super- pests* and *-weeds*. Estimates suggest that at least 60 percent of the processed food we eat contains GM ingredients.

GMOs raise a further range of ethical questions. The potential for the transfer of GM technology to humans and its use as an instrument for manipulation of human genetics - giving rise to the fear of its use for objectionable ends, or of damage to human life as an unforeseen consequence. There are limits to the powers with which human beings are good enough, or clever enough, to be trusted.

GM Technologies offer dramatic promise for meeting some areas of greatest challenge for the 21st century. Like all new technologies, too pose some risks, both known and unknown. GMCs may reduce some environmental risks associated with conventional agriculture, but will also introduce new challenges that must be addressed. Controversies surrounding GMFs commonly focus on human and ecological safety, labelling and consumer choice, intellectual property rights, ethics, food security, poverty reduction, and environmental conservation. Society will have to decide when and where genetic engineering is safe enough and non-negotiable. ❑

In the News

- **GDP at 19-Year High of 9.4 per cent**

  Consistent double-digit growth in manufacturing, services and sizeable upward revisions saw the country record a 19-year high in gross domestic product (GDP) growth at 9.4 per cent for 2006-07.

  This is the highest growth rate after 10.5 per cent recorded in 1988-89, according to data released by the Central Statistical Organisation.

  GDP at current prices stood at Rs 37,43,472 crore, making India an $ 826 billion economy in 2006-07 (at an average exchange rate of Rs 45.29 to the US dollar for the year).

  The underlying feature of the growth story is that manufacturing saw sustained double-digit growth, at levels almost similar to services. Agricultural growth decelerated to 2.77 per cent, a development chiefly attributed to a high base effect.

- **Centre flags off minority mission**

  The Union Cabinet has set up four groups to monitor schemes to address the economic plight of Muslims and decided to focus welfare efforts on 90 districts with minority concentration. The 90 districts will be picked for implementing welfare Schemes, and banks will be asked to increase lending as well as open more branches. The cabinet has also directed ministries dealing with programmes on poverty alleviation, education and health to draw up special plans for the districts. In education, the focus will be on girls. The minority affairs ministry will introduce three scholarship schemes and a separate coaching programme.

- **28 Districts Identified for Lending to Minorities**

  The UPA government's initiative to enhance financial assistance to minority communities in the wake of the Sachar panel report will take-of from 28 districts in Uttar Pradesh, Bihar, Kerala and West Bengal, identified by the finance ministry. The Reserve Bank of India has issued a communique, bringing minorities in the ambit of weaker sections to whom domestic commercial banks will have to lend 10 per cent of their total loans sanctioned. These banks have to lend a total of 40 per cent of net loans to the priority sector.

- **MSPs of Oilseeds, Paddy, Pulses Hiked**

  With the purpose of encouraging farmers to increase cultivation of pulses, the Cabinet Committee of Economic Affairs (CCEA), has announced an across the board hike in minimum support price (MSP) of paddy, oilseeds and pulses for the Kharif season.

- **Rehab Policy to ensure one Job per Family**

  The government has said the resettlement and rehabilitation policy for people affected by SEZs and other industrial projects will make it mandatory for developers to employ at least one person from each displaced family. "The rural development ministry has been requested to work out a comprehensive resettlement and rehabilitation policy to ensure livelihood from the project to at least one person from each displaced family," Minister of State for Commerce Jairam Ramesh said in a reply to the Rajya Sabha.

- **Rajasthan Tops in Industrial Parks**

  Rajasthan has the largest number of industrial parks in the country. A total of 73 parks have been sanctioned for the state by the Department of Industrial Policy and Promotion (DIPP) in the last three years.

- **Job Scheme Benefits over two Crore**

  Over two crore households have benefited from the National Rural Employment Guarantee (NREG) scheme since its launch last year. In the first phase of the scheme in which 200 districts were covered, one member each from 2.09 crore households was provided employment.

- **Kerala Tops in education index survey**

  Kerala ranks first in the education development index, according to a survey on the health of elementary education in the country in 2005-06. The District Information System for Education Data, compiled by National University for Education Planning and Administration took access, infrastructure, teacher and outcome indicators into account to compute the index.

- The Union Cabinet has approved a welfare scheme to give the country's unorganized workforce, estimated to be about 36 crore, benefits such as life and disability cover and health and old age pension. The government will introduce a Bill in the monsoon session of Parliament. The legislation would provide for a National Advisory Board (NAB) that would suggest, monitor and regulate welfare schemes for these workers. The scheme will ensure that every worker in the unorganized sector above 19 is registered and receives one identity card. This identity card will be the passport for securing welfare benefits in any part of the country. The legislation will also provide for similar state level advisory boards in each state.

- **Other Cabinet Decisions**
  - Textile machinery: The Cabinet also decided to exempt textiles and textile machinery manufactured in India from the 0.05 per cent textile committee cess to help the industry global competitiveness, thereby improving competitiveness of Indian textile sector in global markets.
  - The Cabinet also approved schemes for Jammu & Kashmir, including a reconstruction plan for earthquake affected areas at a cost of Rs 635.88 crore to be implemented over a period of two years i.e. 2000-07 and 2007-08.

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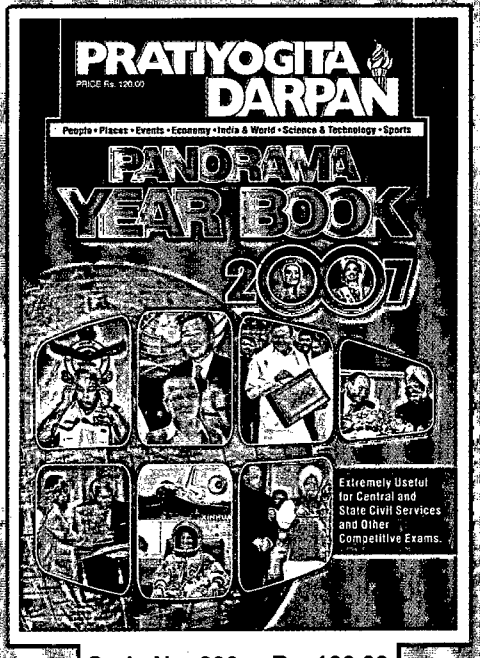
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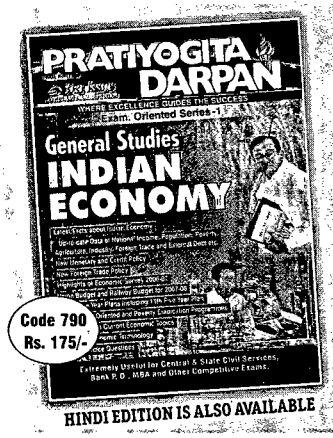
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