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EDITORIAL—SOME HIGHLIGHTS

I General Economic Scene

State:

Climate and Prices : May was a hot and dry month in the State, with relief work continuing in the drought areas on the sinking of bore-wells and the widening and deepening of other wells. The government has appealed to industrial units in the State to adopt villages with a view to constructing wells at an average cost of Rs. 15,000 to provide these rural habitations with drinking water facilities. May also saw widespread rain in the State, particularly in the southern districts. The areas which had rains and where the tanks and wells were as a consequence beginning to be filled were Sivaganga, Nagapattinam, Pamban, Coonoor, Adirampattinam, Karaikal, Srivilliputtur, Madurai, Mannargudi, Karaikudi. In Salem, Namakkal, Rasi-puram, Attur, the rains in May which occurred after a gap of 3 years enabled preparatory agricultural operations to be started. Thanjavur, Kanyakumari and Tirunelveli districts had also moderate to heavy rains. Prices in the State continued to rise, as in the country. The price changes however seem mainly

seasonal. Rice prices have declined due to fresh supplies arriving in the market, milk and vegetable prices are stable but lower than those prevailing in January. But pulses have increased in price by 37 per cent, oil and fats by 22 per cent and condiments and spices by 11.5 per cent. The government reaffirmed in May that though DIR and MISA have been repealed, the various price control orders, such as the Packaged Commodities Order 1975, the Tamil Nadu Essential Commodities (Display of Stocks, price and Maintenance of Accounts) Order 1977 and the Tamil Nadu Catering Establishments (Price Taxation) Order 1976 continue to be in force and the government stated that their provisions would be enforced strictly. In response to representations from the trades, the government deleted 45 items such as shaving blades, household appliances, iron and steel and exercise books, from the Tamil Nadu Essential Commodities (Display of Stocks, Prices and Maintenance of Accounts) Order, leaving 40 items where the provisions apply and are being enforced.

Power : May saw the continuing of the power cut—25 per cent in general and 50 per cent for HT industries, until May 24, when the power cut for HT industries was reduced to 30 per cent and that for essential and priority industries reduced from 30 and 50 percent to 25 per cent. Due to the extra supplies from Kerala starting in May and to be increased in June with the full force of the monsoon in that State, the government also lifted the ban from May 10 on extending power supply to new and additional loads exceeding 25 HP for both LT and HT consumers. Also from May 9, the government announced concessions to agriculturalists in the matter of collection of security deposits, fixed charges, and minimum charges on agricultural pump-sets. To meet the problems faced by farmers in drought-prone areas where small quantities of water had to be power lifted from great depths, the concessions announced enables the security deposit to be calculated on the basis of the average of 3 months' consumption in the previous year, reducing the fixed charges by 50 per cent to Rs. 1.25 per HP and abolishing the collection of the annual minimum wage. Within these concessions, farmers have been requested to settle the bills within the prescribed dates. As noted earlier, Kerala's supply of power was increased from 15 million units to 25 million units during May which enabled the cement plants to work normally. Kerala could supply both for Tamil Nadu and Karnataka more power but there was lack of adequate transmission lines in Kerala for which an investment of Rs. 100 crores would be required. Tamil Nadu has offered to assist in this investment in a phased manner and the present government in Kerala is receptive to the offer as it wants the transmission lines strengthened and improved. Kerala began a further increas-

ed supply to Tamil Nadu of 3-3.5 million units a day from May 24. Also the Union government is making every effort to revive the Hoganekkal hydel project with joint support of Karnataka and Tamil Nadu. The renewed attention given to this project is due to the near exhaustion of all other hydel resources.

The power situation in the country in the North Western States was during May a seriously deficit one. The flow of Sutlej waters into the Bhakra reservoir declined in May to one sixth its normal flow, and the Bhakra reservoir neared its danger mark of 54.62 feet, affecting seriously power supply to the States of Punjab, Haryana, Himachal Pradesh, and Delhi. The breakdown of two units each of Bhatinda and Faridabad Thermal Stations and one of Badarpur produced a serious crisis. Haryana reduced power supply by 50 per cent and Punjab also sharply cut its power supply. Uttar Pradesh faced a serious power situation with the fall in the storage level of the Rihand Dam reservoir. The Punjab power situation improved from the third week of May with the commissioning of the second unit of the Bhatinda thermal station. In September and December and next March, the Dher and Pong thermal projects will be commissioned, making Punjab self-sufficient. Haryana however faces a continuing shortage of over 3 million units. In May, in the food producing area of Punjab, Haryana and Uttar Pradesh, the power shortage seriously affected agricultural operations as well as the working of the Nangal fertiliser factory and the Faridabad industrial complex. 17 power units comprising 11.87 per cent of the generation capacity of the country were thus under forced shutdown on May 16 compared to last year's average 12 per cent shutdown. Maharashtra began relaxing its power cut

ranging from 10 per cent to 30 per cent due to the improvement of its thermal stations functioning. Karnataka continued to suffer heavy cuts in May and the possibility of installing a gas turbine to generate 120 MW for the State is being examined by the Union government. Andhra Pradesh had a marginal shortage, Madhya Pradesh a shortage of 9 per cent. For the country as a whole, the gap between demand and supply of power was 41.21 million KW a day in May against the April gap of 29.68 KW a day. In April the total power generated in the country was 8,144 million units against 7,253 million units in March. The Union ministry reports that power generation may fall short of the Fifth Plan target by over 3 million KW. In the first year of the Plan, 1974-75, 1.72 million KW of additional capacity, in 1975-76, 1.8 million KW, and in 1976-77, 2 million KW were created. During the remaining 2 years an additional 7 million KW will have to be created to avert a serious crisis. As the first three years' annual average was only 1.8 million KW, it will be impossible to create 3.5 million KW this year and the same amount next year. Thus the Fifth Plan target of 33 million KW of installed capacity which was reduced to 28.95 million KW, involving 12.5 million KW of additional capacity, is unlikely to be achieved. It is computed that one million KW capacity will be lost during the Plan due to old and obsolete machinery. The Sixth Plan programme will have to make up the lacks of the Fourth and Fifth Plan. Meanwhile proposals to import gas turbines of an aggregate capacity of 400 MW to meet the immediate power shortage have been approved for Karnataka and Maharashtra. Assam and Tamil Nadu have also expressed interest in gas turbines. The Planning Commission has approved the Karnataka and Maharashtra proposal, tenders

from UK, Germany, US and France are under examination and after the firm is decided on, the turbine can be taken off the shelf and installed in 6 months. Karnataka has asked for 4 units of 25 MW each with light diesel as feed stock. Maharashtra has asked for 4 units of 62.5 MW each, with low sulphur heavy stock as feed stock till natural gas is available. The total cost of this equipment including oil purifiers and transformers is between Rs. 2,400 to Rs. 3,000 per KW of installed capacity and taken with its use of petroleum products and the foreign exchange outgo, the question is raised as to whether we should go in for gas turbines, except on a short term basis and to meet peaking loads to prevent installed capacity from being idle. There is also the question of standardising the orders instead of allowing each State to order a different size and indigenising it through BHEL. In May, REC approved 32 new schemes for taking energy to 1,737 villages in 14 States, which will energise 11,200 pump-sets and 1,250 small scale agro-based industries. The approvals also include 4 training centres for linemen in 3 States.

Water: Andhra Pradesh government announced in May that the investigation for taking water from Srisailem to Madras for drinking purposes are complete and the work on important sluices for the proposed canals for taking the water is to be taken up in 1978. The State government has in May reactivated the Veeranam water supply Rs. 30 crores project which will bring the Cauvery waters to Madras from the Veeranam lake in South Arcot over a distance of 200 KMs in prestressed concrete pipes (see Vol III p 100 and IV p 336) UNDP using a US engineering consultant is helping the State government through Tamil Nadu Water Supply and Drainage Board to

chose a foreign firm and the Indian Home Pipe Company to execute the project. The G.S. Ramaswamy Committee had recommended that the project is sound and should be completed by using imported vacrete technology which is under negotiation by the government of India. The State government is also planning to take over the plant and machinery of the contractor at Tirukkali-kundram, Panruti and Red Hills which was engaged in the production and laying of the 'pre-stressed concrete pipes. The same UNDP consultant has also prepared a Master Plan for water supply and sewage for the Madras Metropolitan Area which could be completed during 1978-81 at a cost of Rs. 9.5 crores. Most of the Plan is replacing existing pipes, valves and attaching flow metres and venting metres to detect leaks, as about 60 per cent of the water available through the Poondi-Cholavaram-Red hills reservoir system is lost either through evaporation or seepage and leakage at various points. In May the Union government also announced that it is negotiating with Karnataka to release much more Cauvery waters to Tamil Nadu than was done in the last 2 years. Particularly the failure of the rains last year and the meagre flow let in by Karnataka through Mettur led to contraction of the Thanjavur irrigated acreage from 15.31 lakh acres in 1975-76 to 12.80 lakh acres in 1976-77 and a fall in paddy production of 4.11 lakh tonnes. A Committee of Secretaries of the 3 States assisted by the Director, Central Water Commission is drawing up a constitution for the Cauvery Valley Authority which would regulate the Cauvery flows. The State government has also taken up schemes for modernising the Cauvery irrigation system. In May, the Kerala and Tamil Nadu governments decided to complete the Rs. 16

crore Siruveni project by June 1979. The project will augment Coimbatore's drinking water supply by 80 lakh gallons per day by June 1979. Kerala will provide Rs. 7 crores and Tamil Nadu Rs. 9 crores to finance the project for which LIC has sanctioned a loan of Rs. 5 crores. For the drought affected areas in the district, Rs. 74 lakhs are to be spent to provide drinking water facilities through sinking new wells, deepening existing wells, providing pipes and fitting motors to draw water from the deep-wells. 50 bore-wells are being completed in these areas.

Transport and Communication : In May the Railway Board cleared the Plan for setting up mass rapid transit system (RTS) in the Madras Metropolitan area and the Planning Commission is processing the Integrated Transportation Programme for 1976-86. The State government is now working on the details of land to be acquired for RTS. In the first phase to be completed by 1981, Madras Beach will be linked to Pycrofts Road, following the alignment of the Buckingham Canal with broad-gauge electric multiple unit or a double line electric tractor. The line passing through densely populated residential and commercial areas will attract 3 times the members travelling by road, and will facilitate inter-change or dispersal of North and West bound passengers at Madras Central, Beach, Royapuram and Washermanpet, involving 49.1 lakh trips, of which 37 lakh trips will be catered to by RTS. The Railway terminals report in May 300 wagon loads of thermal coal and rice being unloaded at Salt Cotaurs, Tondiarpet, and Pattabhiram yards. Due to labour trouble and staff inadequacy only 30 coal wagons instead of 70 were being released to the thermal stations. Also 10 per cent of the wagons suffer

from fire incidents due to use of certain chemicals to blast the coal in the mines and labour refuses to handle such hot coal. Thermal stations in the State which have accumulated one month's stock have asked Coal India to stop further despatches for the present. Also an unusually low rate of loading of rice meant that FCI is also holding up the quick withdraw of wagons for the railways. Towards the end of May, 70 wagons of rice received from Haryana remain uncleared for days are exposed to weather conditions and involve FCI paying the Railway wharfage charges of Rs. 30,000 compared to the Rs. 8,000 a day wharfage collected by Salt Cotaurs from all defaulting parties. The prompt clearance of wagons is a first priority of the public sector consumer and customers who are using this essential service. The Pallavan Transport Corporation, under the World Bank approved plan, will have 170 buses added to its fleet, 380 replaced, 3 bus depots, 8 bus terminals and 400 passenger shelters developed by April 1981, so that the Corporation can meet an annual passenger growth rate of 6.5 per cent. In some sectors like Anna Salai and Poonamallee High Road which are already saturated, there will be no increase in carrying capacity. The Corporation's approved plan will thus run a complementary and feeder service to the RTS referred to earlier. One problem worrying the Corporation is the spurt in the number of accidents. In the period January to April, 132 buses were involved in accidents and to deal with this improved training and discipline of drivers and proper maintenance services of the buses are being introduced. The Cheran Transport Corporation is introducing mini buses with a seating capacity of 20-25 persons in the Nilgiris District to provide access to hilly areas

that cannot be served by buses. To open these inaccessible areas through these services which will not pay their way, the State government has reduced the vehicle tax to around 1/5. 5 mini buses will start this important service in the hill district. One regulation that this State needs is to bring in such as obtains in Karnataka, namely the obligation on scooter and motor cycle riders to wear helmets. This has reduced deaths in road accidents of such persons by 34.5 per cent in 1976-77 in that State. On the communication front, the new minister of communication has announced that by the end of the year, all the 36,000 villages which are today without postal services will be provided with such services. Plans are being finalised to meet the demand for 2.5 lakh telephone connections and the setting up of new telephone exchanges with indigenous technology.

Housing : MMDA reports that upto the end of May, it has acquired 200 acres of poramboke lands at Kattan Kolathur for building houses for government employees as part of acquiring 2,000 acres in the areas which have been named Maraimalai Nagar. The infrastructure in the way of roads, water tanks and pipes, trees etc. are being completed in the area. PWD has set up in Chepauk, the Building Materials Display Centre displaying exhibits of flooring and wall materials, paints, glazed tiles, fittings for doors and windows, pipes, sanitary ware, roofing material etc. It also gives information on the latest construction techniques developed by CBRI, Roorkee and SERC in Madras. A 1,600 books library, a laboratory conducting tests on cement, concrete, soil, clay and oils etc. and field tests and the audio visual wing add to this instructional programme which is helping building firms, contractors and

individuals. To lessen the hazards from fire to which the slums in the city are exposed, the Madras Fire Services have set up 14 Fire and Distress posts in the slum areas. Each outpost is manned by 2 firemen along with fire fighting equipment like fire extinguishers, stirrup pumps, fire rake, ceiling hook and fire beaters and means of treating the injured at the post itself. The close report under this scheme between the firemen and slum dwellers will reduce considerably the incident of fire hazards. A welfare service in housing inaugurated in early May in Madras was the cottages for aged people, the first 20 of whom moved into their houses. The project run by the National Council of Women will provide homes for 100 old people. It is a residential colony where the inmates pay for their board, lodging and other personal expenses.

National:

Fifth Plan: The Union government reconstituted the Planning Commission at the end of May. Prof. D. T. Lakdawalla is the Deputy Chairman and the members are the ministers of Finance, Agriculture, Home Affairs, Prof. Raj Krishna, Mr. G. Rajadhyaksha and Mr. B. Sivaraman. The Commission can now turn to the urgent tasks of finalising the 2 annual plans for the Fifth Plan, and undertake preparations for the Sixth Plan. As noted in the last issue p 281, the Fifth Plan for its 2 last years, 1977-79, is under review by the new government. A number of ideas and proposals are now being put forward with a view to restructuring the Plan. One is an employment oriented faster growth aimed ten year plan released in mid May by the Indian Renaissance Institute. It provides for a slower rate of industrialisation and a faster modernisation of social services, public utilities, housing and agro-economic conditions;

industrialisation will be small industry oriented involving decentralized dispersal and inter-action with the rural environment, slower growth of population, faster economic growth and per capita incomes; the State sector will concentrate on provision of services, public utilities, transport and constructions, with emphasis on power generation reduced; the process of growth will be more consumption oriented and less oriented towards capital accumulations; the major gains in consumption will be in basic necessities and social welfare services; and being labour intensive will provide more employment and so serve the aim of social justice. The plan envisages a rise in GDP of 80.04 per cent over a 10 year period, and, with a population rise of 15.85 per cent, would involve a net per capita GDP rise of 55.41 per cent. Per capita incomes will go up from Rs. 1,387.13 to Rs. 2,198.86 at 1975-76 prices, with the per capita income of those living below the poverty line about doubling from Rs. 520 to Rs. 963. Though the impact of the Plan on the demand for unskilled labour caused by massive outlays on services—education, health and housing and primary consumption of the bottom 40 per cent, 46,943 million new jobs in the non-agricultural sectors will be created during the decade, allowing for a net absorption of 1.34 million into those sections, relieving agricultural under employment. The direct generation of unskilled labour demand will be 3,034 million higher than in the Fifth Plan. Another change is that while the Fifth Plan envisages 120.7 million new dependents to be supported by 44.46 millions of new job, in this plan 99.5 millions of new dependents are to be supported by 52.03 million new jobs, lowering the ratio of dependent increment from 2.67:1 to 1.81:1. It envisages a total outlay of Rs. 1,63,000 crores with

agricultural getting Rs. 24,925 crores, irrigation Rs. 2,619 crores, power Rs. 12,730 crores, industry Rs. 24,796 crores, small industries Rs. 7,022 crores, large industry Rs. 17,774 crores, education Rs. 12,189.5 crores. Thus the percentage share of the outlay will be agriculture 15.28 per cent, irrigation 13.26 per cent, power 8.26 per cent, industry 15.20 per cent, small industry 4.31 per cent, large industry 10.89 per cent, transport and communication 6.21 per cent, housing etc. 15.75 per cent, education 7.47 per cent, health, nutrition and family planning 17.33 per cent. The Plan's assumptions on population growth, employment generation, investment resources are in need of careful analysis. But the direction in which the Plan is aimed at meeting basic needs, de-emphasising power and capital intensive sectors is clear, and is a pointer to current thinking of the new government. Another suggestion is the building of the Ganga-Cauvery-Tamraparani Canal at a cost of Rs. 15,000 crores which the Prime Minister has emphasised. Yet another proposal is the investment of at least 75 per cent of the funds of all financial institutions—nationalised banks, SIDCOs etc.—for the development of agriculture, cottage and small industries and rural development. No loan, equity or other finance facilities are to be granted to non-priority sector and the private sector is to be required to raise funds for non-priority projects from its own sources. The Planning Commission is proposed to be reduced to a small planning department of the ministry of finance and planning bodies are to be set up at the district level. The Union government however announced at the end of May that the Planning Commission will be maintained in fact and the new members were appointed as noted earlier. In this atmosphere of loud thinking and

some confusion, the Budget to be introduced on June 17 will be the first indication of the shape, size and direction of the Fourth Annual Plan of the Fifth Plan.

Price, Anti-inflation and Credit Policy: The upward trend of prices continued in April, the wholesale price index standing at 184.7 for the week ending April 30. This means that for April the price rise was 1.9 per cent, the largest rise being in primary commodities by 3.3 per cent. Within the primary group, oil seeds and edible oils continued to register the largest rise of 8.2 per cent and 6.4 per cent. The overall price rise in April was higher than that of March. The Economic Times retail price index for Greater Bombay shows a similar price rise for April at 1.4 per cent. Here again edible oils show the sharpest rise—over 100 per cent in a year for groundnut oil, 64.7 per cent for oils and fats and vanaspati. Pulse rose by 48.2 per cent during the year. The only moderate rise was in cereals. In view of the inflationary pressure exerted by edible oils, the government took a number of measures in respect of this commodity. It increased supplies of edible oils through larger imports, released stocks held by STC, and revamped distribution channels, replacing the middlemen whenever possible. STC is releasing 60,000 tonnes of crude rape seed oil, private trade which has imported 60,000 tonnes of rape seed, soyabean, and palm oil has been asked to import a similar amount in the next 3 months. Meanwhile, IIPA has been asked to make a quick study on all aspects of the issue and utilisation of licenses granted to private traders to import edible oil worth Rs. 556 crores (see last issue p 283), along with the decision to cancel the licenses which have not resulted in

import through firm letters of credit. The International prices of edible oils continue to rise (from \$ 150 a tonne to \$ 900 a tonne) in May. With the licenses granted, private trade has been asked to ensure import of an additional 3 to 3.50 lakh tonnes before October. For the distribution of rape seed oil, the government will use the fair price shops, thus passing on the middle man's profit of Rs. 1.50 a kg. to the consumer. The government also removed the ban on the exports of castor oil in order to increase its export earnings. On the supply side, a group of farm scientists have recommended making available to farmers improved quality seeds, improved management practice, expansion of the areas under oil seeds by bringing non-traditional areas, eg. the tribal belt in Andhra Pradesh and Orissa, and through inter-cropping and multi-cropping—all of which will increase the total volume of oil seeds. For this State, it is recommended that the mini kit programme should be increased to all districts from the 2 in which it operates now. Other general anti-inflationary measures include the Reserve Bank's decision to continue the incremental reserve ratio of scheduled banks—10 per cent of demand and time liabilities accruing since January 14, 1977. Also on May 9 the government withdrew the provision under which 50 per cent of the additional Dearness Allowances paid to employees was being impounded under the 1974 Act (see Vol IV p 532 and Vol V p 521). But to counter its inflationary effect, the amounts already withheld as CDS are not to be paid out but credited to the workers Provident Fund account. The decision on other CDS of tax payees awaits the budget presentation. The total under CDS was Rs. 1,500 crores. The first instalment of Rs. 220 crores

was paid in March and now the second instalment will be paid into the Provident Fund. The government has also set up an interministerial committee with the minister of commerce as the convenor to develop a package of measures to avert the recent rising trend of prices. A permanent mechanism for mass distribution of essential goods is being developed by the committee—a kind of belated follow up of the Dharia Committee report under the previous government (see Vol IV p 413). The government is also releasing larger quantities of foodgrains and sugar as recommended by the Inter-Ministerial Committee to help keep down prices. One of the proposals, to which the Prime Minister is himself somewhat sympathetic, relates to a sharp decrease in the supply of money. Two Bombay economists have proposed a 22 point plan called Fulmangal which will set up a national credit council to decide each year's monetary expansion, reduce prices by 18 points or 10 per cent, reduce bank credit to the government by Rs. 500 crores, a 50 per cent cut in export subsidies, increase Union and State taxes by Rs. 500 crores, adopt a zero budget technique, reduce net market borrowing by Rs. 250 crores, continuing CDS, impose a 6 per cent ceiling on bank credit to industry, introduce a quite hard and complex interest policy, finance FCI food stocks by taxes and free both deposit and interest from tax liability. There has been no serious discussion of these far reaching proposals by the economic community in the country. Meanwhile reports from the call money market in May are that there are large resources seeking investment outlets, the aggregate daily business being Rs. 1,000 crores and interest rate being a low 3-4 per cent. In this connection it may be recalled that two years ago (see Vol IV p 416), the

Indian Banks Association imposed a ceiling rate of 12.5 per cent to avoid a scramble for funds among banks. The comfortable resources position of banks is an indication that the slack season is starting and the RBI's new credit policy which was announced takes this fact and the general inflationary trends into account. On March 27, the RBI announced the credit policy for the year: (a) reducing interest rates on term loans upto 3 years from 14-15 per cent to 12.5 per cent to stimulate long term capital investment, (b) distinguishing between saving accounts with cheque facilities which will have 3 per cent interest and those without cheque facilities 5 per cent, (c) reducing interest rates for fixed deposits upto 91 days—6 months from 5.5 per cent to 4 per cent, for 6-9 months from 6 to 4.5 per cent, 9 to less than one year from 7 per cent to 5 per cent, 1 to 2 years from 9 to 6 per cent and 3 years—5 years from 9 per cent to 8 per cent and above 10 years interest to remain unchanged at 10 per cent, (d) impounding 10 per cent of the incremental deposits with the rate of interest on them increased from 3.5 to 5 per cent, (e) fixing lower interest rates for weaker sections borrowers and (f) establishing a higher 10 per cent margin over existing levels for banks advances as against oil and oil seeds. These and others refinance facilities by banks came into effect on June 1. On May 24, the Banking Department issued revised guidelines to commercial banks on the differential interest scheme under which the banks have to lend half to one per cent of their aggregate advances as at the end of the previous year at differential rates, two thirds through their rural and semi-urban branches to the weaker sections in the rural areas. One third of the loans under the scheme should be to eligible borrowers of the scheduled castes and

tribes. Regional rural banks are to lend at the same rates as co-operative banks and commercial banks can lend to rural borrowers through these banks. Also the Union government decided in May to create further tranches of 2 outstanding central loans—6.25 per cent loan 1997 for Rs. 75 crores and 6.50 per cent loan 2003 for Rs. 25 crores in order to replenish the holdings of long dated securities of the RBI so as to cater to the requirements of provident funds and institutional investments. The entire amount will be taken up initially by RBI and later sold to the banks.

Industrial Policy and Economic Growth: As noted earlier, the policy framework for industrial development was set forth in May by the Union minister of industry as being decentralization of industry, promotion of growth of small industries and giving industrial growth a rural orientation. The various government agencies concerned are drafting projects in the small scale—rural development sector. Besides shifting the locale of the industry to the village, a new marketing strategy involving setting up a new marketing organisation for selling small industry products is being developed. RBI in its turn issued in mid May a set of guidelines for financing gobar gas plants by commercial banks. The main eligibility criteria for loans for construction of a gas plant is to be ownership of the requisite number of cattle needed for the plant. The technical inputs for the loan include soil, climate, water table, land for the plant, availability of cattle etc. The quantum of loan will vary with the capital cost of the plant, repayment period is flexible, the amount not to exceed Rs. 8,000 and the interest rate the same as that for priority sectors. The Banks are encouraged to identify suitable aids for

growth of these plants and invest in them. In May the government also reversed the policy of automatic expansion of industrial capacity of foreign companies permitted last year (see Vol VI p 308). This was done to curtail repatriation of projects by the foreign companies. The question of excess production over and above that which has been permitted is being taken up by the government separately. The growth estimate for 1976-77 is a depressing one. The latest official estimate is that the growth rate for 1976-77 was 1.9 per cent against the target of 5 per cent, because of the short-fall in agricultural production following from the poor kharif crop last year. The rate of industrial growth was 9 per cent, that of foodgrains minus 5 per cent. Foodgrains in 1976-77 was 110 million tonnes against 120 million tonnes in 1975-76.

National Production Front :

Steel: SAIL project's steel production in 1977-78 at 10.3 million tonnes out of which domestic sales will be 6.87 million tonnes, exports 2.46 million tonnes, on which basis the carry-over stock at the end of 1977-78 will be 1.1 million tonnes against 1.59 million tonnes at the end of 1976-77. These estimates of domestic demand and carry-over depend on government encouragement to the housing programme which SAIL has urged in a note referring to the consumption of steel by the housing, bridge repair and building and the wagon industry. SAIL has suggested that the government should encourage public sector housing construction and private investment in house building. Above all the Urban Land Ceiling Act is the most serious bottleneck on house construction. In the last issue (p 286), the demand for steel for rural housing construction was referred to and

that should be acted upon. On the export front, Philippines is emerging as a major consumer of Indian steel items, steel billets exports amounting to 53,000 tonnes. On the production front, Bokaro reports a record April production of 1,64,537 tonnes of gross coke, 2,228 tonnes of aluminium sulphate, 1,50,986 tonnes of pig-iron and 67,134 tonnes of hot rolled coils. In addition 1,86,839 tonnes of sinter, 1,86,839 tonnes of hot metals, 89,083 tonnes of ingot steel, 77,754 tonnes of slabs and 72,809 tonnes of saleable steel were produced. Total saleable steel despatched amounts to 69,733.2 tonnes. The government has also under consideration a number of schemes for modernising IISCO costing Rs. 300 crores over a 4 year period expanding further to Rs. 800 crores. A detailed feasibility report on this modernisation programme is under preparation by Dastur company and will be ready for review by September. The scheme is aimed at increasing production capacity from its present one million tonnes to 2 million tonnes and increase its capacity use from the present 70 per cent to nearly 90 per cent. SAIL has raised the question of prices of steel products in view of the steep rise in manufacturing costs in the last 4 years. Also net domestic prices, and net domestic realisation are lower in India than in other steel producing countries. This case was made by J. R. D. Tata last year (see Vol VI p 639). Since October 1973 except for the compensatory coal price rise of Rs. 80 per tonne, no increase in steel prices have been allowed. The problem facing the economy is not only higher costs or international comparability. The dual steel price policy under which the public sector gets its steel on a cost plus basis and the others at normal market rates means that manufacturing industries based on steel production are making large profits even

though they are working at less than half their capacity, because of low steel prices. This means in our capital scarce economy that we are providing capital at half the price at which it is obtained in capital abundant economies. This is wrong. What is needed is for steel prices and in fact prices in all basic and core industries to cover costs fully, earn a return on capital invested and generate a surplus to be invested in modernisation, diversification and expansion of the plant.

Crude: In May, the supply of petroleum products—diesel oil and kerosene—was seriously disrupted in the North Western region because of the fortnights strike in Bombay Port Trust and the Koyali refinery. This led the government to import 60,000 tonnes of HSD and 25,000 tonnes of kerosene from West Asia. This is in addition to 77,000 tonnes of HSD imported in May compared to 43,000 tonnes in April. HSD inventories were low in April due to the normal maintenance one month shutdown of Madras Refinery and Haldia Refinery for 20 days plus increased sales by over 25,000 tonnes in April. In fact in mid May in the North West region, which is a large consumer of HSD stocks in cover and transit were sufficient to meet a mere 2-4 weeks requirements. Other steps taken include an increase in the through-put in other refineries such as Cochin's increase from a normal 2,10,000 tonnes to 2,60,000 tonnes, as well as change in the production pattern of the refineries so as to increase the supply of HSD. As a result, as against a daily average of 62,000 tonnes, the through-put of all the refineries in May was a daily 73,000 tonnes. By the end of the third week, the strikes had been settled and HSD and kerosene supplies rushed to the North West as well as Maharashtra and Gujarat

which had also been affected due to the strike spreading to the railway in Bombay Port and the Jodhpur division and road truck operators. Also to meet the seasonal spurt in the demand for HSD, the Soviet Union had been asked to supply 36,000 tonnes of HSD and 12,000 tonnes of kerosene from the Persian Gulf ports to reduce the lead time for the delivery of the supplies. There is also a general problem facing the country. Of 29 million tonnes of crude needed for the year, 14 million tonnes are produced internally and 15 million tonnes imported. Of these imports as at May problems have arisen in regard to the import of 2 million tonnes from Saudi Arabia and unless these problems are quickly solved, alternative sources from Iraq or USSR or by calling up on the clauses in the taking over agreement with Caltex or Exxon will have to be used to make up the shortfall. On domestic crude production, drilling is about to commence in the Cauvery basin. The drilling ship is in position and the drilling will be in October. Also the first offshore exploratory oil well off Tuticorin was spudded on May 8 by Asmera of Calgherry. The drilling will be completed by the end of June by the offshore drilling ship Glomar III. On May 21, Bombay High oil fields completed the first year operation during which it produced 4.1 million barrels of crude, saving Rs. 45 crores in foreign exchange. The new minister is also imparting a certain dynamism to ONGC and the country's production programme. The two foreign companies—Reading and Bates in Kutch and Notemar Carlsberg in the Bay of Bengal are facing difficulties in their drilling programmes and the minister is personally intervening to discuss and straighten out their difficulties before finding alternative operators. Also he is arranging for the speeding of the re-organisation of ONGC which is now

carrying too heavy a load of onshore and offshore prospecting, drilling and production as well as some distribution. On offshore drilling, the first Indian rig will come off the assembly line in a few months, the number of imported rigs is 44 (compared to the Soviet Union's total of 2,000). In Mid May agreement was reached on all points on the full takeover of Oil India from January 1, 1978. The government and BOC reached agreement on the last issue—the repatriation of dividends. Now OIL will be a major public sector onshore and offshore production unit and its expansion plans which have been lying dormant will be implemented. OIL will also provide ONGC a modicum of competition. Its drilling costs are 15 to 20 per cent lower than those of ONGC and this competition must be kept up to prevent the State units settling into a monopoly routine frame. The government is negotiating with the World Bank for a credit of \$ 250 million for the Bombay High pipe line project.

Coal: Western coal fields, a subsidiary of Coal India reports a production capacity of 22.5 million tonnes per annum (up from 15.50 million tonnes in 1972-73) from its mines in Madhya Pradesh, Maharashtra, and Orissa. 7 major reconstruction schemes costing Rs. 14.85 crores contributed 3 million tonnes of additional coal production, the opening of 9 abandoned mills at a cost of Rs. 18.3 crores added one million tonnes per annum and now 11 new major projects are underway at a cost of Rs. 83 crores with a production capacity of 7.75 million tonnes. In 1976-77 capital investment was Rs. 39 crores, against Rs. 35 crores and Rs. 22 crores in the 2 previous years. The company has also achieved a break through in soft coke produc-

tion and within the next 5 years will be producing 0.50 million tonnes per year. On the coal demand—prime, medium and blendable—of the steel plants, the committee on public undertaking estimates that an increase from 13.58 million tonnes in 1975-76 to 19.85 million tonnes in 1978-79 will take place. As a result, a number of improvements have been made in the supply of coking coal to the steel plants—such as the linkages between washeries and steel plants, stabilising power supply, recommissioning rope way, development of new blends of coal etc. The recommendations of the committee to improve coal coke supply to the steel plants involve locating areas of coal supply and improving technology to increase the supply of coking coal, reduction in the ash content of the coal supply which is of the order of 20.1 to 21.3 per cent instead of the normal 16 to 17 per cent, involving a loss of 12 per cent in steel production, which involves improved functioning of washeries and adopting new beneficiation techniques and improvements of the transport facilities. On the use of coal and its replacement of fuel oil, the conversion cost from oil to coal per boiler for the textile industry is Rs. 2.5 lakhs and IDBI has offered to loan these funds to sound mills. It would lower costs of the textile mills and because of the low sulphur content will be less pollutant than oil (unlike the situation in U.S. and Europe which is leading to the 55 per cent increase in our coal exports to these countries). Coal stocks in May amounted to 13.8 million tonnes at a cost of Rs. 100 crores. The Coal production target which was first fixed at 112 million tonnes, later lowered to 108 million tonnes and still lower to 92 million tonnes at which it now stands should be compared with the 89.4 million

tonnes production of 1976-77, and 88.9 million tonnes in 1975-76 with the offtake of 86.8 million tonnes and 84.2 million tonnes in the 2 years. Coal offtake is a function of industrial growth and activity of the economy.

Sugar : Sugar production is on the increase this year. During the first 6 months of the current season—October 1976—March 1977, production was 41.8 lakh tonnes compared to 37.14 lakh tonnes in the previous 6 month season. The March production was 7.96 lakh tonnes (against 7.84 lakh tonnes in March 1976). The offtake of sugar in March was 2.78 lakh tonnes for internal consumption and 89,000 tonnes for exports, bringing total despatches for internal consumption to 18.35 lakh tonnes and to 2.76 lakh tonnes for exports during the 6 months season. The total closing stock on March 31, 1977 was 29.06 lakh tonnes against 23.5 lakh tonnes on March 31, 1976.

Fertilisers: In order to increase the supply of fertilisers which is an important agricultural input, the government has decided to invest in four new fertiliser plants and provision for two will be included in the budget to be announced on June 17. They will be located in the West Coast, its sitting depending on the terminal facilities for the Bombay High gas over which Maharashtra and Gujarat are in dispute. In view of proven technology and viability of fertiliser plants using gas as feed stock, the third plant may well be in the gas fields of Assam. There is also the proposal for starting a naphtha based factory at Mathura or the expansion of Korba, which will be decided on the basis of the two coal based plants at Ramagundam and Talchur which will be commissioned later this year. For the 2

new plants to be included in this year's budget, the capacity of each will be 1,350 tonnes of ammonia per day (the largest in India is 900 tonnes and the largest in the world is 1,500 tonnes) and the investment will be Rs. 600 crores per plant. They will also call for import of the latest technology and equipment.

Agricultural Production : In May the heavy untimely rains in Punjab, Haryana and Uttar Pradesh have damaged the unharvested or partly harvested wheat crop. As a result the ministry of agriculture estimates that rabi wheat production this year will be around 26 million tonnes rather than the earlier estimate of 28 million tonnes. It is the small and medium farmers who are the majority who have suffered losses, the more resourceful large farmers by using combines and/or tractors completed their harvests before the rains. The untimely rains have delayed wheat arrivals in the market and slowed down procurement which before the rains till the first week of May was going well. Upto May 2, market arrivals amounted to 3.47 lakh tonnes and procurement was 2,92,097 tonnes. The open market prices on May 1 ranged from Rs. 110 to Rs. 124 per quintal in Haryana, from Rs. 110 to Rs. 160 in Madhya Pradesh, Rs. 140 to Rs. 170 in Maharashtra, Rs. 108 to Rs. 117 in Punjab, Rs. 100 to Rs. 140 in Rajasthan, Rs. 103 to Rs. 124 in Uttar Pradesh and Rs. 105 to 130 in West Bengal. After the untimely rains, the Union government sent instructions to Uttar Pradesh, Madhya Pradesh, Haryana, Punjab and Rajasthan that the specification for procurement of rain affected wheat for the market ending July may be relaxed. While Punjab prices are from Rs. 110 upward, in Haryana the price range has been between Rs. 92 and Rs. 125 per quintal of the rain soaked wheat and due to the reluctance

of the traders to bid for the wheat. The procurement upto May 7 in Haryana was 1.05 lakh tonnes out of a market arrival of 1.25 lakh tonnes, and in Punjab 1.50 lakh tonnes out of an arrival of 1.80 lakh tonnes. By the third week of May, market arrivals were 16 lakh tonnes and procurement 14 lakh tonnes against 30 lakh tonnes arrivals and 29 lakh tonnes procurement during May 1976. As a result of the government's price support efforts the prices at this time were, grade A Rs. 110 per quintal, grade B Rs. 109, grade C Rs. 108, grade D Rs. 107. With the slow arrivals and procurement, the problem for FCI this year is turnover of stock rather than storage and foodgrains movement which was last year's problem. The public distribution offtake trend has been steadily declining. In 1973-75 it was between 10.7 million tonnes per annum to 11.2 million tonnes, in 1976 it was 9.17 million tonnes and in 1977 it is expected to be even less. (But a more adequate and strengthened public distribution system to reach the rural poor has still not been worked out). Under present conditions, the total stock of foodgrains with government agencies is 18 million tonnes, including 15.91 millions with FCI. Of this, 5.46 million tonnes are in plinth and cover storage. By March 1978 the storage capacity will increase by 3.5 million tonnes. If the procurement for the year is 8 million tonnes and the public distribution offtake is 9 million tonnes, the foodgrains stock will be 17 million tonnes for the year. This raises several problems. First due to poor storage some 10 to 15 per cent of stock is lost through spoilage and rodents. In this connection, the Union government is intensifying its save the grain campaign (see last issue p 291). Metal bins for storage of food grains in capacities of 1 to 150 quintals are being made available to farmers at subsidised no profit no loss

rates. 11 save grain campaign offices have been established in the country, State level teams established in Andhra Pradesh, Uttar Pradesh and Haryana and 45 training centres are in operation. So far 40,000 bins have been fabricated and Rs. 1.39 crores has been given as loans to 19 States under this bin programme. Second apart from the bank finance of Rs. 2,000 crores, the budget last year subsidised the foodgrains stock to the tune of Rs. 500 crores and for this year the estimate is Rs. 460 crores. The proposal to use the foodgrain stock to execute employment oriented investment projects has not yet been operationalised. The Union government has therefore decided to repay the 2 million wheat loan from the USSR (see Vol. IV p 539), the first shipment of which will be in August. That is also the month when the PL 480 agreement which forbids the export of foodgrains expires. The need, however, to use this stock to meet the foodgrains needs of the poor in the country and to generate employment should command the government's first attention. On the kharif preparation programmes, the Union ministry has suggested to the States a multi pronged strategy to increase and stabilise kharif production. On the basis of a review of the production programmes undertaken by the Central teams in the States and taking into account the special conditions in each State, the proposed kharif strategy involves: (a) identification of suitable HYV and increase in their acreage; (b) timely supply of inputs and their effective use; (c) arrangement for timely production credit; (d) agricultural universities to run training programmes for extension agents and farmers; and (e) advice to farmers on seed bed preparation and suitable methods of sowing. The State governments were reminded that 60 per cent of the country's foodgrain production is

from the kharif crops—of rice, bajra, jowar and maize: Rs. 90 lakhs have been sanctioned for the central sector scheme of raising nurseries in government farms to be sold to farmers on the onset of the monsoon. Line sowing of rice followed by proper weeding and top dressing of fertiliser is another element of the kharif strategy. Demonstrations in use of improved implements are being arranged in Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal. Tur pulses and a phosphatic dose of fertiliser for groundnuts are recommended. The heavy rains have also affected the jute crop where the total hectareage of the crop is likely to be only 80 per cent of that of last year. Repeated and heavy showers are interfering with the sowing operation, hampering interculture and germination and causing floods and water logging in Assam and North Bengal. In Tripura, the sowing is only 50 per cent of that of last year and in Cooch Bihar the severe hailstorm damaged the standing jute plants. The crop in Bihar and Orissa which comes up later might escape from these damages. The soya-bean crop in Madhya Pradesh on the other hand is doing well, its hectareage having increased from 400 to 80,000 last year and 1.5 lakh this year. With the new HYV SS-2, the problem of the traditional black variety in duration and low yield have been overcome and the new variety is used not only for oil and cake as cattle feed, but also as soya protein for food.

Exports: The 1976-77 foreign trade of the country shows a trade surplus of Rs. 72 crores, the first such surplus in over a decade. Exports amounted to Rs. 4,980 crores, and imports Rs. 4,908 crores. Over the last decade major structural changes have occurred in our exports. Traditional exports—jute goods, tea, cotton textiles, leather, iron-ore and

oil cakes which formed 63 per cent are now down to 38 per cent of total exports. Engineering goods whose exports item were Rs. 23 crores have now exceeded Rs. 500 crores. Labour intensive products—cotton apparel, hosiery—have expanded from Rs. 2 crores to Rs. 250 crores. The good performers in the year 1976-77 included handicrafts, diamonds and arts and crafts. Marine products exports rose to Rs. 189.25 crores in 1976-77, against Rs. 124.53 crores in 1975-76, in terms of quantity fell from 66,782 tonnes to 54,463 tonnes. Japan and US continue to be the major markets for seafood products, followed by Singapore, Hongkong and Sri Lanka. Despite the slowing down of the catch in Madras, that from Cochin, Andhra Pradesh, West Bengal and Orissa using 17 large trawlers, is expected to increase the export for 1977-78 to Rs. 200 crores. In this connection for Tamil Nadu to increase its share of this important export earning, its infrastructure arrangement such as improved landing facilities, centralised auction facilities and exemption from powercut need to be ensured. Castor oil is another good performer, as noted earlier, its export earnings increasing from Rs. 16 crores in 1975-76 to Rs. 31 crores in 1976-77. Exports of chemicals and allied items amounted to Rs. 125 crores, an increase of Rs. 38 crores over that of 1975-76, with an impressive rise in ceramics, auto-tyres and tubes, processed minerals and refractories, paints and varnishes, plywood and plywood products, glass and glassware and crushed bones and fertilisers. During May bilateral Indo-Yugoslav talks led to an agreement to increase the trade turnover between the 2 countries, involving the setting up of a petro-chemical complex and effluent water treatment plants in Yugoslavia as well as the export of 1,200 railway wagons, wire drawing machinery, Kirloskar

Engines, equipment for ship building. Yugoslavia in its turn will help in setting up a sponge iron plant in India, in order that trade turnover might attain a level \$100 million. India and USSR agreed in April to increase the trade between the 2 countries from Rs. 750 crores to Rs. 900 crores for this year. India and EEC discussions on lifting the quantitative restrictions on the import of shirts and blouses into the EEC countries are still continuing; the first round of discussions did not lead to lifting of the restrictions. On May 5, the government announced the export assistance scheme for cotton textiles from April 1977 to March 1978, which is 17.5 and 12.5 per cent of f.o.b. value of exports of readymade garments of various types, 12.5 per cent for embroidered fabrics and yarn and thread, 9 per cent to 13 per cent for grey and non-grey cloth, 7.5 to 15 per cent for khadi and 12.5 to 15 per cent for hand-looms. The import policy for 1977-78 announced at the end of April liberalised the import of raw materials and machinery needed by industry and a wide range of consumer goods needed by the public. The list under open general license was enlarged to include leather, jute and garment machinery, drugs, chemicals, electronics, iron and steel items, scientific and technical books, spare parts, polynosic, viscose, polyester fibre, edible oils, cloves and cinnamon. Procedures have been simplified for actual users, established importers and exporters, abolishing the distinction between select and non-select items, granting automatic licenses on the basis of actual consumption in place of previous year's averages, easing of grant of supplementary licenses, placing units in the small scale sector on par with DGTD units for automatic and supplementary licensing, with entitlement to a 20 per cent increase for imported raw materials and components and licenses

on a repeat basis, licenses for 100 per cent of value of installed machinery and for 12 months requirements. Similar enlargement facilities—100 per cent of machinery value and free foreign exchange are granted to units in backward areas and those set up by ex-service men, scheduled castes and tribes young entrepreneurs and unemployed youth and graduates. R and D units can import upto Rs. 10 lakhs in place of the previous Rs. 5 lakhs. 32 items have been decanalised and the number and value of items have been increased for importers and new comers. The system of compulsory exports for certain categories of industries has been dropped, with government reserving the right to require exports for industries which use imported machinery. At the same time indigenous industry is protected by the requirement to supply indigenous materials for export production. The new import policy should aid accelerated industrial growth and performance and facilitate exports this year. But actually the trend seems the other way. The March 1977 exports were Rs. 521 crores against the 1976 exports of Rs. 591.9 crores. This trend may be strengthened by the uncertainty regarding the exports in regard to particular commodities vis a vis the new government's policy to discourage essential goods exports. Thus for instance at the end of May, 55,000 tonnes of sugar have piled up in various parts and STC has not entered into firm contracts with foreign buyers. The coming monsoons may damage the stocks. There is thus need for a clear policy on exports if last year's momentum is to be kept up.

Aid: India and USSR signed at the end of April an agreement for a 20 year 250 million rouble loan for aiding the steel and coal sectors; and for setting up a troposcatter link between Srinagar and

Tashkent for an all weather telecommunication system. The World Bank/IDA in May has agreed to provide Rs. 15 crores for the development of ayacut roads at Nagarjunasagar and Rs. 9 crores for agricultural expansion and research in Madhya Pradesh. IDA also gave a credit of Rs. 180 crores through the Agricultural Refinance and Development Corporation to co-operative and commercial banks for lending to about a million farmers on a 2 year investment programme. IDA signed a credit agreement of \$ 100 million to the Food Corporation of India to help it build additional foodgrains storage facility with silos equipped with the most modern bulk handling and transport equipment. With this credit, FCI will build 3.2 million tonnes of storage capacity, 2.5 million tonnes being of the conventional godown types, 2 lakh tonnes of silos near the major ports, 3.5 lakh tonnes of bulk cum back storage facilities and 1.5 lakh tonnes of bulk flat godowns with later mechanical handling and weighing systems. France extended a credit of 340 million Francs as part of its aid India Consortium pledge for project and non-project aid. Sweden and India signed an agreement at the end of May under which India will receive Rs. 48 lakhs for general capital goods, family planning, health, fishing and export promotion.

International :

China: In May, after a break of 15 years since 1962, India and China concluded an agreement under which Rs. 1.5 crores worth of goods will be exchanged. India will receive antimony, zinc and mercury from China and China will import from India shellac. STC will handle the exports to China and the Chinese Foreign Trade Corporation will handle its exports to India.

World Monetary Reform: The Managing Director of IMF has proposed a multi billion dollar fund, known after him as the Withthoveen Fund amounting 14 billion SDTs (\$ 16.5 billion), to enable developing countries meet their balance of payment deficits. The Plan is for equal contribution from the industrial and oil producing countries. The Plan and its principles were approved by the Interim Committee of IMF and the Managing Director was delegated the responsibility to negotiate the precise contributions from each State. Discussions between the Managing Director and the Saudi Arabian Finance Minister showed that Saudi Arabia would not contribute its expected share of \$ 4 billion but a smaller amount. This is under discussion and it may be that Fund may start off as open ended—at a lower level than the 14 billion SDR target proposed by the Managing Director, perhaps at 8 billion SDR and be topped off later. The fund has attracted the interest and attention of commercial banks in the industrialised countries, who met in a conference at Tokyo towards the end of May and decided that there should be close co-operation between IMF and IBRD and private banks to help finance the massive debts of the developing countries. In May, Brazil devalued the cruzeiro for the fifth time in 1977, changing the exchange rate from 13.29 to 13 to the US dollar. One negative aspect of world monetary reform is that in its absence, the international indebtedness of the developing countries is increasing at a fast rate. It has reached a level when the question of its repayment is becoming a major issue, and in order to prevent recourse to its unilateral repudiation which will affect relation with the industrialised countries and conditions of international monetary stability, which they control, the problem must be examined carefully and a solution

in the way of rescheduling, moratorium and conversion to grants etc. must be found. As at May, the indebtedness stands at \$ 165 billions.

CIEC: The prospects of a positive concrete agreement at the final session of the Conference of International Economic Co-operation, comprising 8 industrialised and 19 developing countries (see Vol. VI p 86) were enhanced as a result of the agreement reached at a meeting in London of the Presidents/Prime Ministers of the 9 most industrialised countries from the non-communist world. Their agreement was: (a) a special \$ one billion fund to help the poorest countries to pay interest on their debts: (b) concluding a series of agreements to stabilise the prices of the typical products of the poor countries: (c) the possibility of a common fund to finance these agreements and the stock piles that would be built up: and (d) the possibility of another arrangement to stabilise the income that the poor countries get from their exports to be called "Stabex". EEC operates the "Stabex" fund under which EEC offsets falls in export earnings of countries linked to it in the Lomé trade and aid convention. The Stabex system covers 12 basic commodities. The Paris agreement among the 7 rich countries gives new hope to the new International Economic Order which has been debated at several UN, UNCTAD and CIEC forums without any progress to date. EEC has offered to contribute \$ 375 millions to the \$ one billion special fund which was the first point of the agreement, which will involve a US contribution of \$375 million and the remaining \$ 250 million being contributed by the other members of OECD—Japan, Canada, Sweden, Australia, Switzerland and Spain. It may be noted that this fund in a sense is a return to the contributing countries, for it

is a response to the problem of the level of international indebtedness discussed in the previous section, and is a form of action proposed to help the poorest of the developing countries. One interesting spin off effect of the London summit was an agreement that the world economy had undergone in the seventies fundamental structural changes caused by the energy crisis, the difficulty in obtaining cheap raw-materials, and the needs of the developing countries, so that the unemployment problem could not be solved by the traditional economic measures elaborated by Keynes. (It is interesting to note that Keynes who had himself revolted against the classical tradition of the equilibrium analysis and the savings—investment education, is now regarded as traditional). There was general agreement that governmental intervention policies can no longer create employment opportunities and cannot solve the serious unemployment situation that is becoming endemic in their countries. Increased investment does boost economic activity but this does not increase the number of jobs. More often than not, it improves and expands technology and not employment.

WFP and Fund to Control Food Losses: The UN World Food Programme has asked member States to pledge \$ 950 millions in food aid for the 2 years 1979–80. Against the 1977–78 interim pledge target of \$ 750 million, so far \$ 578 million have been pledged. WFP had 103 projects in operation for a total value of \$ 530 million and another 19 projects worth \$ 129 millions were under study. The 1979–80 appeal for \$ 950 million is in line with the recommendations of the World Food Conference, that to meet the growing food needs of the poor countries an increasing amount of food aid should move through multilateral

channels such as WFP. Further FAO's Agricultural committee has recommended the setting up of a \$ 20 million fund to combat food losses. The FAO programme is part of a UN drive to cut in half by 1985 the huge losses of food products (estimated at 10 to 15 per cent of world food production) before they reach the consumer. The Fund will be used to assist developing countries to launch campaigns, such as that in India, to reduce national food losses. The Fund proposed now goes to FAO's conference this year for endorsement.

UN Conference on Law of the Sea: On May 24, the UN Conference on the Law of Sea resumed in New York for an 8 week session. It was attended by 157 nations. The two crucial issues to be negotiated at this session are the role of the International Sea Bed Authority (ISBA), and how the treasures of the sea are to be exploited by the mining arm of the Authority. In preparation for the session, there were informal discussions in Geneva in March among some countries led by Norway on ISBA and the exploration of the sea bed resources. India represented by its new Law Minister has put forward a 3 point proposal for incorporation into the international treaty on the exploitation of sea bed resources. The Indian proposal which is supported by the developing countries is to include in the treaty the statement that the sea bed resources are the common heritage of mankind and can be exploited by the Authority. If this is not accepted, then for an interim period of 20 years—from 1980-2000—the mining area could be shared equally by the ISBA and those States who are capable of exploiting the resources. At the end of this period, the issue could be reviewed, and if useful could be continued for another 20 years

or the responsibility for exploitation could be left to the Authority. There is a good chance that this formula which is a compromise between the positions of the rich and developing countries will be accepted. It has been estimated that there are 530 mining areas in the sea bed area, each mining site will yield 3 million tonnes of dry modules per year and an investment of \$ 500 million is required which will yield an annual revenue of \$ 300 million. The treaty from the conference will also cover the issues of territorial waters, the economic zone and the continental shelf.

OPEC: The latest information at the end of May is that the 11 nations which had planned a 5 per cent oil price rise in July (see Vol V p 658) have decided to forego the rise. There are also negotiations to replace the two tier pricing system, under which 11 countries have hiked their prices by 10 per cent from January 1, while Saudi Arabia and UAE have increased prices by 5 per cent, which would be ended in order to have a single price system for all oil producing countries.

World Food: The US department of Agriculture estimates that world grain supply, excluding rice, will be 1,261 million tonnes in 1977-78. Though the total world grain crop in 1977 will be lower than that in 1976, it will exceed world consumption by a significant margin. As a result it is estimated that wheat and coarse grains in the 4 major exporting countries—US, Canada, Argentina and Australia—will total 79.6 million at the end of current season, the largest since the 1971-72 season. Wheat stocks will stand at 49.9 million tonnes and coarse grains at 29.7 million tonnes in the four countries.

II Agricultural Development

Paddy and Foodgrains :

The rains in May in Thanjavur and other paddy producing districts referred to under the State section have resulted in speeding harvest operations where they were still incomplete and launching preparations for kharif sowings. The State has set before the farmers the aim of increasing per acre food production in the State from one and a half tonnes to two tonnes per acre. This would be one of the aims of the Farm Science Centre established in May by the Tamil Nadu Agricultural University at Navalur Kuttappattu on the Tiruchi-Manapparai Road. The Centre will train farmers in farm technology with a view to increasing the per acre productivity of paddy farms. The Centre has been named Kumara Perumal Farm Science Centre in honour of a Sri Lanka donor who has contributed Rs. 2.2 lakhs for acquiring the land. ICAR has contributed Rs. 10.56 lakhs for 2 years for land development and purchase of equipment, and the university Rs. 3.49 lakhs for the research work and programme. The Department of Agriculture has launched a large scale programme in the Coimbatore district for production of paddy and millets. HYV like ADT-31, IR-20, Vaigai, CO-36 are to be grown in 80,000 hectares to produce 2.93 lakh tonnes of rice in 1977-78. Under the new HYV, referred to later, IET-2222 and IET 1444, more areas are to be brought under cultivation along with improved cultivation techniques like nursery application of diammonium phosphate and root dippings in zinc sulphate to increase the per hectare yield from 2,607 kg. to 2,715 kg. Also 2.41 lakh tonnes of millets are to be produced, with over 2 lakh hectares under cholam, 37,000

hectares under cumbu, 30,000 hectares under ragi, 14,000 hectares under maize and 20,000 hectares under sami and varagu. Thus 86,000 hectares will be covered by HYV millets such as CSH-5, Koilpatti Tall, M-2 cumbu, Ganga-5, Deccan Maize, CO-7 and CO-10 ragi. Water which is the main constraint in all these lands in the district because of evaporation, percolation, seepage and run is being specially attended to through land shaping and water management in wet lands and water harvesting in dry lands. A comprehensive drylands programme has been evolved taking into account soil conditions, time of receipt of rains and the duration of new crop varieties. The new dry land areas are divided into compact demonstration blocks of 25 to 30 acres each and 185 demonstrations are to be held covering 3,700 farmers in the district, concentrating on improved management techniques for each crop.

Oil Seeds :

In the Coimbatore district, also a vast oil seed programme is being launched covering 1,57,980 hectares to produce 1.72 lakh tonnes of groundnut, gingelly, castor and sunflower, using the latest management techniques with the application of micro nutrients and gypsum. The inputs for this programme, seeds, pesticides, fertilisers have been stocked in the district and credit to the extent of Rs. 650 lakh—will be available to the farmers speedily and in the right time. The new techniques of water harvest and land shaping will also be applied to this oil seeds production programme to insure the farmers against

adverse seasonal factors to which the district is prone.

Hybrid Cotton :

The Department of Agriculture has launched a package programme for reducing the period of popularising hybrid cotton cultivation from the traditional 8 years to 3 years and for doubling the production of cotton in the State in the next 3 years. The current popular Punjab cotton variety P 216 F is to be replaced by the new hybrid MCU-7, as the former has considerably deteriorated. The replacement will be ensured under a crash programme for the multiplication of nuclear seed of MCU-7 at Mannaparai in select farmers holdings so that within a period of 3 years quality seeds of MCU-7 will replace the poor yielding P 216 F Punjab seed. A 100 acre seed farm in Madurai is being developed as the nuclear seed breeding centre for the hybrid cotton varieties. Also the Department is taking action to ensure that the cotton farmer got a fair price for his cotton output as the fluctuations in cotton prices accounted for the annual variations in the area under cotton and the cotton production in the State. Against the 4 lakh hectares under cotton cultivation in 1962, for instance, today the area under cotton was only 2.5 to 3 lakh hectares. SIMA also is active in this area of improved cotton cultivation. In the Manapparai and Thanjavur areas, it has introduced SRT-1, culture 1412, JK-97 and MCU-7 and SRT-1 and Bagya in the Aruppukottai cotton belt. When the varieties that are suited to the areas are developed, SIMA will take action to multiply those seed varieties in farmers holdings.

Research Results :

The All India Rice Research Workshop recommended in May the release to

cultivators on the basis of extensive successful trials four varieties of rice. IET-2815 is a medium duration variety suitable to wet areas in all States. IET-2361 is an early duration variety suited to upland areas. The third variety IET-3257 is a late duration variety and RXT-42 adapted to hill areas. To popularise these new varieties, the successful mini kit technique which in 1976 involved 66,000 kits, is to be used. IRRI is developing the technique of rice gardening, under which rice can be grown all the year round, increasing its productivity four fold. Under which the technique a one hectare field is divided into 40 plots, rice planting is staggered in such a way that when some plots are ready for harvesting on a Monday, others will be so on a Wednesday, and since the crop takes 3 months to mature, the farmers can harvest 4 crops in the year from each of 40 plots. In this connection, there is need for closing the gap between research results and field achievements. The yield in the farmers fields is only 20 to 40 per cent of the yield in the National Demonstration Plots in the State and the Country. The closing of the gap requires more effective extension and farmers education and training services. On combating saline, soil conditions wherein 1/8 to 1/10 of paddy production is lost, the Killikulam State Seed Farm in Tirunelveli and the Tamil Nadu Agricultural University are researching on the efficiency of fertilisers and organic manures under saline and alkaline soil conditions and the interaction between soil, water and plant, mineral nutrition of the plant and the identification of saline and alkaline tolerant varieties. Trials show that the application of gypsum iron pyrites and increased 25 per cent dosage of N are effective on IR-8, Jaya and Pusa 22. Saline soils and even salt water can produce very good varieties of tomatoes

in large quantities and also the avocado fruit, which is still to gain popularity in the State. Research into green manures shows that the loss of organic matter in our soils exposed to high temperature can be compensated by its incorporation into the soil at the proper time. Leguminous green manures like cluster beans, green grams, peas, lentils and kesari fix the atmospheric nitrogen and increase the nitrogen balance of the soil in which they are grown. The best results are obtained when the nitrates are farmed in the soil from green manure. The Central Plantation Crops Research Institute at Kayangulam has demonstrated that hybrid napier grass of many varieties can be grown as intercrops in coconut gardens and fed to milch cows increasing the milk product of the cattle. Thus an intercultivation programme in our coconut gardens, besides adding to the fertility of the garden soil, provides fodder crops for the growing cattle and should be popularised in the State.

Land Bank and Modernisation of Delta :

The Tamil Nadu Co-operative State Land Development Bank is diversifying its activities and making its lending activities help in supplementing the income of small peasants. The District land development banks have been asked to formulate viable dairy development schemes for small farmers. The schemes will cover also poultry keeping, pig rearing, fisheries which will both increase the small farmers incomes and by increasing supply bring down prices. To supplement the bank loans for filter points and shallow tube wells, the banks are to use the soil testing laboratory attached to the Department of Agriculture to decide on the suitability of the location and the water for the wells programme. This will avoid sinking wells

in brackish water areas, where the water cannot be used for cultivation. Certification by the soil chemist of the suitability or otherwise of the soil for water for farming will meet this problem. The government announced in May that the draft agreement with the World Bank for aiding the Periyar-Vaigai modernisation scheme at a cost of Rs. 35 crores has been concluded. The project involves the construction of a link canal from the Vaigai dam and full conveyance system in order to save 6 tms lining of the of water and extend irrigation to an additional 30,000 acres in Madura and Ramanathapuram districts.

Agricultural Census :

As part of the all India programme, the Tamil Nadu Agricultural Census has been started with 1976-77 as the reference year. 20 select villages will be the subject of census in July, through village karnams on land records, inspection by the statistics department of agricultural inputs to be collected from 20 operational holders in 335 select villages from the rabi 1977 as was done in kharif in February. This will be a valuable source data for policy planning.

Fish Farming :

A pilot project on edible oyster culture at the Tuticorin Research Centre is now under finalisation. It envisages 2 harvests a year with a total production of 2.6 million oysters. Oyster culture has so far been carried out as a Departmental scheme since 1975 (see Vol IV pp 188 and 367). The Tuticorin oyster farm was started with a stock of 10,000 oysters weighing 2 tonnes and by the end of 1976 the stock had increased to 40,000 weighing 8 tonnes. The present project aims at assured supply of oysters throughout the year.

Tea :

UPASI reports South Indian tea production for the period January-March 1977 at a record 24.9 million kg., a 50 per cent increase over the production in the first 3 months in 1976, and the highest production for the 3 months in any year in the past. Sri Lanka's production for January and February was 1.4 million kg. less than that of the previous year at 28 million kg. Kenya's production went up by 5 million kgs. and Malawi by 1.7 million kg. International tea prices rose sharply because of the wintering period in North East Asia, the low inventory position of packeting firms, the downturn of Sri Lanka's production, the diversion of part of India's tea to Pakistan and an increased demand by countries substituting tea for the more expensive coffee. Following government-tea industry talks, there is an informal restraint on tea exports, 80 per cent of production is being sent to the domestic auction centres, with the decision to impose an export duty of Rs. 5 per kg. and withdrawing of the excise duty exemption on export tea, tea price have declined by Rs. 2.94 at Cochin auctions and Rs. 5.77 at Coonoor auctions. For 1977 the tea production target has been fixed at 537 million kg., with the government urging the industry to attain a production level of 540 million kg. to keep India's position as the largest tea producer and largest per hectare producer.

Coffee :

The revised coffee crop estimate for 1976-77 has now been placed at one lakh tonnes comprising 58,000 tonnes Arabica and 42,000 tonnes Robusta. As at 31 March the receipt into the pool was 69,684 tonnes. Exports during the period, April 1976 to February 1977 amounted to

42,552 tonnes, earning Rs. 106.25 crores. Prices have been ruling high at over Rs. 3,950 per 100 kg. The export duty was raised twice in 15 months and on April 26 was fixed at Rs. 2,200 per 100 kg. Interval prices at around Rs. 1,000 per 100 kg. are being held at 25 per cent of international prices.

Rubber :

Natural rubber production during the period April 1976 to January 1977 increased by 9.1 per cent to 1,33,075 tonnes compared to the same period in the previous year and consumption increased by 8.1 per cent to 1,42,970 tonnes. The January production was 16,069 tonnes, being an increase of 1,080 tonnes over the January 1966 production. The natural rubber stock at the end of January 1977 was 62,552 tonnes against 58,576 tonnes in January 1976. The future of the rubber producers is bright in the short term because of the rise in the international price of synthetic rubber, the decision of the Association of Rubber Producing Countries to maintain an international buffer stock, an estimated shortage of 25,000 tonnes of natural rubber in relation to this year's demand, increased consumption in the latter half of last year and the higher exports by the Indian manufacturers of finished rubber goods. As may be noted in the analysis of production and consumption of natural rubber in the country in the past 3 volumes of the Bulletin, India has now emerged as a net surplus rubber producer, which is available for exports. The Indian Small Rubber Growers Association has requested the government to (a) raise the minimum price of rubber from Rs. 520 to 750 per tonne and (b) export all but 2 months stock.

III Industrial Development

BHEL :

BHEL, Tiruchi, ended 1976-77 with a record gross profit of Rs. 22 crores, the highest profit earned in a year since its start 12 years ago and an increase of 11.4 per cent over that of the previous year. It is one of the few public sector firms whose order book is full at Rs. 280 crores, against which this year's production target has been fixed at Rs. 160 crores, including boiler components of 80,000 tonnes and boilers with a generating capacity of 1,390 MW. In 1976-77 it produced Rs. 135 crores of output against the target of Rs. 130.70 crores. It entered the West Asian market, winning a contract for the supply, erection and commissioning of 2 boilers with a capacity of 120 MW for the Tripoli West Power Station in Libya. The unit has also introduced a new scheme of health services for its employees, who are given a medical check up and the necessary follow up.

ICF :

The Integral Coach Factory which has so far built 11,815 coaches of 60 types has achieved a major break through in indigenisation in part of self-aligned spherical roller bearings. Emphasis is being given in the use of alternative materials against conventional items with a view to either meeting production needs in the absence of proper supplies or in the event of abnormal price rise. It now plans to manufacture 750 coaches in 1978-79 and reach turnover of Rs. 50 crores, providing additional employment to over 100 persons. The Planning Commission has allocated Rs. 92 crores to ICF for 1977-79, so that by 1978-79 it can achieve full production.

SIPCOT :

SIPCOT announced in May that it plans to develop a pollution free growth centre at Maraimalainagar, 40 KM from Madras. It is offering special concessions to attract industries including the facilities consequent on the proximity to the City. SIDCO will allot lands for small scale units at rather low price, interest free, sales tax loans, concessional water royalty charges and power tariff and financial assistance. The rate of interest charged will be 9½ per cent and amortization period 12 years. SIPCOT reports that to date 245 projects have been assisted with loans of Rs. 17 crores, catalysing an investment of Rs. 135 crores and providing employment for 18,000 persons. 54 industries have been assisted with Rs. 1.5 crores as interest free sales tax loans, Rs. 2 crores have been sanctioned under the Union government's 15 per cent subsidy scheme for starting industries in backward areas of the 40 medium and large industries which have come up in its Ranipet centre, 33 have gone on a stream and housing of the staff of industrial units provided at Rs. 3,500 per ground. The Hosur growth centre is also making rapid progress, with industries moving into their allotted plots and housing for the employees being built.

SIDCO :

SIDCO announced in May that it will construct 625 sheds in industrial estates in 21 centres at a cost of Rs. 350 lakhs. 20 sheds each are to be constructed in Salem, Krishnagiri and Hosur and vacant lands in the industrial estates at Nagercoil, Kovilpatti, Dindigul, Cuddalore, Pettai, Thanjavur, Krishnagiri and Salem

are to be developed and sold as developed plots to industrialists. Work on the industrial estates at Tiruchengode has been started at a cost of Rs. 30 lakhs.

Small Industries Survey:

The State government announced in May that a survey of the 40,000 small industries registered in the State is to be made with a view to identifying the reasons for some of them not functioning, such as credit difficulties, shortage of raw materials, lack of marketing and finding solutions to them. Also the survey would enable the government to provide a package of assistance to new entrepreneurs to ensure rapid industrialisation of the State. The small industries in their turn are urging on the government to (a) permit them each under the Urban Land Ceiling Act 2 acres of vacant land, (b) exempt them from sales taxes and additional sales taxes, (c) exempt them from panchayat or municipal licenses for installing power generated upto 10 HP, (d) exempt those employing 20 workers or less from labour laws and (e) reduce lending rates of commercial banks and financial institutions on loans to small units.

Cement and Sugar:

Cement factories in the State worked in May to near full capacity with the 25 million units of electricity spread over the month obtained from Kerala, and as a result the extra production was shared between Tamil Nadu and Kerala in the ratio of 70:30. In addition to the 1.04 lakh tonnes of cement allotted to Kerala for the 3 months April to June, an additional quantity of 13,753 tonnes was allotted as a result of increased power supply for sale in the open market of Kerala. Sugar production for the current 1976-77 season

in the State is estimated at 3.38 lakh tonnes compared to the last year's low 1.98 lakh tonnes but lower than the 4.69 lakh tonnes produced in 1973-74. This is despite the fact that the number of sugar factories in the State has increased from 17 in 1973-74 to 20 in 1976-77. In 1973-74 the factories were functioning at 110 per cent of their capacity, whereas in the current season they are using less than 85 per cent of their capacity. Though 40 lakh tonnes are being crushed this season, against last season's 21 lakh tonnes, 4 factories have closed their crushing one month ahead of the end of the season. The industry makes a case for a number of positive decisions by the Union and State governments. First there is a need for an upward revision of the cane prices paid to the growers which should be a minimum of Rs. 100 per tonne of cane linked to a base recovery of 8.5 per cent and below with a proportionate premium for increase in recovery, computed after allowing for actual costs and a reasonable return which will help factories to declare dividends, service their capital and undertake rehabilitation and modernisation programmes. Also the industry points to the need for a revision in the levy price of sugar for the southern region, which though entitled to a levy price of Rs. 169 to 194 per quintal according to the Union government's methodology of fixation, obtains only Rs. 178.23 per quintal involving a loss to the industry of Rs. 3.7 crores. It also requests reduction in the excise tax on free sugar so that there is some parity between sugar excise and those on other sweetening agents to prevent diversion of cane from sugar factories. It also pleads for a more uniform purchase tax and cane cess by the State government vis a vis the taxes levied by other State governments. While local levies in Tamil Nadu amount to Rs. 23 per

quintal of sugar, those in Punjab are only Rs. 3 and Andhra Pradesh Rs. 10 per quintal. This is a general problem applying to several industrial products and is one of the issues to which the attention of the Jha Committee has been called by the Institute (see Vol VII p 108).

Cashew :

Another industry facing problems in the State is the cashew processing units which are affected by the non-availability of cashewnuts. Of the 140 cashew processing units in the State, 50 obtain their raw nuts by imports and 90 are dependent on supplies from Kerala. Kerala which is itself facing a crisis in this area has under the Kerala Raw Cashew Nuts (Movement Control) Order 1975 banned the movement of cashew nuts to Tamil Nadu without permits. The result is that the units in this State are closing down on the one hand and a flourishing smuggling trade between the 2 States is under way which results in over 100 per cent profits to the smugglers. There is need for a Union government constituted committee comprising cashewnuts growing and processing States to examine the problems faced by the industry in the country and propose ameliorative solutions. In the mean-while the import quota for this State must be increased to avoid further distress and increased unemployment.

Scooters India :

This State has not as yet started a scooter manufacture project as Andhra Pradesh, Karnataka and Kerala have done. The annual demand for scooters in the State is over 1,200 and with the new decision of the government to decontrol the distribution of scooters, the demand in this State will certainly double or

treble. In fact the sellers market for scooters too now turned to a buyer's market. Scooters India Limited (SIL) as a result of its R and D work is now producing a 125 scooters which costs Rs. 1,000 less than the present 150 cc one and is operationally more economical. Two other products being developed are the 3 wheeler road carrier and a mini car operating on a diesel engine. Here again there is the problem of the incidence of high sales tax and surcharge and turnover tax which in this case all the four Southern States are levying—amounting to 14 to 15 per cent, whereas in West Bengal it is 7 per cent, in other northern States 10 per cent, and even in Pondicherry 7 per cent. It is necessary for this State also to initiate a joint project with SIL for manufacture of scooters, mopeds, with SIL supplying the power packs (engines).

Handloom :

Handloom exports to Australia which have increased from Rs. 1.1 crore in 1975-76 to Rs. 4 crores in 1976-77 are to be further expanded as a result of a 3 man mission being sent by the Handloom Export Promotion Council to participate in the second Asian Trade Fair in Melbourne at the beginning of June. The team will also visit New Zealand and Fiji to expand handloom exports to these countries. This would be in a sense compensatory to the rather slack US market for handlooms and the problems faced by exporters to the EEC countries. It is intended, however, to further explore through visiting missions the handloom markets in US, Canada, Scandinavia, Austria, Switzerland, EEC countries and Eastern European Countries. Handloom exports in 1976-77 amounted to Rs. 240.57 crores compared to Rs. 195.05 crores in 1975-76.

Leather

Exports of leather of all types—El tanned, finished leather and leather goods—amounted in 1976-77 to Rs. 31,325.47 lakhs, being a 66 per cent increase over the Rs. 18,884.22 lakhs of exports on 1975-76. Exports of finished leather increased from Rs. 40 crores in 1975-76 to Rs. 103 crores in 1976-77, a large part coming from Tamil Nadu. Tanned hides and skin exports increased from Rs. 80 crores to Rs. 97 crores. Wet blue chrome rose from Rs. 41 crores to Rs. 52 crores. Leather foot-wear exports increased from Rs. 11.9 crores to Rs. 30 crores, leather goods from Rs. 6.3 crores to Rs. 11.59 crores and industrial leather manufactures from Rs. 58 lakhs to Rs. 1.38 crores. In view of the fact that 400 out of 600 leather units in the country are located in this State, which accounts for a major part of the leather exports, the State government has decided to set up a Leather Development Corporation for which a provision of Rs. 107 lakhs has been made in 1977-78 in order to encourage and promote the development of leather industry on scientific and modern lines. In addition to SIDCO and SIPCOT which extend financial assistance to entrepreneurs putting up leather units, the proposed Corporation will develop exclusive estates for housing leather firms, particularly those producing finished leather and leather goods. SIDCO has helped in setting up export oriented leather units in the joint sector with foreign collaboration and some of the larger tanneries are setting up modern finishing leather and footwear manufacturing units. At Vaniyambadi, an Industrial Co-operative Society is being set up to help small tanneries to switchover to value added finished

leathers and a few more such societies are to be established in the State during the coming year. In accordance with the Seetharamiah Committee report (see Vol III pp 189 and 261), ten locations have been identified in the State for setting up common facility centres to help private tanneries with World Bank assistance. The liberalised import facility referred to earlier will also help this modernising process through import of machinery and increased cash compensatory support. This is the time for this restructuration of the industry when export prices of finished leather have increased by 17.81 per cent.

Private Company Reports :

The annual report of Lakshmi Machine Works, Coimbatore shows a 30 per cent increasing sales turnover from Rs. 1,528 lakhs in 1975 to Rs. 2,028 lakhs in 1976, though its export has declined. The company manufactured the complete range of cotton spinning machinery and a new high speed C $\frac{1}{2}$ carding machine. Open and spinning has replaced ring spinning and is coming on the market. Its authorised capital has been increased from Rs. 3.5 crores to Rs. 6 crores. All together it was a good year for the company and its bonus decision should reflect thus. The annual report of Anglo-French Textiles for the year 1976 shows a turnover of Rs. 21.29 crores including exports of Rs. 7.57 crores. Pretax profits were however low at Rs. 25.64 lakhs, due to high cotton prices and rising price of machinery. The production by the unit of controlled cloth also lowered profits, the report states. The unit is diversifying its product to produce synthetic and blended fabrics and is purchasing equipment for this purpose.

IV Education, Science and Health

General Educational Development :

The annual publication of SSLC results at the end of May showed success of 55 per cent of the candidates, compared to last year's 58 per cent, with 59.2 per cent success for girls and 51.8 per cent for boys. Among 23 candidates who shared the first 12 places in the State, the majority are, as in previous years (see Vol IV p 445, Vol V p 354 and Vol. VI p 327), from the mofussil areas, the fourth place, one of the 7th, the 10th and two of the 12th places going to students in the Madras schools. In fact, while the percentage of passes in Madurai University area was 61.5 per cent, in the Madras University area the success percentage was 52.5 per cent. The traditional excuse that this may be due to varying standards of valuation in the two University areas will not apply here because of the system of central valuation for all SSLC papers in the State. The highest percentage of success is registered in rural districts, Virudhunagar (73.1 per cent), Tuticorin (69.9) and Tiruchi (69.2) unlike the urbanised districts like Kuzhithurai (32.8), Kancheepuram (35.1) and Chingleput (37.6). At the school level, urban conditions do not seem to make for examination success. The Board of Higher Secondary Education in the State has completed the syllabi for all the academic and vocational streams of the plus 2 stage and has circulated them to the universities, headmasters and members of the Board of Study before finalisation. The Anglo-Indian schools in the State have decided to change to the June-May pattern (their academic year was from January to December), thus coming into line with the Indian Secondary, Matriculation and Higher

Secondary Schools. The current academic year is to be extended till May 1978 and after the summer vacation the schools will open in June. This will also enable students from these schools to join colleges without loss of six months. 60 scholarships out of the 1,000 are allocated to pupils from families engaged in unclean occupation such as scavenging, tanning and flaying are available to Tamil Nadu from 1977-78 to promote the educational advancement of these communities. The scholarship will be awarded to students in class VI to X in the Madurai and Tiruchirappalli districts. The rate is Rs. 100 a month for one child in each family to meet the cost of tuition, boarding and lodging and books. Also Rs. 45 per month will be given to each such student to cover the cost of uniform, clothes and toilet articles. 20 post matric scholarships are awarded in the 2 districts to scheduled caste students for study in any post matriculation courses. The Directorate of School Education has fixed the target of enrolling at least 5 more pupils per school in the age-group of 6 to 11 and 12 more pupils per school including middle schools and middle school sections in high schools in the age-group 11-14 for 1977-78 under the scheme of additional enrolment of children in schools. It is hoped that last year's record in this period of the scheme of enrolling 5,500 children will be repeated. The Department also has under study the reform of allowing students to pass the SSLC in compartments and not as at present requiring the passing of all subjects at one sitting. The Maharashtra government decided in May to reverse two previous decisions, one requiring students from standard VIII to study their maths, science, in English so that they can study them in

their mother tongue and not to hold selection tests for admission into medical and engineering colleges in the State, but admit them on a basis proportionate to the numbers completing the intermediate and higher secondary course. The Union government in May reviewed the New Pattern 10+2+3 in relation to (a) the syllabus content for the 10 year school, (b) the location and the vocationalisation of the +2 stage and (c) the question of a 2 year or 3 year first degree at the university level. This discussion will continue in June with the Consultative Committee of the Lok Sabha after which by the end of June a cabinet decision will be made. The Committee set up by the State government to review the application of Fifth Plan scales to the college staff completed its work in May at a meeting in Kodaikanal. The government is expected to make its decision on the question by the end of the month. Also discussions on giving effect to the V Plan scales to the universities have been completed between the government and each of the 4 universities in the State. The State government also announced in May a liberalised grant in aid code to colleges to ensure prompt and full payment of salaries to teaching and non-teaching staff. From July 1, the government will meet 100 per cent of the net deficit of approved staff, the deficit being the difference between salaries of the staff and the income from fees, P.U.C. compensation grant and the fee concession compensation grant. 80 per cent of the expenditure on the approved items will be covered by the grant in aid on non-salary items. The State government has also finalised plans to institute a 3 year diploma course in Hindu Art and Culture to be conducted under the Hindu Religious and Charitable Endowments Department at Rameswaram. The entrance qualification for the first 10 students to be

admitted this year is SSLC pass. In the first year the candidates will be trained in Sanskrit and ancient Tamil Classics and Literature related to art, epigraphy, archeology and religious studies to be followed by a further 2 year study of ancient scripts, temple architecture, iconography and religious rites and in Saivite, Shakthi and Vaishnavite traditions. Gandhigram has also announced a one week workshop in June on the theatre for candidates from various parts of the State and staffed by theatre specialists from all over the Country. Art and Culture are being emphasised in the University curriculum. In the colleges at Palani and Kaveri Poompattinam, students are being instructed in Indian culture for the B.A. degree course and the Department of Archeology is running a one year post-graduate diploma course in epigraphy. In mid May a 4 week bridge course in Tamil for 500 college entrants opting for Tamil medium for their PUC is being organised at Madras, Tiruchi, Coimbatore, Madurai and Nagercoil. Nearly 100 topics from different disciplines have been selected for the 100 hour course designed to develop the language skills. With the ending of the emergency, disturbances have started again in colleges and universities. In May, in the Lucknow, Allahabad, Kanpur and Rohilkhand universities examinations were boycotted, those attending them maltreated, pitched fight between university students and police took place at Lucknow, with the result that examinations in all UP universities were postponed till July. On this occasion the students supporting the Janata Party were against postponement and it was the Congress and other party students who created the disturbances. Following a clash between Kurukshetra and the Regional Engineering College Students at Kurukshetra, the

examinations were postponed and the students asked to vacate their hostels.

Adult Education :

The Union ministry called two meetings in April and May in order to establish a national programme to deal with the country's massive adult illiteracy. One decision was to revive the National Board of Adult Education and launch a massive programme on Gandhi Jayanthi day. In this connection, the use of satellite communication becomes important. Door-dharshan is executing its plan for the terrestrial expansion of SITE. A high powered transmitter went on air in Jaipur in March, a similar one at Hyderabad and smaller ones at Gulbarga, Raichur, Sambalpur and Muzzafarpur are being installed with a view to provide a TV service to 13 million people. By 1980 India's first telecom-satellite (INSAT) will be in orbit to provide direct TV services. An evaluation of the SITE experiment at a workshop in Bangalore shows that initially the whole village community was interested, but once the novelty wore off, interest shifted from the medium to the message. Male adults formed the majority in all site clusters but children were the front line audience in all clusters. In Karnataka, the television audience varied from 0.66 per cent to 11.8 per cent of the village population. On content, socio cultural themes formed 70 per cent and hard core instruction 30 per cent. The overall comprehension of the evening adult programme was very low, ranging from 25 per cent who comprehended nothing, to understanding ranging from one to 3 pieces of information, 8 being the maximum in a programme which provides 5 to 34 pieces of information. There was some communication over all with the rural audience. In terms of themes there was more

comprehension on nutrition subjects followed by hygiene, animal husbandry, agriculture and health. Teachers state that education of children was made easier by the teleschool programme, but language teaching was not done effectively, and the most favoured were documentaries, stray formats and music and dance which could be imitated. The multi media teacher training programme for teachers was successful in increasing knowledge about models, science teaching etc. In agriculture, the programme with the slowest rate of dissemination was more fully comprehended, while TV was more efficient than radio in terms of understanding and diffusion, farmers after the novelty wore off did not participate due to repetition of programmes, unsuitable telecast time, and programme irrelevance. The producers problem which were also analysed show the need for more adequate equipment, more libraries and feed back reports and adequate time. These findings must be used as guides for future TV adult education programmes.

Science :

The polytechnology clinic programme of CSIR is aimed at identifying technical and technological problems facing industries and helping to solve them. The clinic in Andhra Pradesh adopted districts and identified resources as a means of educating entrepreneurs. So far CSIR reports that it has identified 1,080 processes, of which 360 are being applied in Andhra Pradesh. Information of raw materials and cost of production was available with the clinic and 74 processes were released in Andhra Pradesh, out of which 28 had been used and 78 research institutes were working on problems relating to industries and solutions were offered. 120 industries had been visited.

by CSIR experts and 42 problems in Andhra Pradesh had been referred to laboratories. Work on experimental magnets hydro dynamic (MHD) plant is being undertaken by BARC scientists and BHEL engineers which involves direct conversion of thermal energy into electrical power. The technology will improve the thermal efficiency of fossil fired power plants from the present 30 to 40 per cent to 50 per cent and even higher. The plant will operate at a level of 5-15 MW and will be based on coal technology, taking advantage of the country's large coal reserves and the technology of coal gassification available in the country. In May the Union government announced setting up of a steering group under the Ministry of Shipping and Transport to study the problems connected with the bullock cart system in the country. The group will draw up a comprehensive action programme for modernising this system within a comparatively short time. The steering group consists of the Director General, Roads and Developments Chairman, representatives of DST, CSIR, Departments of Rural Development, ICAR and Animal Husbandry, Planning Commission and IIM, Bangalore as members.

Health :

Further to the comprehensive Rural Health Services Plan set forth by the Union Minister of Health and Family Welfare (see last issue p. 311), creating one community health worker per 1,000 population with a basic qualification of VI or VII standard, who would be given 3 months' training to treat minor ailments be appointed on an allowance of Rs. 100 per month including Rs. 50 for drugs, and be supervised by multipurpose health workers who in turn will be under health assistants, working under the Primary Health Service Doctors, Tamil Nadu has

proposed an alternative scheme and obtained the Union ministry's agreement to it. Under the Tamil Nadu scheme, the Primary Health Centres will be strengthened with an additional doctor, paramedical personnel and vehicles so as to function as a mobile team to care for a certain number of villages, visiting each twice a week. This alternative will cost Rs. 3 crores against the Rs. 14 crores which Union scheme would require. With 2,000 unemployed qualified doctors, and 1,000 doctors graduating every year, the Primary Health Centres would be staffed with 2 or 3 doctors each. Referring to the Government Hospital at Ooty where the posts of 6 doctors had not been filled for 6 months, the X-ray Plant not functioning for a long time and the lack of anti-rabies vaccines in the hospital, the government announced that this problem of professionals being caught in procedural wrangles will be solved by instituting a Medical Administrative Cadre which will provide medical and infrastructural facilities for the doctors and better management of hospitals. The city's Voluntary Health Service (VHS) has launched a programme to identify areas requiring immediate attention in the health field and to bring together a dozen persons from each area who will help with practical suggestions for implementing the needed remedies. The Institute of Community Health in the VHS campus will train multipurpose health workers and community level rural health workers and give orientation in community health activities to medical students, and young medical graduates. The State government announced in April the withdrawal of disincentives of government staff having more than 3 children introduced in September (see Vol. VI pp 597-598) as part of the new Union government's policy to make Family Planning purely voluntary. The disincentives on

maternity benefits being restricted to the first 3 children only will become effective from September 1977. As part of this voluntary drive in Family Planning the Union ministry has asked the State governments to provide facilities for recanalisation to those desiring it, at their best institutions at government's expense. Also all cases of fatality and post-operative care should be handled with the greatest possible sympathy and speed. Rs. 5,000 should be paid as exgratia in all cases of death after sterilisation or IUD insertion including compensation for loss of wages. The State's Family

Planning target for this year is 3.55 lakh sterilisation operations and will be exceeded, following the usual voluntary means adopted in the State as was the 5 lakh target which was exceeded for last year. The mosquito menace in the South is serious, points out ICMR. In Pondicherry, a person is bitten by mosquitoes 242 times a day (88,500 bites a year), out of which 380 bites are filaria insective, so that one out of every 5 persons in this area is either a micro filaria carrier or a patient of filarial disease. The breeding places on the surface of stagnant water should be immediately cleaned.

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V Employment

The new Union government has set up an industrial policy group comprising the secretaries to government in the various economic ministries to establish a framework to industrial growth on labour intensive schemes. The strategy is to create job opportunities for the maximum number of people and will be the result of concerted action by all departments. In May the Union ministry of labour called a national tripartite conference to deal with the problems of industrial relations and the bonus issue. The conclusions of the conference are to be further debated at both the Lok Sabha and at further tripartite meetings in order to meet the problems of labour and ensure industrial

places. The Union government also announced in May its decision to introduce an insurance scheme to cover all Union government employees. Stage A will cover all employees who join the scheme upto the age of 27, who will pay Rs. 6 a month and will be entitled to an insurance cover of Rs. 5,000. Stage B will cover those at the age of 28 up to 58, contributing Rs. 5 per month and who will receive Rs. 5,000 on death or at the age of 58. Stage C is for all others with variable cash benefits on death or retirement, depending on the age of entry. The State governments also must introduce such a scheme.

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VI Other Items

Tata McGraw Hill and TISS :

In early May, the Board of Governors of the Tata McGraw Hill publishing company met in Bombay to review the working of the company and prepare for the meeting of its General Body. The publishing work of the Company is picking up fast, with domestic publication pulling ahead of adaptations and reprints. On the same day, the Tata Institute of Social Sciences held its annual convocation at which 150 candidates received their Ph.D. and M.A. degrees. The Union Minister of Education delivered the convocation address in which he called attention to the need for social scientists using their research facilities to analyse the Gandhian concept of social change and development and adapt it to modern times and the demands of the country.

Madras Museum and CSIR Complex:

In the first fortnight of May, the Madras Museum organised an exhibition and festival of folk art and dance at which emphasis was placed on means of preserving and enriching these art forms. The problem is to ensure that the educational system incorporates these purposes and is not inimical to people's art and traditional forms of culture. Also in early May, the CSIR complex at Adyar celebrated its annual sports day at which apart from the usual prize giving to those who had distinguished themselves in various indoor and outdoor games, the importance of the laboratories contributing to the national and State programme of integrated Rural Development and the closer ties between the complex and the University were stressed.

Adult Education Workshops :

Two workshops, one on the contribution of non-formal education to the programme of Integrated Rural Development in the Tehri Garhwal District in Uttar Pradesh and the other on Educational Development and the Development of the Hill areas of Uttar Pradesh, were held in May. At the first workshop held at Tehri Garhwal, the training of staff and the production of rural development learning materials for the very backward areas of the district were agreed upon. In the second meeting held at Bhimtal, the plan for the development of the Hill areas, with particular reference to the Naini Tal district, was examined and the means of improving the formal education system and the insertion of non-formal education in the plan were discussed and recommendations made.

Racing Committee :

The fifth meeting of the Racing Committee (see Vol VII p 33) was held in mid May at which, the broad conclusions of the study of the Madras race goes undertaken by the Institute of Techno Economic studies were analysed, discussed in detail and recommendations agreed upon. Also the format of the report of the committee was decided upon and the invitations to those who wished to give personal evidence at its next meeting in June established.

USIB :

The University Students Information Bureau inaugurated in early May its two month summer vacation information gallery, lectures, discussion and training

courses for students graduating this summer with regard to the employment opportunities available to them. There is useful co-operation in this programme from business houses and government departments. The emphasis this year is on self-employment opportunities and training for self-employment.

New Pattern of Education and National Literacy programme :

As noted earlier, the Union minister of Education called a meeting of educationists in May to review the 10+2+3 pattern and arrive at a consensus on its future direction. For the present, the new pattern is under review and it is not till the end of June that the Cabinet decision on the pattern which had been agreed upon by all States under the previous government will be settled. At two other meetings, there was agreement on giving priority to the universalisation of primary education and the launching of a national literacy campaign under a National Board of Adult Education using the resources of the schools, universities, voluntary agencies and the various departments of government.

V Plan Scales and UGC Committee on Academic Centres :

The Committee appointed by the State government to examine the application of the V Plan scales to the college teaching staff met in Kodaikanal at the end of May and finalised its report and recommendations to the Government on the issue. The Universities also discussed and agreed with the government on the implementation of the V Plan scales to each of the Universities. Also at the end of May, the UGC Committee on academic centres met and laid down guidelines for the establishment of such centres in

towns where there are a cluster of colleges—in place of the post-graduate extension centres, on which the commission does not plan further extensions.

Madras Port Trust Training Institute :

In view of the growing complexity and mechanisation of the Madras Port Trust and its increasing cargoes and need for their skilful handling, the Port Trust has established a Training Institute which was inaugurated at the end of May to provide administration and management training for middle management personnel, technical training for its skilled artisans and traffic and equipment operators courses. At the inauguration, the importance of linking the training to the new tasks and operations of the Port and the need for a system of feed back between the training content and actual working of the harbour were stressed.

Seventh Inter-Disciplinary Workshop:

The Seventh Social Sciences Inter-Disciplinary Workshop on village studies organised by MIDS and ICSSR was held from May 21-24 at the Southern Regional Centre of ICSSR, Osmania University, Hyderabad. The meeting was attended by 17 social scientists and one technologist: (1) Dr. C. Parvathamma, Professor and Head of the Department of P. G. Studies and Research in Sociology, University of Mysore, Mysore, (2) Dr. P. D. Mahadev, Institute of Development Studies, University of Mysore, Mysore, (3) Dr. N. Vedamani Manuel, Professor and Head of the Department of education and Dean, Faculty of Education, University of Kerala, Trivandrum, (4) Professor (Miss) Aleyamma George, Director of Centre for Mathematical Sciences, Amballur, Pandit's Colony, Trivandrum, (5) Dr. K. Mathew Kurian, Senior Professor, Indian Institute

of Regional Development Studies, Kottayam, (6) Dr. M. A. Oommen, Professor and Head of the Department of Economics, Dr. John Matthai Centre, University of Calicut, Kerala, (7) Dr. N. Subba Reddy, Professor and Head of the Department of Anthropology, University of Madras, Madras, (8) Prof. G. Parthasarathy, Head of the Department of Co-operation and Applied Economics, Andhra University, Waltair, (9) Professor Gopala Sarana, Professor and Head of the Department of Anthropology, Karnatak University, Dharwar, (10) Professor N. S. Iyengar, Dean, Faculty of Social Sciences, University College of Arts, Osmania University, Hyderabad, (11) Dr. G. S. Laddha, Director, University of Madras, Alagappa Chettiar College of Technology, Guindy, Madras, (12) Dr. C. Lakshman, Professor and Head of the Department of Sociology, Osmania University, Hyderabad, (13) Dr. B. Krishna Rao, Director, Agro-Economic Research Centre, Madras University, Madras, (14) Dr. E. G. Parameswaran, Professor and Head of the Department of Psychology, Osmania University, Hyderabad, (15) Dr. B. Sarveswara Rao, Fellow, Madras Institute of Development Studies, Emeritus Professor of Economics, Andhra University, Waltair, (16) Dr. Malcolm S. Adiseshiah, Director, Madras Institute of Development Studies, Madras and (17) Dr. G. Ram Reddy, Director, ICSSR, Southern Regional Centre, Osmania University Library, Hyderabad. The theme of the workshop was Inter-Disciplinary Research Methodologies that had been followed by 4 completed village studies.

On the first day the village study conducted by a group of geographers in Karnataka was discussed and the methodological issues analysed. On the second day two village studies conducted by the Agro-Economic Research Centre of Madras University were similarly analysed. On the third day village studies conducted by the Anthropologists and Sociologists were discussed. On the last day, the workshop adopted its conclusions concerning the meaning and nature of village studies, the format which should be adopted in future such studies in light of the methodological discussions at the workshop, and the immediate task before the social scientists in dealing with rural poverty which the village studies all bring out.

University Events :

The schedule for introducing the M. A. Tamil stream in political science and public administration and philosophy and the programme of producing reference books and translations for these 2 streams as from 1978-79 were agreed upon at a meeting in early May. Also at the time, the Advisory Committee on the South Asian Area Studies Programme met with the new Head and staff of the Department and agreed upon the programme of research and teaching for the year. The Science Museum Committee met in mid May and decided on the site in the AC College and the holding of a national competition for establishing its architectural plan. The modernisation board of the Syndicate met and made decisions concerning the current examination results.

June Development Seminar :

The paper for the June session of the Madras Development Seminar, "Social Development Perspectives in Tamil Nadu", by C. L. Narasimhan, together with a summary of the discussion at the seminar held on Wednesday, June 29th under the Chairmanship of Prof. S. Ramanathan appears as the first article.

Second Article :

A paper, "Towards an Effective Sixth Plan," appears as the second article.

Conclusions of the Hyderabad Workshops :

The conclusion of the Hyderabad Workshop of the Social Scientists on Inter-Disciplinary Social Science Research Methodology as seen through village studies appears as the third article.

SOCIAL PERSPECTIVES

By

C. L. NARASIMHAN

Madras.

At the outset, I should like to thank the Chairman of the Madras Institute of Development Studies Trust and the Director of the Institute for giving me this opportunity to present this paper on "SOCIAL PERSPECTIVES." It has been a tradition in this Institute that every speaker, who is assigned a subject for the month-end Seminar, asks the Director as to what is expected of him because in outlining the work done by this Institute by way of mimeographs, the Seminar papers and larger meetings, the Director has always been guided by a macro-plan which he is known undoubtedly to possess. From some of his correspondence that I have had occasion to read as part of my work, I know that he was complimented for his macro-design and overall perspectives by a United Nations official. I have had more than one occasion, in the course of writing this paper, to regret the fact that I have not had the time and the means to do so. But, I do know that, as a part of the planning exercise in the State, Members of the State Planning Commission have attempted to picturise what Tamil Nadu society would be like in 2001 A. D. I recollect with gratitude two papers in particular by Dr. Adiseshiah which sought to depict the distribution of the work force as between the 10 census sectors or occupations and the nature of the educational endeavour that will be necessary to maintain future society and

ensure its growth according to the systems of formal or non-formal education or on-the-job training. Three years ago, the Human Resources Task Force of the State Planning Commission attempted to estimate the distribution of the labour force as between the various occupations as on that day and attempted to project growth rates of employment for the period ending 1984. They used the Incremental-Capital Output Ratio, the investment required to employ one additional person for each sector and on the basis of resources available for investment over the same period, the Task Force attempted to measure the additional employment that could be generated by the end of the Perspective Plan. I presume that by "Social Perspectives" is meant such inter-sectoral activity that could be envisioned for the immediate and foreseeable future. I assume that this paper was intended to be such an exercise in what I may be permitted to call economic sociology—with economies as the dominant discipline. I fear a great deal of qualified information, too, is expected of anyone who speaks of social objectives for the future both in relation to realistic targets or objectives and the fulfilment of these. In passing, I must acknowledge a debt to Chardin and his now famous book entitled "*The Phenomenon of Man*," wherein I learned of a new use of the word

'perspective' used synonymously with objectives as governing a foreseeable and homoeostatic future. For Chardin, the future is not a monolithic time-unit without depth. By us, here, additionally, structures, magnitudes and inter-relations have to be visualised as orders of magnitude bound to each other through qualified relations that could be shown to be realistic with the help of figures. As for Perspective Planning, things do not look hopeful. My understanding of it is that the Union Planning Commission attempted such figures commoditewise for fertiliser, steel, non-ferrous metals, etc. assuming rates of growth as necessary in order to sustain development postulated in other sectors like agriculture, engineering, construction and railway industries and defence. Perspective Plan targets were then incorporated in time-bound five-year annual plans as necessary and feasible; but demand surveys have been looked down upon as rather bourgeois and planners who need those as inept. Demand surveys can moreover be dispensed with in goods of mass consumption in which scarcities are well high universal; but surplus produce in times of bumper harvests have picked out the grave weaknesses in agricultural and food planning. Economics accepts anticipated yields in money terms as the criteria for rational allocation of resources. In the event, as to how far Perspective Planning has been sufficient and necessary for the planning exercise, this meeting is as good a judge as anyone else. Nearer home, by virtue of the public accountability obligation of the Government, citizens with a participative bent of mind have felt that they had a right to know how far the perspective Plan (both the master plan and the sectoral ones) submitted to and by the State Planning Commission have been

broken up into Annual and Five-Year Plans, and how far these have provided the guidelines to planning at all? Both the planning procedures and the consultations that precede planning were in this case non-political and the consultations with the relevant professionals, the *intelligentsia* was unique to the State. This paper will argue later that much progress is called for in political participation by citizens in decision-taking in which individuals decide as free and moral agents. Decision-taking in groups and as affecting groups will and should really come after the ability for individual rationality decision-taking at any rate, so far as three or four sectors are concerned. I do not wish to be political in the sense in which it is a bad word in Delhi or the State capitals; but it is not often realised how political, social and economic plannings are. It is possibly as a response to this reproach that a body of feeling has grown that knowledge in the social sciences must seek the certainty of mathematics and that quantification procedures should be pressed into the service of social sciences. But much of this knowledge is spurious. I know of one monograph in which a professional economic researcher used a mathematical model which had all the trappings of sophistication in order to determine the number of automobiles that all Government departments taken together would need to buy over the following 10-year period. Here, a simple enumeration would have done as well. Apart from a desire to overawe the public and others concerned with decision-taking in regard to plan targets and allocations (some of which is legitimate I think), I do not mean to cast aspersions on econometrics and on management tools which facilitate the translation of objectives into practical procedures. Just as it is better to plan than not to plan, it is better to quantify

than not to quantify. But, in this paper, I feel entitled to call in question the exclusion of other disciplines, such as social psychology, psychology, sociology from the planning processes and from economic decision-taking. The non-economic factors that have entered into development and planning in India and that act as a constraint on the rationality of decisions based on economic considerations alone cannot be enumerated exhaustively here; but some examples would illustrate what I have in mind.

Kenneth E. Boulding has likened the perfecting of national income calculations coming in the wake of the Keynes's *General Theory of Employment, Interest and Money*, to the discovery of the telescope which made the Copernican Revolution possible. (*The Impact of the Social Sciences*, pp. 28-9). He also suggests that Cournot, Walras and Pareto did no more than translate the ideas of Adam Smith and Ricardo into the language of mathematics. For such conceptualization did not make deductive reasoning possible. Again; "as we saw earlier the advance of scientific knowledge in any system tends to depend on two parallel developments. One is the development of new theoretical insights which are able to identify the essential variables of the system and relate them in a *logical* (emphasis added) in a logically consistent way in a theoretical model, which is then capable of continual modification under a process of prediction and testing and continuing experience. The work of a considerable group of theorists of the international system in the last 10 years has brought us very close to this, although, in the absence of an adequate information system, it is hard to be sure that the theory is really testable". (op. cit. pp 52-3). I am in great sympathy with mathematical models which identify the

measurable variables of development and articulate them into total growth models which then yield values for GNP. But, it is essential that verbalized propositions, which ensure an understanding of a process that must basically be scientific, precede the quantification. In the social sciences, a person who is believed to have great mathematical ability without the ability to formulate his apprehensions of reality in precise propositions will discredit planning procedures; any one who understands a proposition well understands it both as logic or as mathematics. Sound understanding is indivisible. In one of the Leyden University monographs available in the MIDS Library, Tinbergen complains of how the method of equi-marginalisation of returns is no longer of great practical use in the allocation of national resources as between competing claims of development because priorities are often determined or superseded by the fact that institutions already exist and that yields can only be of very limited guidance in parcelling out a miserably small proportion of the total resources available. Figures to verify and check the outlays and targets of plans against actual growth rates are very important, but that is a statistical rather than a mathematical exercise. Reliable statistics need to be gathered from local stations or offices on a scale not envisaged hitherto in this country.

There are several factors which militate against this limited role that it has been possible to assign to mathematical as opposed to statistical procedures in the planning process both in our State and our country. The first is that planning had broken down under the previous Government in power at the Centre. The rates of growth and national income during 1975 and 1976 did not exceed 2

per cent and it fell to the correspondent of the *Daily Telegraph* in India to argue that the Congress Government was in fact much more conservative than its profession suggested. The 20 Point Programme, which held out the prospect of more blood and tears, rather than benefits of planned development to the people of India was, during the period of the emergency, a surrogate for the 5th Plan, such as it then was. Some one has argued that the previous Government really foundered on a prematurely adumbrated Anti-Poverty Programme; this may well be true but part of the point of this paper is that research should find out if it was true. This argument must not be understood as a *critique* of any Government. It rather points to the failure of planning procedures so that one may be emboldened to ask the question whether the instruments of planning were not at fault. The purpose of this paper is to argue the broadbasing of planning so as to determine a country's and a people's attitudes towards social questions, for it is these attitudes that determine the validity of economic targets and of planning procedures. "The developmental process goes far beyond economics in the narrow sense and involves a unified social dynamics which still exists only in embryo it is perhaps unfair to blame economics for what is really a failure of general social science".

If I preferred to listen to Beethoven's pastoral symphony rather than read Tarlok Singh or D. P. Dhar on Social Change and Planning, I would not be able to prepare a paper on Social Change. If I read Jean-Paul Sartre rather than Prof. Lakdaval, I might not get my doctorate. But these decisions appertain to my personal value system of choice rather than to economics. The foregoing is an example of a non-economic deci-

sion as taken by an individual. Similar decisions taken by institutions, State Governments or the Central Government have a great bearing on the success of economic policies and on the fulfilment of plan targets. The famine Commission Enquiry Reports tell of how, in pre-independence period, the Indian Farmer produced more in a period of falling prices and less in a period of rising prices as a response to market conditions. This is an instance of a non-economic decision *par excellence*. One of the Ministers in the Central Government argued therefrom that the peasants of India played a greater role in the freedom movement than the leaders realized at that time. But where these attitudes have filtered into the post-1947 era, we must treat them as dysfunctional. This is a real problem for social objectives; how much do our traditional culture and religion militate against developmental ambitions? Is our religion too otherworldly? Is it too holy for life? Is it intensely social in the way christianity was in the heyday of the development of Western Europe? Does a producer know how to divine and defer to the needs of a consumer or even respond to impersonal market forces? To proceed to research and policy, here is what Kenneth Boulding says: "We still do not really know the extent to which manipulation of the price system, for instance through minimum wages or subsidies affects the overall distribution". (op. cit., p. 38). The minimum needs programme of the 5th Indian Plan was one such decision. Poverty studies have underlined the need for a minimum money income in order to satisfy the basic wants like food, clothing and shelter; the Planning Commission computed this minimum at Rs. 20 per individual at 1961 prices. Common humanity demands that this minimum should be endorsed by economists. No

economist argued then (all praise to them that they did not) that, according to the classical theory of wages, a person willing to accept wages lower than the national minimum would not only get himself a job but help to generate full employment. In commonsense terms, more people would get jobs if they respected the ability to pay of employers and accepted less. A decision, say, by the British Labour Party to stay out of the European Common Market would be an instance of a non-economic decision. "World war industry . . . costs something like between \$120 billion and \$150 billion. If we add to this, the cost of diplomatic establishment, this will probably add another \$5 billion to \$10 billion... Even the world war industry itself is roughly equivalent to the total income of the poorest half of the world's population, even though it is not more than 10 per cent of the gross world product. By comparison, the resources which are put into the world integrative system are almost trivial". (*op cit*, pp. 45-6). These figures serve to underline how little is expended on integrative or developmental activities in relation to expenditures on "threat systems". The total budget of all international organizations including UNO, UNESCO and ILO amount only to 0.3 per cent of the world war industry. These figures have been cited here *not* to show how reprehensible war-mongering is or how peace is essential for the development of the third world but how, in terms of money, that great measuring rod, purely economic decisions account for a trivial proportion of the total decisions taken by all representative, or not so representative, Governments of the world. Statistically speaking, "social" decisions are much more important in public affairs. It is important therefore not only to take the right and the rational, or the real and rational, if you

please, decisions oneself. It is important to know what other people are thinking of and how "to beat the guns" in the words of Keynes.

Here, I should like to digress to make two points: one about unemployment and the second about the use of the word social. The achievements of economists since the second world war have been praised very highly and it was no doubt in recognition of their growing contribution to public affairs that a Nobel prize for an economist was instituted a decade and a half ago. But economists are not resting on their laurels; they have argued that they need to know much more about the theory of prices in the market economy and how better arrangements for distributing the net product can be made, both through intra- and extra-economic methods. A great deal has been said about financing economic development from current revenue surpluses in annual budgets and what is more, a great deal has been achieved too. Among the developing countries, it was in India for the first time that the Keynesian technique of the surplus budget was employed to stimulate the economy and to pay for development in the absence of private and company savings.

Curiously enough, to this day, no Indian economist has been heard to say that full employment policies are a prerequisite for greater equality of distribution of incomes, if not of property, although equality itself was stressed a great deal in polemical or ideological politics. That cannot be secured through fiscal and monetary measures alone just as a 20 per cent unemployed labour force cannot be maintained by doles or from unemployment insurance funds. Redistributive measures are a poor substitute for full employment. Yet, in the short run, at

micro and project-level planning, the decision to generate additional employment calls for extra resources, and therefore, it is a non-economic decision. Mr. Eric d'Costa argued this with great vehemence during the Seminar on Perspective Planning organized in part by the MIDS in 1972. Full employment is the declared objective of the State as well as the national plan. The Prime Minister of India assured the nation, on assumption of office, that it was possible to visualize full employment for the people of this country in about 10 years' time. The kind of society that we may envisage for the future must be based on full employment as a stern economic fact; without it, no social justice or equality would be possible. Assuming that by the 1990s, the Tamil Nadu would be a fully employed economy, what sort of social perspectives may we postulate for its society of 2001 A. D? In my speculations, I should like to confine myself to the educational and agricultural sectors. Will Tamilians be 100 per cent literate by 2000? Will the nuclear, conjugal or the joint family be the dominant mode of family organization? Tamil Nadu has had more than its share of urbanization as a consequence of development; but how many towns of the 21st century will be grain exchange towns? How many industrial towns? How many of them will be soulless seats of district administration? May we hope for a secular society that Mr. Nehru hoped so passionately for his country? How far would intelligent participation by individuals as citizens determine the conduct of public affairs as opposed to party caucuses and religious or folk communities?

What is the percentage of the labour force that will be engaged in the primary sector and how much of the State gross product would it account for? Would

agriculture be a non-monetized sector and a residual one where people who have not made good in other walks of life take refuge? Will agricultural productivity increase significantly as a result of the emphasis or primacy accorded to the agriculture, irrigation and power sectors in the five plans that have run out their course. Will the State be able to pass on to other priorities in the five plans that will follow before the onset of the 21st century? New Governments selected by popular vote have been tempted to encroach on forest land rather than to reclaim waste land in order to parcel out small bits of land among large segments of a growing population. All these have not made for increases in agricultural productivity or the more economic migration of population to cities. Indeed the number of agricultural labourers has increased in proportion to the growth of population in most States. The Director of this Institute has on more than one occasion questioned the validity of a dictum that has been taken for granted in agricultural economics: for increases in national income to come about migrations of population from rural agriculture to urban-based industry must so take place that the output of agricultural produce is maintained or even increased with the help of diminishing numbers of people. Frankly, I seek edification because if population continues to grow, it is not clear how else labour productivity could be increased without reducing the burden of numbers on the land. Worse still, persons who would make rural culture autonomous simultaneously oppose the mechanization as well even if that comes about as an extension of profitable operations. It is my belief that, on the contrary, the extended distribution of land is a political procedure rather than an economic one. Jeffersonian democracy favoured small farmers who did not

produce a surplus for the market and they therefore opted out of the money economy. Even Trevelyan, who attempted to write the social history of England rather than historiography in the grand style of his times, thought the military strength of England owed it to its small yeomen.

It was a long time ago that Plato said that there were two moralities: one for the ruled and another for the rulers. People on both sides have tried to eschew the dichotomy or end it; but it has endured. It would be wrong to suggest that the kinds of decision-taking considered so far all belong to the same category either logically or psychologically. They must now be distinguished one from the other. The first that comes to mind is of course the decisions taken for the welfare of all, which Plato's professionals – the guardians – are officially in charge of in a representative democracy. Many of them belong to an elitist civil service brought up in the Graeco-Roman tradition. The sharing of responsibility and leadership for decisions as between civil servants and the elected representatives of the people will differ from situation to situation and with the decision itself and of course the status of the political parties in relation to the electorate. There have been Governments and charismatic leaders who could speak to the people over the heads of others concerned and could rely on the masses to carry the decisions through and therefore to a lesser extent on the Parliamentary and organizational wings of a political party or for that matter on the civil service. (see also J. R. Lucas; *Democracy and Participation*, Pelican; 1976) Arrangements to prevent pre-emptive decision-taking by any of the organs of State is institutionalised in the British-American tradition, where "the

apparatus of State is left weak" in consonance with the ascription to it of limited but essential functions. Indeed, it relies on a high degree of nearly direct co-operation with the people. There is, however, no danger of the misuse of power or of damage to particular interests or the common weal arising from an inherent liability to error of decisions taken by a small group of people on matters affecting very large numbers composed of disparate functional or cultural groups. Kenneth Boulding's book cited earlier deals with perspectives for social science research on the work of national governments and world bodies and the need to associate social scientists in the tasks of modern Government in view of its growing complexity. This, then, is the second kind of decision-taking that must be taken into account. The earlier generation of the civil service in Whitehall was brought up on classical languages, ethics and moral philosophy in which the individual is the moral agent and the decision-taker. Such a civil servant saw his work as a calling and felt called upon to devote himself to the pursuit of the public good, and his calling was praised highly by J. S. Mill. The role of philosophy in the social sciences is still a matter of debate. Wittgenstein thought following his master Russell; he had shown that the problems of philosophy were fallacious and that the social sciences alone remained and were each valid in its field. Modern social sciences emphasize objectivity, consensus, aims or objectives and action and a multi—or an inter-disciplinary approach. The truth inheres in the proposition not in the man-centred Universe of Renaissance learning. The consensus referred to is still related to individuals essentially, because social sciences like Kant disfavour heteronomy. May I add cryptically without meaning to

cause offence that democratic government is still basically Protestant and believes in private judgement. The growing functions of the State and the pressure of groups and classes under the party system of modern democratic Government and above all the need for the discussion and debate on rival points of view (strictly, of course, these are only rival points of view not truth as such but that which is usually shared between them in varying proportions, have brought social scientists to the fore. It has been rudely brought home social sciences that, in applying the findings of the social sciences, they cannot confine themselves only with the world of their own theoretical disciplines to the exclusion of others and to the exclusion of the Other Point of View. Applied research also means statistical documentation survey, personal interview, feed-back and the testing of hypotheses and policies the outcomes of policies and the benefits claimed for them or the disadvantages ascribed to them. The social scientist of today knows that the findings of social sciences are depending on an inter-disciplinary approach as well as on consensus and feed-back. He also realizes that he can no longer look for and find ultimate or efficient causes, that the inductive proposition that David Hume so thoroughly demolished in order to deny miracles do not probably exist and that social science hypotheses are contained in propositions that are multi-correlational or parametric to use one of Boulding's telling phrases. The economists were chosen as advisers rather earlier than the sociologists in contemporary history of 20th century government, while psychologists were employed in health departments and the medical services for therapeutic uses although *New Society* of London mentioned some months ago that sociologists passing out from British Universities could not obtain jobs in the

public service except as welfare workers. All this would suggest that social scientists are still to make the grade. Although it would not be proper to call recommendations made by such bodies of social scientists as decision-making, they are undeniably getting to be more influential and professional. The third kind of decision-taking concerns the individual not only in relation to himself and his affairs but the polity, the economy or society at large. The many doctrines and ideologies do not allow that the individual is at the unit of political thought and policy but little at democracy an economy in which decision-taking is by individuals. (It is not too well realised or readily granted in this country that, because of agriculture, a great majority of production decisions in this country are taken by individuals) "The market economy of the classical economist is the best model of the decentralised decision-taking advocated by Locke." (J. R. Lucas; *op. cit.*, p. 31) I do not know about his historical necessity but the concatenation of the two in the seventeenth century was no accident. In Locke's Social Contract, each man has a veto in decision by others closely concerning himself because of his unanimity rule. "... institutionalised selfishness of the market is a lesser evil than the ruthlessness of totalitarian society." Bargaining is the principal mode of contemporary democracy. Aristotle spoke of commutative justice for "fair exchange is not robbery." (*ibid* p. 36) In every exchange, each side benefitted; that they did not do so equally became the concern of politics of later times. The conception of a just price as opposed to free exchange was a later idea. In Rousseau's democracy, the individual was stamped by the general will by an artifice. He was not being best well when he demurred to the General Will. For all that, he did have a

small finger in every large pie of the State. And artifice, we have found, is a necessary element in all formalized decision-taking procedure. Modern democracies operate now by Locke's rule and now by Rousseau's so much so Talcott Parsons felt called upon to warn social scientists should beware of totalitarian democracy. But the important thing is that every democracy provides for grievance ventilation procedures which are for the benefit of the individual. In the group dynamics of social decision-taking, groups count for much, they are influential but the individual. Every individual has a right to be consulted in Government of which he is a part is more than legal and political fiction.

It has been necessary to urge the case for decision-taking by individuals as free moral agents because of the demand for participation in modern democracy. Planners in India know how much they have had to depend on public understanding and participation for their family planning, small savings and agricultural extension programmes. Participation is an ambiguous word. The International Labour Organization uses it as equivalent to a job-opportunity. In democratic politics, it often means no more than the exercise of the franchise once in a specified number of years. In religion, communicants and worshippers participate in the life and martyrdom of saints and saviours, in services, *pujas* and communions but salvation is individual. A contemporary city-dweller participates in the life of the institution to which he belongs, community, family and other organizations of society. They are made up of inter-personal relationships as well as relationships with groups. In politics and in management, one is constantly being exhorted to think and act as members of a group

or take decisions as affecting the lives of the members of group.

So what kind of participation shall we envision in the Tamilian society of the future? Economists and sociologists both cautiously prescribe culture-specific remedies for the problems of development and for development itself. Outside of the instance of the Federating Republics in Soviet Russia after the revolution, there has been no other where public feeling has been aroused so much as by Languages as in Tamil Nadu and other States of India. Equally, culture is, connoted and definitely defined by linguistic outcrops but under the guise of cultural enthusiasm, wrong-headed ideas on anthropology have found their way into the case for the autonomy of groups. Wrong-headed ideas from social anthropology have caused incalculable damage. Martin Buber and Kenneth Boulding both speak of the progress of any culture through three stages—the folk stage, the literary or emotive stage and the scientific stage. Tamil Nadu has had an extended and facile tradition of living in two cultures at the same time—in the composition culture of the home with its folk, literary and emotional elements as well as the new scientific culture, some of it stemming from the 19th century tradition of Western Europe and translated to the home through education of boys and girls in the family. It is sometimes an unviable truce but it lives on from moment to moment. But, every culture must come to terms with the day-to-day facts of science, if not with the philosophy of it. The facts of science and its growing world view has not always been brought home to us beneficially. Often, they have come as a rude shock when the communication of knowledge is mediated by dread weapons. After all, Britain owes its National Health Service to the war and

the Computer and Operations Research to the Normandy Campaign and the deterrent to the German research in weaponry. Social scientists emphasize the scientific character of the Sociosphere—another Boulding concept. I do not feel too unhelpful. Through the use of scientific procedures, it is any project synthesis between the culture of the home and the all influential community on the one hand and temperament or attitude on the other should not be impossible of achievement. Mr. Nehru dreamt that a secular culture would be automatically brought about through urbanisation and large-scale industry. Sceptically, I feel that this view has receded into the distance. There is, as argued, a great scope for the emotionally satisfying and creative I-Thou relationships even in a scientific attitude. The urban alienation of young men and women from inadequate houses who long for emotional completion and reciprocity in relationships in work places and in the sprawling city is well understood in social psychology. *L'être et le néant* so every man has a right to become. The Courage to Be will come after and I do not agree that all existentialism is all whining self-pity.

But what is the scope for individual decision-taking at the several levels of existence with the foregoing arguments point to? The politics that derives from inter-personal relationships is too conservative for use in Third World Countries. Life without ideals is a luxury this State cannot afford. I hope we as a State will rise above this kind of policies. 'How, and for whom, shall I vote?' 'How shall I respond to measures that seem to restrict my freedom but promote the common good?' 'Which party shall I help to win so that such and such ideals may be realised in the life of the State?' 'How shall I do my bit to held

the poor and the deprived?' In answering all these questions, the individual is the essential moral agent and the decision-taker. He may be persuaded by others. He may consult them. He may even go back to the authorities of his earlier but mature life for solace and guidance but he must formulate the answer for himself. I do not believe that individuality is an inviolable essence, a matrix in which shared secondary properties in here. The identity of a man is a sum of his function, his achievement and his inter-personal and social relationships. There is not much scope for the aggressive pursuit of identity in the study of, and research on, the social sciences. Less altruistically, there is the question from welfare economist that is inverted in the form of "the prisoners dilemma" in Games theory. How shall I benefit myself and my partner without adversely affecting others and without unpleasant consequences to the team? Even acquiescence in public policy (as opposed to consent) call forth for some decision-taking deliberations. A useful citizen must respond participatively to Government policies; he must regard the function of governance as action rather than merely as a kind of event, as agent rather than spectator. (J. R. Lucas, *op. cit.*, p. 142) Participation is the best guarantee against tyranny, and it is still true that a person is more likely to get what he wants if he is able to urge the merits of his ideas and perhaps actions on other members of the society. (*ibid.*, p. 145) The demand for participation may arise from discontent and from the failure of some valued aim and it may be suffered by those in power only so that steam may be let off. The crux of public participation is not remonstrance so much as the suggesting of feasible alternatives. It is more role-playing than attitudinization. May I end, this paper with a quotation from Mill. Incidentally, it was in the

pages of his essay on *Representative Government* that I found the earliest use of the word participation which has contemporary connotation. No men must be "reduced to plead from outside the door to the arbiters of their destiny, not taken into consultation within.... If circumstances allow, the amount of public duty assigned to him to be considerable, it makes him an educated man.... From these accumulated considerations, it is evident that the only Government which can fully satisfy all the exigencies of the social state is one in which the whole people participate; that any participation even in the smallest public function, is useful; that the participation should everywhere be as great as the general degree of improvement of the community will allow; and that nothing less can be ultimately desirable than the admission of all to a share in the sovereign power of the State." (J. S. Mill, *Representative Government*, Chapter, 3)

Sometimes, ideas and procedures connoted by the word 'social' pertain to the domain of social psychology, sometimes to sociology and at others to social philosophy. Many societies do not have

anything but a divisive social philosophy if they have one at all. The word 'societal' suggests that society is a unit—a definitive and enumerative entity. Sociology treats all groups and classes as entities in relation to individuals, other institutions and their ideas and ideals. I have read that, in the cloisters, sociology and social work do not even nod to each other. Decisiontaking involves an apprehension of reality mediated by all these disciplines. There are many who believe that man cannot live by the logics—mathematical apprehension of reality alone. I shall try to spell out the approach to the society of the future that the foregoing considerations suggest. Education is a principal constraint in the development of functional attitudes and behaviour in social, political and economic development. Formal education has produced all the answers but has been found wrong and elitist. The future belongs, we are told, to non-formal education—in Tamil Nadu at any rate. On-the-job training accounts for more than sixty per cent of all education the world over. I have attempted to define the social task for Non-Formal Education and on-the-job training. If you agree, I hope you will join me in wishing them well.

Summary of Discussion

In the discussion of the paper at the Seminar held in the Seminar room of the Institute, on Wednesday 29th June 1977, under the Chairmanship of Prof. S. Ramathan, the Chairman observed that some of the concepts and assumptions

underlying the author's treatment of social perspectives were not clearly enunciated and he hoped that the discussion would clarify these. Mr. Alexander Joshua presenting the paper pointed out that the paper opens with the defini-

tions of two phrases "social perspectives" and "perspectives". Social perspectives encompass trends of intersectoral activities that could be envisioned for the immediate and foreseeable future, implying an exercise in economic sociology. The term 'perspectives' is used synonymously with 'objectives' governing a foreseeable and homeostatic future in depth as defined in 'The Phenomenon of Man' by Teilhard De Chardin. Regarding the basis and methods of planning adopted in India, the Union Planning Commission sought to visualise structures, magnitudes and interrelations through quantified relations with supporting figures in the areas of steel, fertilisers, non-ferrous metals etc. assuming rates of growth which would sustain postulated development in the sectors of agriculture, engineering construction, railway industries and defence. Referring to planning at State level a unique feature, in Tamil Nadu was consultations with professionals—the intelligentsia—and the non-political nature of the consultations that preceded planning. However, the final decision even in social and economic planning rested with political authority. Discussing the tools used in the planning process, mathematical models which identify the measurable variables of development and articulate them into total growth models which then yield values of GNP, are useful. But these quantifications should be preceded by verbalised propositions which ensure an understanding of a process that must basically be scientific. At the monitoring stage, figures to verify and check the projected outlays and targets of plans against actual achieved growth rates are important, but this is a statistical rather than a mathematical model, which requires the back up of reliable statistics. An evaluation of the near failure of the Fifth Plans points to the failure of the instru-

ments of planning and procedures. It further indicates the need for broad based planning with built-in procedure to determine national and popular attitudes towards social and economic issues. This expansion of the planning base would thus involve non-economic decisions and the extent to which traditional cultural and religious factors would militate against a postulated tempo of development. Policies to ameliorate unemployment, a malaise of the economy, require decisions at project and micro levels which are in essence non-economic. So social decisions carry greater weightage in public affairs. In this context, the major objective of planning, recently declared by the Prime Minister is that it was possible to visualise full employment for the people of this country in about ten years time. The perspective that emerges from this major objective is a society where social justice and equality are secured through full or near full levels of employment. Futurological speculations regarding Tamil Nadu in the year 2000 A.D. centres mainly round the family structure—nuclear conjugal adjoint; whether 100 per cent literacy would have been achieved; whether urban development will be characterised by brisk and lively market towns or inert administrative headquarters. In the national context will the hope for an integrated secular society rising above distinctions of personal creeds be realised or belied? Will the individual as citizen effectively determine the conduct of public affairs or will these continue to be controlled by political parties, religious or caste groups? A crucial element in planning and implementation is the structure of decision making which falls into three broad categories. The first kind of decision making, bearing on general welfare, is the province of the skilled and dedicated administrator or civil servant. Second,

the growing complexity of the functions of the State and the party system in modern democratic Government and the provision for debate on differing points of view, have brought the advice and counsel of the Social Scientists into the picture. The third kind of decision making concerns the individual not only in relation to himself and his affairs but the polity, the economy of the society at large. In order to foster healthy participation by the individual citizen, education system seems to be the answer. But the formal education system does not seem to have come up with adequate solutions, reflecting as it does the elitist bias of the social structure. Hence the future, it would appear, belongs to non-formal education, in Tamil Nadu at any rate.

During the discussion an alternative approach was suggested. Defining 'perspectives' in simple terms as prospects of the future, the existing status of the society may be reviewed covering the numerical and demographic dimension, spatial distribution, age structure, population growth and literacy levels. In Tamil Nadu, on the basis of such a review, social change should be oriented towards a largely rural population with low literacy levels and a large majority below the poverty line. Industrial and political revolutions have changed the face of society in other countries. But in India, however, planned reform would be the instrument of choice. The view was expressed that the paper was a refreshing departure from statistical expositions usually adopted in economic dialogues. By implication it seeks to draw attention to the fact that man is a composite animal and planning should take into consideration this particular nature. Referring to the objective of full employment in ten years time, it appeared to be

difficult to attain in the present circumstances. Employment with strikes and lockouts, as it obtains to-day, has to be re-oriented on a new awareness of national needs and an ethic of industrial relationship evolved. The paper has a reflective and scholarly approach dealing with ideas and concepts instead of relying on statistical analysis. There are three main theses that emerge from the paper. First, social attitudes are the determining factors in the social process. The answers to the queries raised in the paper would outline the perspectives projected, though these would not be simple or unidimensional. Second, in view of the political nature of decision making, while Garibi Hattao is still the major objective the ideological perspectives and programmes followed during Nehru's time and later, are being replaced by the Gandhian approach. It is part of the economists task to work the alternative programme of the new frame. Third, in the absence of an interdisciplinary approach the Social Scientists are not ready with definitive answers to various issues during the planning and development process. To accept education, even non-formal education, as the full curative for motivating social development does not seem to be the satisfactory answer, unless education is interpreted as the total social process. In this context it was stated that our planning was undoubtedly urban-oriented and basic change to rural oriented planning seemed necessary. However, the Gandhian path to the restructuring of rural society has not been tried yet. Possible models for such development could be found in Gandhigram and Narayanapuram in Tamil Nadu. The villages as they stand to-day are not a viable basis for such development. There has to be some re-organisation both from the economic and sociological aspects. An opinion

was expressed that perspectives do not imply mere forecasts and but are based on some discernible value judgments. The issue of a secular society raised in the paper is not extraneous to Gandhian thought as it interprets secularism as equality of all religions and the basic concept of social justice as sharing without coercion. In the present

junction in our history what is required is a balanced approach and not a blind adoption of any ideological frame, even the Gandhian dynamic. In conclusion it must be remembered that we cannot isolate ourselves from a rapidly changing world and our international commitments and the revolution of rising expectations within the country.

TOWARDS AN EFFECTIVE SIXTH PLAN*

The Task Ahead

1.1. With the publication of the final version of the Fifth Plan¹ and the two years left of that Plan (1977-79), it is appropriate that discussions and serious work should begin on the Sixth Plan frame. (The new Government plans to make changes in the last two years of Fifth Plan and to begin work on the Sixth Plan). This work of reflection and preparation on the Sixth Plan is overdue and should be urgently undertaken. It is more than the usual, normal, routine exercise which is confronting the country, its planners and political authority, simply because the Fifth Plan time is running out. What is required, and that is the burden of this note, is the resumption of planning, which has been interrupted since the start of the Fourth Plan, which like the Fifth Plan began with 3 annual plans, with the Five Year Plans in each case being essentially a rescue effort, a salvage operation—not a Plan with a rising real rate of investment. In a sense, we are being misled by the absolute or percentage figures quoted by official sources concerning our Plan investments. For 1974-75, for instance, Plan outlay at current prices was increased by 17.9 per cent (from Rs. 4,129 crores in 1973-74

to Rs. 4,844 crores in 1974-75), but in real terms there was no increase because prices of machinery and equipment, metals and metal products increased by 22 to 32 per cent. In real terms, therefore there could have been even a certain amount of disinvestment. Similarly the 1975-76 Plan outlay is said to have increased by 25 per cent (from Rs. 4,844 crores to 6,000 crores) but prices of investment goods rose by 8 per cent so that the real investment increase was nearer 10 per cent. Again in 1976-77, the Plan outlay is said to have increased by 31.6 per cent from Rs. 6,000 crores to Rs. 7,852 crores but, allowing for the price rise of 12 per cent, was actually half that, which is nearer that of the previous year. To increase real investment at that rate (31.6 per cent) in 1977-78, the Plan outlay would have to be Rs. 25,000 crores, but there is likely to be one third of this in reality. (In the interim budget for 1977-78 presented to the Lok Sabha the plan outlay for the Centre and States together is placed at Rs. 9,953 crores which is little over one third of the figure of Rs. 25,000 crores referred to). In other words we need to resume at least the 15 per cent increase in the annual real rate of investment that characterised the Third Plan and its previous Plan

1. Fifth Five-Year Plan : Government of India, Planning Commission, New Delhi 1976.

* Extracts from Dr. Malcolm S. Adiseshiah's article published in the Journal of the Southern India Chamber of Commerce and Industry, Vol XV dated May, 1977.

periods. This note is in a sense a continuation of this major conclusion of the Mid year review of the Economy that I undertook for the Associated Chambers of Commerce in October of last year.²

2. Stagnation During the Last 10 years :

2.1. The urgency of the plea for a resumption of planning can be demonstrated in several ways. One way is to

look at the declining overall performance of the economy, (which incidentally is a different proposition from the secular trend in regard to the living levels of the people which is even more sombre). Using the CSO estimates of the growth rate of the economy for the 10 year period (since the end of the Third Plan to date), the following summary presents itself as a 3 per cent compound rate for the period, against the targetted growth of 5.7 to 5.5 per cent.

Year	Growth rate		Year	Growth rate	
	Actual	Target		Actual	Target
1966-67	0.6	5.0	1971-72	4.7	5.7
1967-68	7.6	5.0	1972-73	0.6	5.7
1968-69	2.8	5.0	1973-74	4.8	5.7
1969-70	0.6	5.7	1974-75	0.2	5.5
1970-71	4.9	5.7	1975-76	5.5	5.5

2.2 Another indicator of the declining growth rate is the steady and continuing reduction in the production targets established by the Planning Commission. Starting with the Perspective Plan targets established in 1962, on to the targets for

those years foreseen in the IV Plan in 1969, and those in the Draft Fifth Plan in 1974 and in the Final Fifth Plan documents in 1976, the declining targets picture that emerges is as follows.

2. Malcolm S. Adiseshiah: "Some Thoughts on a Mid-Year Review of the Economy". October 1976 pp 13-15. Associated Chambers of Commerce and Industry, New Delhi.

TARGETS

Year	Food grain (Million Tonnes)		Steel (Million Tonnes)	Coal (Million Tonnes)		Power (Million Kwh.)						
1962	'69	'74	'77	'62	'69	'74	'62	'69	'74	'77		
1975-76	148			27.4	255		144					
1978-79	156	140	125	12.5	9.4	8.8	130	135	124	145	120	116

In terms of actual performance the production for the latest year was even lower. The 1976-77 estimated figures are 116 million tonnes of foodgrains, 6.3 million tonnes of steel, 104 million tonnes of coal and 80 billion Kwh of electricity.³

(3) Bulletin: Madras Institute of Development Studies: Vol. VI pp 440-443 and Vol. VI pp 143, 146 and 148.

2.3. The Index of Industrial Production was also relatively stagnant during the past five years against the targetted level of 10 to 12 per cent. Using CSO data industrial growth was 6.8 per cent in 1968, 7.1 in 1969, 4.8 in 1970, 2.9 in 1971, 7.1 in 1972, 0.7 in 1973, 2.1 in 1975 and an estimated 10 per cent in 1974⁴, which is an annual average of 5.2 per cent, about half the targetted rate.

2.4. In view of the predominant place of agriculture in the economy and its direct relation to the living levels of the people, its rate of growth may also be referred to. On the basis of the data published in *Agricultural Situation in India* by the Ministry of Agriculture, the annual per-

centage increase of agricultural production between 1951-52 to 1964-65 was 3.2 per cent and that between 1965-66 to 1974-75 was 1.8 per cent. Even more serious, the decline after the Third Plan was particularly sharp in terms of per capita production. Upto the end of the Third Plan, per capita production increased at an annual rate of 1.4 per cent and between 1965-66 and 1974-75 at 0.2 per cent.⁵

2.5. The estimates of net domestic savings as a per cent of National income also show stagnation, though the last three annual reports of RBI give widely different estimates for the years under reference.

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
1973-74 RBI Report	10.6	11.4	11	9.9	—	—
1974-75 RBI Report	10.6	11	12.6	12.1	11.8	—
1975-76 RBI Report	10.6	11	13.0	12.8	13.1	14.5

This confusing series of estimates show however a low propensity to save which the RBI September 1976 Bulletin brings out clearly. Savings range from 8.4 per cent of NDP in 1960-61 to 13.2 in

1972-73, down to 12.2 in 1973-74 and 11.8 in 1974-75. The major saver is the household sector, averaging 80 per cent of the total with only half of it in financial assets.⁶

(4) Annual Report— RBI 1974-75 p 7 and Monthly Abstract of Statistics: December 1976 p 14, CSO, New Delhi.

(5) *Agricultural Situation in India*. Ministry of Agriculture, December 1974.

(6) Annual Reports RBI-1973-74 p 14, 1974-75 p 32, 1975-76 p 76 and RBI Bulletin Sep. 1976 pp 602-604.

2.6. The index of real gross fixed capital formation for the country shows stagnation and a decline during the Fourth and Fifth Plans and markedly so in the case of the public sector which increased at an annual rate of 11.5 per cent upto the end of the Third Plan—

and then declined steeply, with a slight recovery in 1971–72 followed by a further decline.⁷ The percentage of annual Development expenditure to GNP brings out this stagnation and decline in investment since the end of the Third Plan.

Third Plan Year	% of Development Expenditure of total Expenditure	% of Development Expenditure of GNP
1965–66	62.1	14.5
1966–67	55.6	12.5
1967–68	57.0	11.4
1968–69	57.7	11.8
1969–70	56.5	11.3
1970–71	56.5	11.7
1971–72	56.7	13.3
1972–73	59.5	14.3
1973–74	55.5	11.8
1974–75	60.4	12.9

2.7. Against these indicators of stagnation and non-growth, one negative conclusion that suggests itself is that the Sixth Plan must be not a projection of the Fourth and Fifth Plan trends. It must start afresh as a Plan, with a real increasing Investment base.

3. Rising Real Public Sector Investment for the Sixth Plan

3.1. First, the Sixth Plan must provide for a large public sector investment component both because that would also trigger the growth of the private sector, and because the order books of the major

(7) Annual Report RBI-1975–76 p 15

Economic and Political Weekly: Annual Number 1977 pp 226–227

Basic Statistics: Commerce Research Bureau, October 1976 Table 5.1
Commerce, Bombay

capital goods units of the public sector are now standing empty. On the first aspect, it is not simply that "public sector investment generally sets the tone for private investment" as the annual report of the RBI points out,⁸ the backward and forward linkages of public sector investment determine the rate of growth of the private sector. In fact the profitability of the private sector is dependent more on the demand on it made by fast growing public sector, rather than on the various incentives offered to the private sector in the way of relief, differential interest rates, streamlined licensing policies, less stringent credit provisions and more generous investment allowances, which are necessary but not sufficient instruments for its growth. Furthermore, the increased production of the public sector which the last two years has recorded cannot be sustained without such increased investments. On the one hand the fuller use of existing capacity on which this recent good performance is based is reaching its ceiling and exhausting itself. On the other hand, the fact that the increased products of this sector, steel, capital goods, coal, cement etc. are increasingly being exported at a time when they are needed for the industrial and infrastructural development of the country is an indication that domestic industrial and agricultural demands are not expanding and that without the external demand for and exports of the public sector products, the order books of the units are fast running out.

3.2. Second, the last two years of the current plan should be devoted to the preparation of a shelf of projects which

can absorb the larger public sector investment for the Sixth Plan that I have proposed. From this point of view the three point industrial policy currently adumbrated for the remaining two years of the Fifth Plan—namely, a step up in investment, reversal of the recessionary trends in sub-sectors affected by slackness of demand and promoting fuller capacity use—needs to be supplemented and in fact given higher priority—in identifying and readying through feasibility studies and engineering blue prints, projects in basic, capital goods and intermediate industries and agro-industries which can go on stream during the Sixth and early years of the Seventh Plan.

4. Preconditions for increased Sixth Plan Investments

4.4. For such a policy of sizably increased Sixth Plan investments, there are two necessary conditions. The first is an increase in public savings. Here while the saving performance of the government and the public sector undertakings over the past 10 years have not been encouraging, the trends during the last two years are in the right direction. Government savings increased from Rs. 841 crores in 1974-75 to Rs. 894 crores—6.3 per cent—in 1975-76, and it is to be hoped that this improvement will continue in 1976-77, which however according to the budget estimates show a dip to Rs. 685 crores, or minus 23.4 per cent. Also the losses of departmental undertakings fell from Rs. 80 crores in 1974-75 to Rs. 34 crores in 1975-76.

(8) Annual Report—RBI 1975-76 p 12

Malcolm S. Adiseshiah: Some notes on the State of the Economy pp 5-7, Associated Chambers of Commerce and Industry, Bombay 1975.

Gross savings of the Central Government thus rose in 1975-76 to Rs. 1,021 crores (11.3 per cent) and are expected to rise further to Rs. 1,061 crores in 1976-77 (3.9 per cent). Net savings rose from Rs. 773 crores in 1974-75 to Rs. 866 crores in 1975-76 (12 per cent) and are expected to increase further to Rs. 889 crores in 1976-77 (2.7 per cent). Excluding inventories in foodgrains and fertilisers, the public sector direct net investment is slowly improving from Rs. 712 crores in 1974-75 to Rs. 819 crores in 1975-76 and is estimated at Rs. 952 crores in 1976-77. This trend needs to be deliberately planned for and strengthened, so that the excess of net savings over net direct investments keeps moving in a positive direction, and not downward as at present from Rs. 61 crores in 1974-75 to Rs. 47 crores in 1975-76 and an estimated minus Rs. 63 crores in 1976-77.⁹

4.2. A second condition for increasing public sector investments exists, fortuitously or otherwise, and that is the accumulated stocks of foodgrains and our foreign currency exchange resources. In one sense these increased and utilised stocks are a pointer to the lack of investment projects with the Planning Commission—not lack of investment opportunities. To some extent the inventories of foodgrains (and to a lesser extent those of coal, steel and cement) and the rising reserves of foreign exchange which have been built up on top of an earlier period of hyper inflationary pressures and wide ranging demand management policies might be regarded as having occurred suddenly and caught us unprepared as far as

using these resources is concerned. But now over a year has passed and two more years are ahead of us, and this period should be used to start on planning afresh, and these resources used now as wage goods and other inputs to prepare projects for launching during the Sixth Plan. There is one cautionary note however that must be sounded about the euphoria surrounding the growth of our foreign exchange resources—the part due to inward remittances, which increased from Rs. 645 crores in 1974-75 to Rs. 1,185 crores in 1975-76 and Rs. 1,305 crores in 1976-77. A very small part of this inflow is due to family remittances, which are straight additions to our foreign exchange resources. In 1967-68 our family remittances were Rs. 101.8 crores, in 1973-74 they were Rs. 191.3 crores. For the rest 90 per cent of the remittances are remittances from Indians living abroad, who have been offered extremely favourable investment conditions under the Foreign Currency (Non-Resident) Account schemes and other such facilities under which they can hold their funds in India in US Dollars or in any other foreign currency they like, they can earn interest upto ten per cent, their interest is income tax free, their capital and deposits are wealth tax free and their capital and interest can be repatriated at any time without reference to the RBI. This means that these foreign exchange resources that are building are not gifts, are not even normal hard bank loans, but are loans that we have accepted at very hard terms—much harder than any bank or financial institution charges the economy or any foreign capital or foreign firm for that matter. In other words these foreign currency resources of investment remittances from Indians abroad are at a very

high cost to the Indian Economy. This needs to be borne in mind in any programme to use the remittance part of our foreign exchange resources for investment or buffer purposes, and also calls for a review of our attitude to foreign aid and normal private foreign capital inflows.

4.3 There is one more condition that the resumption of Planning calls for—and that is the revival of the capital (equity) market. The RBI Annual Report, while admitting that the market is sluggish, sees signs of its revival in the Rs. 93 crores of the new capital issues floated by the non-government public companies in 1975–76 compared to the Rs. 52 crores issues of the previous year, and in the sanctions and disbursements to the corporate sector by the term lending institutions (IDBI, ICICI, IFCI) etc., which increased by 33 per cent in 1975–76 compared to 24 per cent in 1974–75.¹⁰ But what is really required for the revival of the capital (equity) market is a reduction in the Bank rate and a parallel reduction in the lending and deposit rates of the commercial banks, as I have argued in an earlier note.¹¹

5. Employment and Anti-poverty Action in the Sixth Plan

5.1 Such preparatory project formulation action would also be a means of generating employment—on which the economy is doing badly—as what industrial and agricultural expansion there has been and is taking place is of a capital intensive and labour replacing nature. The use of the stocks of foodgrains and foreign exchange that are continuing to build up for projects preparation and for expansion of the much needed infrastructure in health, education, rural roads, rural housing, water supply, minor irrigation, land and water use and development etc. would also be a direct means of alleviating the growing poverty of the rural country side.*

5.2 Thus a programme aimed at developing a shelf of feasible projects for the Sixth Plan and for investing in developing the infrastructure it calls for, will be a means of the country resuming its Plan methodology and commitment, and re-entering the path of continuing growth, generating employment, and alleviating poverty.

(10) Ibid p 43.

(11) Some Thoughts on a Mid-Year Review of the Economy pp 7 & 8,

* This note was written on March 10 in response to the requests of the editor for the article, before the Lok Sabha elections and the installation of the new government. The contents of para 5.1 coincide with the priority objectives—removal of destitution and of imbalance in employment generation and reduction in the inequality in income distribution—set forth by the Government for the remaining years of the Fifth Plan and for the formulation of the Sixth Plan.

Statement of Social Scientists Issued at the End of The Seventh Inter - Disciplinary Research Methodology Workshop on Village Studies, Hyderabad May 21-24, 1977

The ICSSR Inter-disciplinary Research Methodology workshop on Village Studies at Hyderabad was attended by 19 participants representing various disciplines (Anthropology, Sociology, Geography, Psychology, Economics, Political Science, Public Administration, Education, Technology, Management and Statistics). The Workshop examined the methods and methodologies used in village studies in relation to various disciplines. On the basis of such an examination, the Workshop arrived at some tentative conclusions with regard to multi-disciplinary and inter-disciplinary methodologies in studying village with focus on rural poverty. It is known that villages differ from region to region. Depending on the peculiarities of rural life a village may have nucleated, clustered or dispersed settlement patterns.

I Village studies have assumed a place of importance in rural research in India. Yet, there is inadequate understanding of the nature, functions and methodology of village studies.

II. Unique Attributes of a Village Study

1. Village, being a convenient geographical unit, enables the researcher to have prolonged periods of stay in one

village and make intensive observations of the interplay of various factors. The period of stay will, no doubt, depend on the objectives of the study and the nature, quantum and depth of the data required. In this respect village studies differ from the agrarian surveys of the Agro-Economic Research Centres, the Farm Management Studies, etc. However, they do not supplant the latter.

2. Village studies require a greater use of multi-disciplinary and inter-disciplinary research in order to understand the complexities of the developmental process. Study of the dynamics of village life, embracing as it does, the sociological, anthropological, political, administrative, economic, spatial and other facets, necessarily involve various social science disciplines apart from such other disciplines as engineering, public health and so on.

3. Village Studies provide scope for the use of a multiplicity of research techniques for generating information; participant observation, geneology, household survey, sample survey, experimental and quasi-experimental designs, case studies, systems analysis of institutions and so on.

4. The intensive studies of a single-village provide valuable insights into the social phenomena. Where the subject matter is to be particularly understood within the conceptual framework of institutional inter-dependence, a holistic study of the village is of utmost importance. A village may not be a physical isolate; it has several ties with the outside world which are increasing day by day. But as a conceptual isolate it becomes a very appropriate unit of study as it represents a system of social action—a well demarcated community of individuals and groups with high frequency of interaction and exchanges amongst them.

5. After the different strands of social phenomena are understood in the context of their interrelatedness to one another which can be achieved only through holistic study of villages, it is legitimate to pursue the study of any crucial variable at a macro level (with a wider sample), keeping in view the manner in which it is related to other variables in a given complex. But the starting point for it has to be a holistic study. Here lies the importance of village studies.

6. Village studies actually provide an understanding of rural life in depth. Besides, they enable us to understand and analyse the problems and processes of community decision-making, leadership patterns, mobilisation techniques, patterns of accommodation, intra-village and inter-village factional alignments and their influence on the developmental process, and the nature and suitability of the administrative systems devised for handling 'catalyst', developmental and regulatory roles.

7. Village studies provide a better basis for studying the "linkages" and

inter-relations within the village and between the village and the rest of the society, polity, and the echo-system.

III Methodology of Village Studies

1. Choice of Village: the problem of typicality

Village selected may or may not be typical of the villages in a region or State. To the extent the researcher has evidence of the typicality of the village, the study may be used to draw some generalisations regarding the region or country.

2. The choice of the village must be related to the purpose of the study. A special object set before the researcher may call for the choice of a special type of village. Apart from any such special objects, there is the over-all object of village studies, that is, to provide data which become reliable bases for theoretical generalizations as well as policy formulations. From this point of view, the researcher has the responsibility to make it clearly known whether the village is representative of the region or what type of villages it represents.

It should be emphasised that the main purpose of a village study is to provide information about the rural dynamics in depth and thus to get a glimpse of how people function in a rural setting. Hence, an examination of policy implications need not, in many cases, be the primary goal, though it may follow.

3. Defining the geographical unit of village

The choice of the geographical unit of 'village'—revenue village, Census village, clustered/dispersed settlement patterns etc.—would depend both on the specific

geographical and socio-economic characteristics of rural life in each region or State and the objectives of each study.

4. Uniqueness of each village; difficulties in drawing generalisations

In terms of substantive data, each village may appear to be unique; hence the immense difficulties for making generalizations. However, in the context of basic socio-economic, political and cultural factors in the country and in the world as a whole, it should be the endeavour of the social scientist to study the underlying processes which may have a high degree of similarity between villages.

5. Typology of Villages

One of the key problems in the field of village studies is the problem of building up a typology of villages for higher level generalisations. It is for the social scientists, on the basis of a large variety of village studies, to evolve a typology based on certain key variables.

6. Holistic Approach vs Sampling

In understanding certain phenomena whose interrelations cover the entire gamut of village life, the suitability of the study of a small sample in the village may be carefully examined. For instance, in setting out the pattern of distribution of land holdings, the distribution of land-owners, tenants and agricultural labourers, the interrelations between castes and classes; interrelations between political processes and administrative structures, the selection of a sample within the village may not do. But in respect of such other items as farm

management, inputs and outputs, diffusion of innovations, selection of a sample for study is quite legitimate.

IV Types of Village Studies

1. Village studies may be (a) descriptive, (b) diagnostic and (c) policy-oriented or a combination of these.

While the value of descriptive data which throws light on the situation in villages as they exist ("what is") should not be belittled, village studies, if they are to be useful for helping policy makers in accelerating economic development, social progress and in removing poverty, should be diagnostic and/or policy-oriented as far as possible.

2. Quantitative and qualitative data collected through village studies, if they have to have a bearing on policy formulation and implementation, should be able to raise one or more of the following basic questions:

(a) Why the situation is what it is?

(b) What the situation "ought to be" (perceived both by the people in the village and by the researchers—the researcher making his value premises explicit)?

(c) What are the gaps, if any, between developmental goals and performance?

(d) What is the impact of innovations on rural life?

(e) How the changes required could be brought about; recommendations for alternative policies and programmes and administrative machinery and procedure for implementation?

V. Analytical Framework for Village Studies

1. There are several alternative frameworks for village studies, for example:

- (a) Analytical framework of the Anthropologists/Sociologists/Psychologists;
- (b) Neo-classical economic framework;
- (c) Modernisation framework;
- (d) Policy Science framework of political and administrative scientists;
- (e) Marxian framework;
- (f) Systems framework;
- (g) Equilibrium models;
- (h) Conflict models;
- (i) Non-bureaucratic framework (including the Gandhian);
- (j) Ecological framework.

There is need for a dialogue about the relevance and utility of these analytical frameworks for village studies.

2. Similarly, there is need for a thorough examination as to how far a multi-disciplinary or inter-disciplinary methodology can be evolved for such studies. Some important questions in this connection are:

(a) To what extent the analytical framework of the sociologists and the anthropologists with heavy emphasis on social attributes, can be integrated with the analytical framework of the economists?

(b) To what extent should political science, particularly the study of power structure, modernisation and policy science perspectives be incorporated effectively into the analysis of the allocative and distributive processes?

(c) To what extent there should be interaction between the social scientists and technologists if the data of village studies is to be used in optimising resource management for creating employment and alleviating poverty?

(d) To what extent there is need for transforming the existing administrative structures and procedures, and the attitudes and analytical perspectives of the administrators to keep in tune with development goals and social objectives?

(e) To what extent there is need for transforming existing social values which may impede social progress?

VI. Recommendations: Areas for Research

With a view to promoting village studies with a focus on the problem of poverty, the workshop recommends the following.

(1) Building up a Typology of Villages

Priority should be assigned to the task of building a typology of villages on the basis of (a) available village studies in India and (b) census data on village. A small study group may be set up to build a framework for evolving a typology and to spell out the nature of the data available in the extant village studies. It is recommended that the Madras Institute of Development Studies

jointly with the Regional Centre of the ICSSR, Hyderabad, may appoint such a Study Group.

(2) Inter-disciplinary scrutiny of village Studies

It is recommended that village studies made by scholars of a particular discipline should be scrutinised by a team of scholars drawn from different disciplines. Such a scrutiny should have the objective of evolving an inter-disciplinary frame of reference for village studies to be conducted in the future with a focus on the problem of poverty.

One of the tasks of the team of social scientists should be to formulate suggestions as to what alternative conceptual framework and methods of study would have led to an improvement in understanding the total reality. In particular, they should examine how the significant interrelationships between one's own discipline and of other disciplines can be brought about.

The Study Group proposed to be set up under recommendation (1) above should select the studies to be scrutinised and the team of social scientists.

(3) Identified of obstacles to and the agents for socio-economic and political processes of attacking poverty

One of the crucial variable in relation to the studies on poverty is the structure

power in the village society (in their interrelationship with power structure outside). It is necessary to examine the political and administrative process and structures in rural India and the emergence of elites with a variety of support bases. It is the duty of social scientists to evolve a conceptual framework for identification of the obstacles to change and the agents for social transformation in the village set up.

(4) Longitudinal Student of Change Process

Re-surveys have a special value in throwing light on the dynamics of the economy, the polity and society and how the structure and values undergo transformation. They can be based either on cross-sectional analysis or time series analysis or a combination of both.

Research should not be an end in itself. Authors of village studies and rural research in general should consider the policy implications of their research to rural policies—in complementing existing policies or in suggesting alternatives to the policies so that social scientists play an important and meaningful role in evolving action strategies for a better management of the resources and for raising the standards of the rural poor through a time-bound programme.

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