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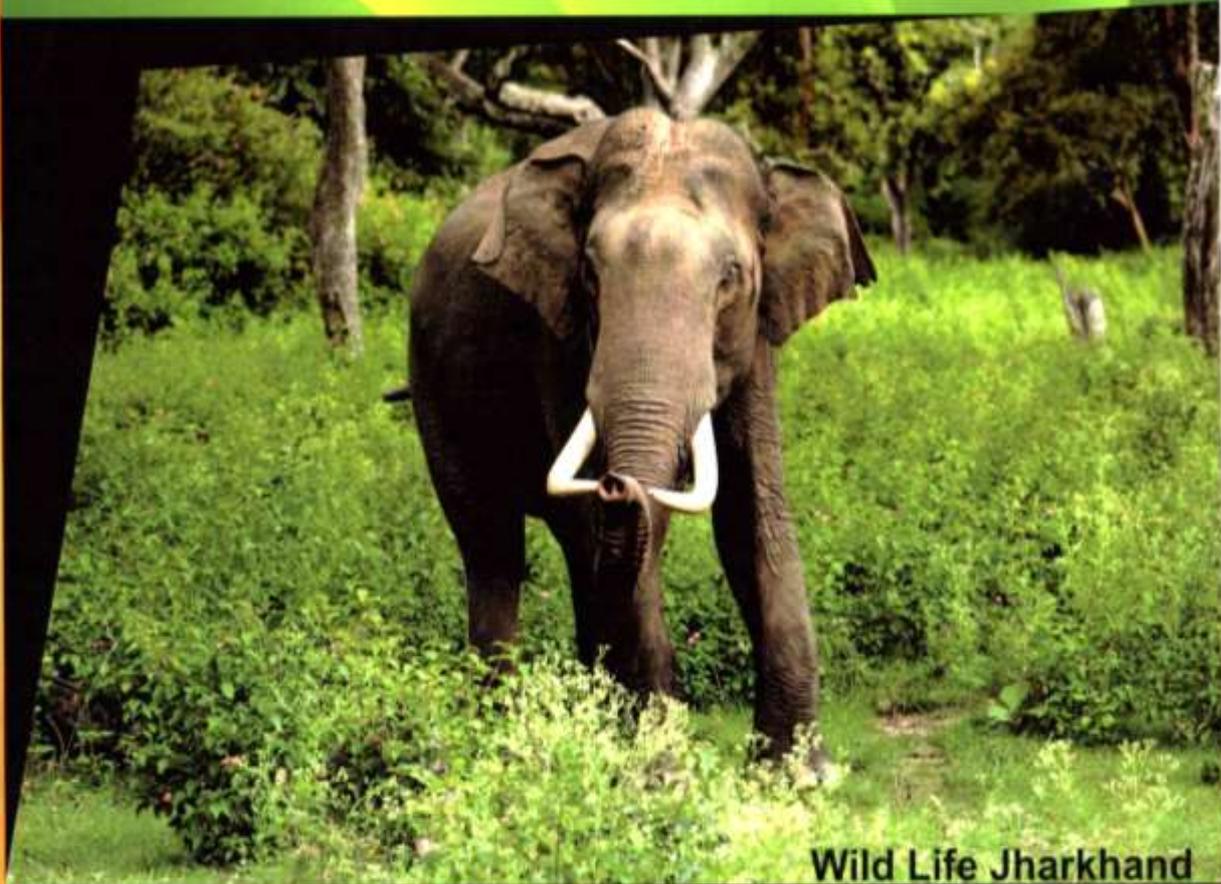
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Editorial

COMPETITION FOR LAND BETWEEN PEOPLE AND ELEPHANTS



Dr. Mithilesh K. Choubey
Editor-in -Chief

Jamshedpur, one of the most beautifully planned cities in the country is surrounded by the beautiful Dalma Hills. Vivid Dalma, a dynasty of mighty elephants, offers a high level of thrill and jungle experience to the tourists. Dalma Wildlife Sanctuary, located around the Dalma Hills 10 km from Jamshedpur City in Jharkhand was established in 1975. The vast Dalma Wildlife Sanctuary begins from Chandil to 40 km east and sprawls around 195 sq km on paper.

But today these mighty elephants are not safe in the mountains. 7th All India Elephant Census was carried out in 2017 under Project Elephant. The census report shows a steep decline in the number of elephants in the Dalma Range. In 2012 the number was 688 that reduced to 555 in 2017 in Jharkhand. The census, synchronised from May 10 2017 for the first time across four bordering states Jharkhand, Bengal, Odisha and Chhattisgarh, used direct (sightings) and indirect (dung decay analysis) methods to avoid duplication and arrived at a more accurate count. Figures released in May 2017 shows sharp fall in elephant numbers at Jharkhand's two major habitats Dalma Wildlife Sanctuary and Palamau Tiger Reserve.

Perceived to be well-managed, the Dalma sanctuary delivered a shocker with 46 elephants,(May 2017) less than a third from 156 in 2012. Decline is more sharp in Nexal affected areas and border areas of Dalma Range. Naxalism combat and border trenches might affect the state's elephant population to an extent. In the other parts of the world illegal killings of elephants are being linked to organized crime and the funding of armed militia groups. Many consumers do not realize that by buying ivory, they are playing a role in the illegal wildlife trade and its serious consequences.

But in Jharkhand, things are bit different. Elephants are killed, but not for ivory only. Jharkhand is gradually becoming a war-zone between the humans and elephants. The frequent run-ins, which are leading to casualties, damage to property and crops, are being caused by the rapid afforestation along the traditional elephant corridors that lead into West Bengal, Chhattisgarh and Odisha. According to the Indian environment ministry, 1,144 people were killed in elephant and tiger attacks between April 2014 and May 2017 in the country. Human-animal conflict is one of the biggest challenges for conservation efforts - especially for large species which get lots of attention. Nearly 60% of Asia's elephants live in India, where their estimated population is between 24,000 and 32,000. But elephants are thought to kill about 500 people each year, far more than any other wild animal. Experts say expanding human populations have cut off elephant corridors, trapping the animals in smaller areas and forcing them to raid towns and villages. The more thought is needed on how elephant corridors can be protected and training given to villagers so the animals can move through safely. More careful anti-naxal combing operations and better understanding with bordering states are also focus areas. Jharkhand has 31.9 million people (2012) and the population is growing, putting immense pressure on land to build homes and factories. Industrialists are rushing through projects, sometimes without proper safeguards built. This is a matter of serious concern. Conservation work has had some success in increasing wild animal populations.

The task now is to strike a balance in the competition for land between people and elephants.

With Best Wishes



Date: 1 October 2017

Jamshedpur, Jharkhand

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UNDERSTANDING THE GEOPOLITICS OF FOREIGN AID: A COMPARATIVE ANALYSIS OF THE USA AND THE USSR'S ECONOMIC ASSISTANCE TO THE THIRD WORLD COUNTRIES

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Abstract

Geo-politics of foreign aid has been the story for the larger part of the 20th century. Foreign aid was a strategic foreign policy in the Cold War Period. Third world got substantial financial assistance from the United States of America (USA) and the Union of Soviet Socialist Republics (USSR) due to ideological confrontation started between these superpowers. Both these countries started attracting the newly independent countries such as Afghanistan by providing the economic assistance as well as different types of assistance in the Cold War period. Moreover, they also were showing its strength for providing security to the emerging countries. On behalf of that, they can easily motivate and ideologically converted these countries. Both superpowers had been showing its strengthening through their spreading all over the world. While both were countering each other ideology, they were supporting through their financial assistance to these countries. In 1978, the Soviet withdrawn from Afghanistan and it had become disintegrate in 1991. Before this disintegration, the both the countries had been continuing to pump economic assistance to Afghanistan by gaining the belief of these country. This article will attempt to give the meaning and scope of foreign aid in the Cold War period. It will also comparative analysis of these superpower's economic assistance approaches on Third World countries and how much third world countries to get advantages from this approaches. Economic assistance benefited for both the superpowers and the Third World Countries also

Key Word: Geopolitics, Foreign Aid, US, USSR, Cold War, Afghanistan, Third World, Ideology

1. Introduction

Foreign aid played a significant role in the foreign policy of countries. Foreign aid structures had begun over the past 100 years with the beginning of European colonialism that have become joined to changing financial and political interests as well as growing humanitarian movement. Foreign aid has competition attitude behind it. The emerging global powers are changing the scenario of the world order. From the more than decades, the ideological battle has been playing out. Foreign aid should be used into purpose for facilitating economic growth, or to provide programs that directly fulfilment to the basic requirements of people (UN 2008). As new emerging global power as donors based on mutual self-interest. Rich countries began providing money to poorer countries in the 19th century. In the 20th century, many developed countries such as Germany, France and Britain were providing regular economic assistance to their colonies like

Asia, Africa and Latin American. These countries used their aid for constructing infrastructure of colonial countries such as ports, roads, railways. During the Cold War period, the world had divided into three worlds: the first world was the Western democratic countries; second world was the Soviet Union; and the third world was emerging independent countries. Third world countries formed Non-alignment movement in the early 1950s. In the post World War II, the United States became the world's largest donor by starting with the Marshall Plan to help for rebuilding Europe. In the Cold War era, two super powers such as the United State of American and the Soviet Union emerged in the world arena. These super power allies would use aid to encourage political loyalties (Phillips 2013)The concept of aid has acquired a much bigger form especially after the World War II. The countries have employed aid to address a variety of different policy goals: some in the form of

military assistance, some as humanitarian and disaster relief. Besides it, it is used geared towards financial growth and sustainable change of the countries. Because aid resources are often mutually unchangeable, it is stiff to identify as to what are the exact goals that aid actually achieves. But geopolitical ramifications have always been attached to this idea of aid. Foreign aid is basically consequences of the ideological confrontation between the United States of America (USA) and the Union of Soviet Socialist Republics (USSR). Both the super power dominated global politics for nearly five decades till the disintegration of the Soviet Union (Griffin 1991: 645).

Donors have been using the foreign aid for transferring the all types of resources to the recipients. Donors have political, military and strategic purposes inherently in foreign aid to recipient countries. By the traditionally, we see that foreign aid has focused primarily and principally on assistance from richer countries to poorer countries. The purpose behind of this was promoting welfare and growth of latter. Although, several types of foreign aid or aid are development aid, emergency aid, development assistance, official aid, humanitarian aid, official development assistance and voluntary aid. Sometimes foreign aid used generally. Sometimes they used more technically to denote particular types of aid (Kremer et. al. 2009: 48). Aid is channelled through the external budget, bypassing the government system, reduces the state control over both resources and development activities. This, in turn, hinders the ability of the state to fully develop mechanisms to improve upon monitoring and accountability- both crucial components of gaining legitimacy and credibility (Kelegama 2012: 144).

Geopolitics of aid has been the story for the larger part of the 20th century. Afghanistan received a substantial amount of aid from foreign countries. The U.S. and former USSR played a very important role in the field. In the Cold War period, global development had been used as an instrument for reaching and preservation to geopolitical interests of donating countries. It is quite clear that the United States has been using its foreign aid for achieving the objectives of its foreign policy. However, other countries have been utilizing geopolitical priorities actively in global growth. While some donor countries still perform and follow strategic, economic, political and military for their interest. Global

development used as a tool for attaining these ends (Sudi 2009). Geopolitics was easily understood in regard of ideological confrontations in the Cold War period. Dalby and Tuathail spearhead a new branch of critical geopolitics. The author jointly mentioned about the geopolitics as a 'expedient fiction', a evocative name for changing fusions of geography and politics. However, this was still not convenient fiction (Dalby and Tuathail 1996)

The British used their fund as a subsidy for influencing the countries. Moreover, external fund had been using for maintain domestic political stability. But, in the twentieth century, the competition of funding between the United States and the Soviet came to be a significant feature of Afghan state finances. Afghanistan became a rentier state because external finance supported important role in their domestic expenditure. This showed that ruling class had no any external force to develop internal responsibility through domestic revenue. In the period of 1960s, the contribution of foreign aid in Afghanistan state budget was more than 40 per cent. Aid supported to make an enable dynasty to maintain its unstable state. But, external aid had contributed for making of newly ruling elite who emerged from aid funded the bureaucracy and school. Foreign aid supported for creating state led modernisation programs. This fund bifurcated between the Afghan economy and society. "Rubin characterises as society split between a rural, largely subsistence economy and an urban economy dependent on a state that in turn drew most of its income from links to the international state system and market" (Goodhand 2002: 5). The word 'aid' generally "refers to the nominal value of the direct and indirect flow of financial and other resources from governments of rich countries to those of poor countries; in other words, foreign aid is the expression most frequently used to describe the flow of financial and technical resources from the developed world to the less developed world" (Totakhail 2011: 21). Since the 1960s, such expenditures have been recorded in statistics collected by the Development Assistant Committee (DAC) of the organisation for Economic Cooperation and Development (OECD). The DAC has used many definitions of "official aid". In its recent reports, the DAC's strategy Official Development Assistant (ODA) has included only grants and loans with a certain degree of concessionality of reduction in interest rates and lengthening of

repayment periods (Cohen, et al. 2005). Many developing countries have been passive in terms of the ODA receipts and lack a clear policy on foreign assistance, in terms of prioritizing the sectors where foreign assistance is essential and weighing the benefits and costs of foreign assistance compared to other sources of finance (domestic mobilization, commercial borrowing and private donors). Aid is often perceived as a transfer (repayments are usually well beyond the life span of individual governments). Thus, insufficient emphasis is placed on evaluating the necessity of aid (Kelegama 2012: 4).

Foreign aid comprises a particular aspect of worldwide political affairs that comprise fundamental, enduring dimensions of the North-South Relations. It is also a critical case for the Realist, Liberal and Neo-Marxist viewpoints. Apparently Objectives of foreign aid are to promote economic growth and development of fewer developing countries like Afghanistan. This shows the liberal approach. Liberal scholars are of the view that internal stagnation on account of inefficiency is the cause of under development of fewer developing countries. The cure is in the foreign aid from the developed countries. Indeed, the objectives of all the aid programmes are over all development of nations. According to US foreign aid main purpose of United States of Agency of International Development (USAID) is economic as well as humanitarian development of the recipient countries. Additional, it also provides for own security. The Soviet Union supports the legitimate aspirations and requirement of development of the Third World countries (Goldsmith and Rabinowitch 1972). Realists view aid as 'internal behaviour', the Neo-Marxists as rooted in class relations and imperialism and the Liberal as a form of humanitarianism (Noel and Therien 1995: 523-554).

Aid has been often described as 'commercial subsidy'. The question it raises is that can a fine line be drawn between charitable contribution to a poor country's development and self interested subsidy of a donor's own exporters (UNDP 1994). After the 9/11, American foreign aid policy has been changed. Five major types of foreign aid are bilateral development assistance, economic assistance, humanitarian aid, multilateral economic involvement, and military aid. Bilateral development assistance has become the largest category of U.S. (Tarnoff and Nowels 2004: 2)

Meaning of Foreign Aid

From time to time, the meaning of foreign aid may transform because the growth procedure in the third world countries is neither equal nor static. Today, foreign aid has got a global value. Thomas Balogh says that:

From being a voluntary contribution by sovereign nations, is becoming slowly (as it is already within communities organized as states) a civic or human duty to contribute in proportion, or more than in proportion to wealth to the progress of the less privileged populations. Foreign aid will then become a conscious weapon controlled instinctively to combat poverty and inequality in an international framework (Totakhail 2011: 20).

The Britannica Encyclopaedia describes the foreign aid as "the international transfer of capital, goods, or services from a country or international organisation for the benefit of the recipient country or its population. Aid can be economic, military, or emergency humanitarian" (Williams 2011). Paul Mosley defines "foreign aid as money transferred on concessional terms by the government of rich countries to the government of poor countries. The most common type of foreign aid is ODA, which is assistance given to promote development and to combat poverty" (Williams 2011). The Organisation for Economic Cooperation and Development (OECD) presents the mostly agreed definition of foreign aid. OECD defines ODA as:

Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objectives, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount) (George 2009).

Hattori (2001) mentioned 'what is aid?' in term of international theories. According to Realism, it is strategy tool that generated in the Cold War. Foreign aid had been influenced domestic politics of the receiver countries in a bipolar struggle (Morgenthau 1962). The Idealist thinkers thought about the foreign aid as a set of programmatic measures designed to improve the socio-economic and political growth of beneficiary countries. The scholar of World System theory (Wood 1980) interprets it as means of cons training the growth path of receiver countries. It also promotes the uneven

accumulation of wealth in the world. According to neo-realist thinker (Kenneth Waltz), foreign policy is not the result of internal power struggle and policy formulation, but a reaction to systemic features of the external state system. According to realist point of view is that foreign aid “is in the nature of bribes”. Morgenthau believes this a extremely incompetent form of buying political influence that makes a pervasive system that ‘make believe’ needed to reproduce the objective of financial development. The liberal idealist (Wilsonian) believes that states can make their goal of foreign policy according to their domestic philosophy (Zimmerman 2007: 6).

According to Hoogvelt (2001), mercantilism stimulated pragmatist perceives that the world is an anarchic platform with nation-states which are competing for power in the course of financial, political, including moral-clad means. The author mentions that foreign aid used as a tool to consolidate state influence over other states. Here, the state is not merely the geographical location, but it also the political, social and cultural entities (Sudi 2009). These made the relations among the state to states. In the similar way Headey (2008) argues that bilateral aid had not played a vital effect on development of the countries during the Cold War. But they had an important and sizeable effect thereafter. In the meanwhile, multilateral aid have had played a sizeable and major effects throughout.

Foreign Aid: Aims and Objectives of the Donors

Foreign aid came more visible in the Cold War period, whereas the ideological confrontation between the United States and the Soviet Union. Both the super power dominated international politics from 1945 to 1990. During this period, foreign aid scaled the division of the World into three ideology in which first, the Western world or the capitalist ideology; second, the Leftist world or communism ideology and, third, Non-aligned world or third world countries that is far away from the both the super power. Both the super power served as an instrument of hostility between them. Moreover, other purpose of the aid programmes played a role in beginning for sustaining them for the general principle, whereas commercial advantages almost immediately became a major motive such as encouraging exports, securing markets, humanitarian relief and creating a favourable condition for private foreign investment. It leaned

to perpetuate the status quo. The donors transfer the fund from one or multiple governments to another for the purposes of fully development of poor countries. When donors give aid, they consider that recipient need is one of the primary factors. But economic assistance flows are influenced by many other conditions such as economic conditions of donor, the strategic significance of the beneficiary and interstate rivalries (Alesina and Dollar 2000).

Military component has been a vital ingredient of foreign aid. Military assistance provides equipment, military supplies, and advisor for the armed forces, while economic assistance is used to equip, train and advise paramilitary forces such as the police and border patrols. In some less stable countries the support through the U.S. military assistance of an adequate military force may be essential to the achievement of reasonable political stability as well as defence against external aggression. Apart from it, foreign aid was strengthening weak countries and providing an additional deterrent to survive a limited and full scale war. Military assistance is also used in aid of other foreign policy objectives, one interestingly being forestalling the Soviet expansion. The Soviet Union provided military assistance without asking for what purpose they might be used. Nor did they try to reward their friends and punish those who refuse to exclude the enemies of the Soviet Union from their friendship (Nelson 1968: 20-21).

Apparently, it is not the economic criterion for allocation of resources among developing countries which alone plays a role. Economic criteria may obviously play some role but other factors do necessarily enter into the picture. Even the development of poor countries has strategic economic interests. Economic development in poor countries would help donors to achieve their trade and investment interest. Though economically developed countries are better markets for goods, but the economically under-developed ones are better sources of raw materials. The United States aid to India, Japanese aid to the South-East Asian countries and Indian aid to its neighbouring countries have such strategic economic interest. As a committee of House of Commons once reported Britain is an aid donor not only because of her concern for the welfare of the people of the developing world. But also for reason of mutual advantage (Jayawardhana 1991: 10).

One of the strategic factors of foreign aid is security interests of donor countries. It became necessary and appropriate for any donor country to self-protection in the term of aid. Security interests of donors in the least developed countries are two-fold: first, they search for maintaining the peace among fewer developing countries so that they will not be drawn into a newly developing countries war. Second, they seek to contain the influence of enemy powers or hostile ideologies by maintaining powers of allies in poor countries (Wall 1973: 45).

Relationship between Foreign Aid and foreign Policy of Recipients countries

The nature of domestic policy as well as foreign policy of recipient's countries has been changed by the donors through aid mechanism. Essentially, foreign aid has been used to exert influence on four aspects of a recipient foreign policy:

- a) Its bilateral relation with the donor countries
- b) It's Cold War attributes and roles
- c) Its behaviour towards neighbours
- d) Its behaviour is international organisation

Primary objective of bilateral foreign aid is to keep friendly relations with recipient's countries. Recipient's countries are expected not to jeopardize economics, trade and security interest of donors (Jayawardhana 1991: 25-26). Aid has been used over the years to influence the Cold War attitude and roles of recipient countries. Through foreign aid, the two power blocks were trying to win newly independent nations. A classic example can be traced in Guinea. In 1958, when France withdraw its aid programme, Guinea turned to the Soviet Union which responded with substantial technical assistance and with loans to be repaid over a number of years of Guinean exports to the Soviet Union. The excessive reliance of Guinea on the Soviet Union was a matter of concern for the United States. The Washington administration also began to give substantial technical, commodity and project assistance to Guinea and the pressure was exerted to de-link with the Soviet Union. After a few months of the beginning of massive USAID, Guinea expelled the Soviet Ambassador (Nelson 1968:114). Through foreign aid, the Western nations tried to contain the spread of communism

and promote capitalism (Fatouros and Kelson 1964: 24). The United State Foreign Assistance Act of 1963 prohibited giving economic or military aid to countries whose ships or plans carry strategic goods to communist Cuba (US Foreign Assistance Act, 1963, Sec 301(c) (1)). Military aid to Spain was frozen in 1964 because Spanish ships and aircraft continued to trade with Cuba, a former colony of Spain. The 1966 legislation revising and extending the food for peace programme introduced a similar restriction on food aid to countries which trade with Cuba and North Vietnam (Food for Peace Act of 1966, Sec 103(d) (3)). In many occasions, West Germany had threatened cancellation of diplomatic relations with a country recognizing communist East Germany meaning a simultaneous withdrawal of economic aid (Jayawardhana 1991: 27).

In a few occasions, foreign aid has been used to control the behaviour of recipients towards their neighbour. For example, in an effort to dissuade Indonesia from her confrontation policy towards Malaysia, the United States drastically curtailed its aid between 1963 and 1965 (Nelson 1968: 117). In the period of Nasser, the United States started to open and repeat its food aid to restrict Egyptian involvement in regional affairs- the Arab-Israeli dispute, military intervention in Yemen, political pressure on Jordan and Saudi Arabia and Cairo, aid to the Congolese rebels. The aid tactics of the United States proved to be successful and Egypt stopped its assistance to the Congolese rebels and tempered its tough statements on the Arab Israeli dispute. It has been seen in many cases that foreign aid have been used to win the domestic and diplomatic support of the recipient country in regional and international organisation respectively.

2. U.S. Economic Assistance to the Third World Countries

At the end of Second World War, the United States adopted to a policy of condemnation of colonialism and of favouring independence for colonial peoples. The United States played its most active role through bilateral and multilateral relationship. It means helping to bring to an end the Dutch-Indonesian hostilities and supporting the Indonesian demand for independence. In spite of American supported for independence movements among the colonies United States policy from 1945 to 1949. It was characterised by the recognitions of the European

metro poles as primary agents in colonial states. The United States was given priority of Europe during the immediate in the substantial commitment of U.S. Economic and military resources through the creation of the Marshall Plan and the North Atlantic Treaty Organisation (NATO) (CVCE 2016). However, interest of the United States shifted toward the least developing countries in Asia due to combined many factors. After 1948, several countries of Asian regions were faced with armed communist rebellion. During 1949, China had fallen into Mao Tung's hands. In 1950, North Korea invaded South Korea. These countries had locked in a war (Walters 1970: 8).

Economic and military assistance became the primary mechanism through which the United States executed this policy shift and counterfeit direct relations with most of the less developed countries. Political use of economic aid is prompted by the desire to gain greater access to division makers in the less developed countries. American economic assistance has been used in an attempt to influence the foreign policies of less developed countries in a manner consistent with its interest. These interests would include the promotions of a pluralistic society, strong local government institution and democracy. During the period between 1951 and 1956 the dominating circumstance determining the nature of American aid to the less developed countries was the communist threat. The purpose of which was to help the Third World countries in the maintenance of a large military establishment. The immortality and irresponsibility of neutralism as a foreign policy for Third World countries and the policy of constructing an alliance system, including least developing countries (LDCs), to ring the Communist World serve to demonstrate the primary interest of the United States in bring the least developing countries into commitment with the Western Camp (Walters 1970: 10).

The United States came to accept neutralism as a legitimate policy not fundamentally at odds with American interests in Third World Countries (Walters 1970: 10). The United States policy towards neutralism and economic aid for development was facilitated and subsequently accelerated by a gradual change in the Soviet- American confrontation from hostility to what has been called in the 1960s a "mixed-adversity" relationship. By the late 1950 the relational melt in the Cold War enabled the

United States to liberate itself from an almost exclusive preoccupation with anti-communism. Moreover, the United States seek a new more durable approach to relations with the less developed countries on grounds of mutual interest rather than of Western defence (Waltz 2000).

The U.S. economic assistance program is as an instrument directed against communism. Economic assistance has been used in various ways. It has been used as a carrot to lure the least developing countries into or to reward them for joining the Western camp. Aid has also been used in combination with others means to shore up unstable regime in the least developing countries against an actual or perceived communist challenge during periods of economic and political crisis. Anti-communism as a motivation for American economic assistance is also manifested in the used of aid as a counter weight or alternative to communist aid programs in certain poor developing countries where it is felt that communist aid may result in excessive dependence on the communist states or where this aid is felt to conflict with vital U.S. Interests (Walters 1970: 15).

The military security of the less developed countries and of the United States a factor closely related to anticommunism has also prompted economic assistance. The U.S. Economic assistance was viewed primarily in terms of supplementing the military assistance program. Military assistance in the fields of equipment, training, and advice was to give security in the less developed countries from the external threat of communist aggression as well as from the internal threat of communist led arm insurrection (Walters 1970: 16).

Economic assistance in form of capital equipment, technical assistance and budgetary support was given for the purpose of maintaining domestic stability by subsidizing the military burden and providing the stimulus for at least modest economic progress. Economic assistance promotes economic development of Third World countries. The United States can ensure adequate supplies of strategic raw materials, promote a favourable condition for private foreign investment in the least developing countries, and create a larger demand for U.S. Exports as a result of increased prosperity in these nations (Walters 1970: 17)

3. Soviet Economic Assistance to Third World Countries

After the World War Second, the Soviet policy towards the third world countries was shift from hostility to the embracing of national bourgeois leaders of newly independent states. In the immediate post war period, the USSR saw the emerging nations with suspicion and hostility because of the conviction that such states and their leader were still controlled by the West. The USSR was imprisoned by the Stalinist 'two camps' interpretation of the world which allowed no possibility for the existence of neutral states between the Capitalist West and Communist countries under the leadership of Soviet Union. During the period of Soviet military, Soviet commercial policy viewed the former colonies as convenient sources of various raw materials to be utilized when the Soviet Union faced temporary shortage of those items (Walters 1970: 27).

Several factors contributed to a significant alteration of the Soviet policy toward the newly independent countries. Most important was the almost universal failure of internal rebellion and external aggression to yield gains for the communists in the least developing countries. Stalin's death in early 1953 was also a factor for the policy shift. Peaceful coexistence was the new policy adopted which would allow the USSR to exert influence in the Third World which minimizing violence and its potential danger to the USSR. The essence of peaceful coexistence is the shift of East-West competition to non-military spheres (such as cultural, political and economic diplomacy) while still maintaining the legitimacy of "wars of national liberation" and end of the self defence. The "zone of peace" is the Soviet expression for what it views as common positions of the USSR and non-aligned less developed countries on matters such as peace, development, anti-colonialism, imperialism and disarmament (Walters 1970: 28-29).

The Soviet Union began participation in the provision of technical assistance for the least developing countries by contributing the rouble equivalent of one million dollars to the United Nations Expanded Program of Technical Assistance (EPTA). Within six months of this announcement the USSR had concluded trade agreements with Argentina and India and had announced a bilateral economic aid agreement with Afghanistan for the construction of grain silos³, a bakery and a flour mill. Its technology

and equipment were sophisticated and its agreements were advantageous to the third world countries. The primary aim of Soviet aid has been to present the image of the USSR as a first rate power rivalling the United States economically, technologically, politically and militarily. Aid has a trust building function enabling the Soviet Union to extend itself and to become accepted as a legitimate major power in world affairs. Another aspects of direct political influence as a motivation for the Soviet economic assistance is the desire to effect foreign policy positions of the least developing countries. The use of aid for this purpose is most clearly manifested in unreasoned Soviet support of newly independent countries espousals of neutralism, anti-colonialism, and anti-West. When the USSR announced an agreement to provide Afghanistan with economic credits of \$ 100 million, the neutrality and non-aggressive pact between these countries was extended (Walters, 1970: 32).

As is true of the United States, the Soviet Union attempts to influence the domestic political and economic development of its aid recipient's by giving aid in forms which the donor feels will precipitate a desirable path of development for third world countries. For example, Soviet aid is concentrated in the state sector to strengthen the role of the government in national economic and political development ant to local interests which might successfully challenge the priority of the state sector in the development process. The notion of anti-West plays a role in Soviet economic assistance very similar to the one anti-communism plays in the American programme. Soviet behaviour was in connection with trade and aid agreements as well as anti-western rhetoric which dominate all Soviet discussions of economic assistance. It conclusively demonstrates that this is a basic motivation and use of Soviet economic assistance. Soviet economic assistance agreement is an attempt to portray USAID exploitative in its terms (high interest rates), anti-development in its focus (non industrial projects) and dangerous to the recipient. The USSR has characteristically extended credits closely following western abandonment particularly of an aid package important to poor developing countries. The USSR stepped into relieve serious problems faced by certain least developing countries when their primary products were unsalable in western markets due to either to boycott by principal buyers or to a surplus in the world market. (Walters 1970: 34)

Through aid to neutralist states combined with other forms of support (military, diplomatic, economic, and cultural), the USSR seeks to prevent the least developing countries from joining the Western alliance system. A more direct use of Soviet economic assistance for security reason is the recent practice of distributing substantial aid to U.S. Allies bordering the communist world. The purpose of such aid offers is to penetrate and weaken the western alliance system with the aim of tempting its third world country members to adopt a neutralist policy. The Soviet Union considered such aid important and necessary both from the standpoint of humanity and the solidarity of all mankind and form the struggle for peace and peaceful coexistence between countries with differing social and political system (Walters 1970: 36).

The desire for economic benefit was another factor often mentioned as a motivation for the Soviet trade and aid in the third world. Due to structure of Soviet economic instrument and development, it is argued that the relative cost of production in the USSR is recently higher in the non-industrial sectors. It is in the industrial particularly in heavy industry. The terms of trade between capital goods which the USSR exports and the primary goods which the USSR imports have not turned so as to affect the relative cost situation. These two factors combined suggest that the Soviet Union can enlarge its total product by exporting increasing quantities of capital goods and importing greater quantities of raw materials and agricultural products. The USSR reinforces of its trade and aid by maintaining that Soviet financial relations with third world countries are based on "mutual advantage". Through aid repayable in traditional exports of the recipient, the USSR obtains goods necessary for its own economy such as cotton, wool, natural rubber, and hides and cocoa (Walters 1970: 37-38)

More generally, the USSR can use economic assistance. Moreover, the contacts economic assistance programs provide to promote the state sector in relation with private enterprise. It also promote socialism as an economic and political system superior to capitalism and to spread Marxist Leninist thought as a conceptual means of dealing with all social problems. Through the mechanism of Soviet goods, technology, ideology and social, economic, and political structures can

be gradually introduced to and hopefully accepted by the third world (Walters 1970: 41-42).

The United States aid programs emphatically played some role in the Soviet decision to initiate its own programme and it constitutes a factor promoting the USSR to continue its efforts. In addition, the USSR recognized that point for technical assistance and U.S. Contributions to the United Nations aid programs were generating enthusiasm on the part of the third world countries for economic development assistance (Walters 1970: 44).

4. Conclusion

Foreign aid came more visible in the Cold War period, whereas the ideological confrontation between the United States and the Soviet Union. Both the super power dominated international politics from 1945 to 1990. The United States and the USSR economic aid programmes differ in their primary aims. The USSR thought that through aid and other means of sources to create a world which is predominantly pro-communist, pro-USSR, and anti-western, behaviour, and organisation while the United States seeks exactly the reverse. This is the fundamental difference in the ultimate scope of the two programmes. The difference observed in the operation of U.S. and the USSR assistance programs have led most analysts to conclude. They are entirely alien in character. When focusing the nature of aim of programs, the conclusion that they are essentially different and it is quite justifiable. U.S. Programme is so visible in all its positive and negative aspects whereas in comparison the Soviet program is cloaked in mystery. The outcome is often an over simplification of Soviet aims and an over-valuation of Soviet capabilities when compared to the very familiar complexities, limitations, and thwarts experienced in U.S. economic assistance efforts. When we examine the motivations and use the Soviet economic assistance, we found that struck by a multiplicity of purposes rivalling in complexity and number those of American economic assistance. In addition, it is commonly used to evaluate U.S. Programme. Thus it is most unlikely that complexity, ambiguity of specific purpose, and an overall lack of precise design are problems specific to American economic assistance. The Soviet aid program is more discriminating and practical than is generally presumed. By instead of putting a clear design behind it, the USSR may simply be attempting to establish a foothold in the

third world countries. The good will or influence which is becomes fruitful for achieving their goal in the least developing country. The process can be used to Soviet advantage in connection with whatever concrete developments unfold in the future. The United States and the USSR hope that economic assistance had conditionally the international environment by making it causative to their respective concepts of desirable social, political, and economic progress. Aid as an instrument in the attainment of background goals requires neither a complete compatibility of interests between donor and recipient nor a relationship of dependence. As long as the donor is convinced that economic assistance will ultimately result in the betterment of the international environment, the requirement of support from aid recipients on a wide arrangement of contemporary political issues need not be dominant. Thus, while the two economic assistance programs are different in their objectives, the uses of aid as an instrument of foreign policy reveal some essential similarities. While the third world had got some benefitted from both the superpowers, they got experience between these two supers. Both these superpowers had used the natural resources of the third world countries in the name of financial and military assistance. The third world countries were emerging countries they had unsecured from their neighbouring countries. They had facing different types of problems after getting independence. Both the superpowers got benefitted of these.

¹The world has definitely and irrevocably split into two camps of imperialism and camp of socialism.

²Wars of national liberation are conflicts fought by nationalities to gain independence. These were primarily in the third world against Western powers their economic influence and a major aspect of the Cold War.

³ A Silo is a structure for storing bulk materials. Silos are used in agriculture to store grain or fermented feed known as silage

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LOCAL BELIEFS AND PRACTICES ABOUT FOOD DURING PREGNANCY

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Abstract:

A pregnant woman's diet is rooted in the social fabric of the society. Traditional beliefs decide which and what amount of food a pregnant women should or should not eat. These dietary prescriptions could vary from region to region, religion to religion & also different phases of pregnancy for successful reproductive outcome. This is an attempt to review the local beliefs and practices about food during pregnancy through the existing literatures and also an attempt to examine the preference and restrictions practiced by the women from western part particularly Kalahandi, Nuapada, Balangir, and Sambalpur districts of Odisha where more than 80% people reside in rural areas and people mostly depend on agriculture.

Introduction:

Out of the three basic needs of human being i.e. food, cloth and shelter, 'food' is not only a mere biological need of human being but has also great role in its social milieu. But when food and pregnancy come together the importance of food become intense and it has been seen that changes in food related behaviors take place during pregnancy as compare to other stages of life except diseased state of the human body. People's belief may or may not conform to modern medicine, but food for pregnant women in this present transitional phase is based on potpourri of both traditional belief as well as modern biomedical notions.

Traditional beliefs & food for pregnant women: Traditional beliefs prescribe food to pregnant women by taking different factors into consideration like: nature, color, shape, source, environment of the food and also take into consideration who cooked or prepared the food. It also classify whether the food is harmful or beneficial and also prescribe what amount of food to be given to the pregnant women for successful reproductive outcome based on the above factors.

Hot and cold Food: According to local belief in India as well as other countries, there is the concept of hot and cold food and these food have both beneficial as well as harmful effect on the body of the mother and the baby.

Generally, pregnancy and menstrual period is considered as a time of increased body heat and increased heat can result swelling of the hands and feet, burning sensation during urination, scanty urine, or white discharge and the larger consequence can be 'abortion'. Moreover, to avoid the above consequences and to balance the body heat the local dietician prescribed to take a balance amount of hot and cold food (Nichter and Nichter, 1983; Mathews and Benjamin, 1979). Food like wheat, rice, pulses, red gram, horse gram, cow gram, sesame seeds, meat, egg, fish, milk, butter, bitter gourd, beans, drumsticks, tomatoes, unripe fruits, papaya, pumpkin, mango, dates, jaggary, honey, spices, onion, garlic, ginger, salt, chilies, tea, coffee, etc. considered as hot food and food like ripe fruits, millet, maize, most vegetables, sweet potatoes, coconut, cumin, etc. considered as cold food (Nag, Moni, 1994). But the classification of cold and hot food differ from region to region, like milk, Yoghurt and Buttermilk are considered hot in state like Karnataka but these are considered cold in Gujarat, Uttar Pradesh, Tamil Nadu. Following table gives examples of some above kind of food:

Table 1 Types of food and states

Food Item	States in Which considered as 'Hot'	States in Which considered as 'Cold'
Wheat	Andhra Pradesh, Karnataka, Uttar Pradesh	Gujarat
Rice	Karnataka, Tamil Nadu	Gujarat, Uttar Pradesh
Gram(green)	Karnataka	Tamil Nadu
Eggplant	Gujarat, Karnataka	Tamil Nadu
Bottle gourd	Andhra Pradesh	Tamil Nadu
Ash gourd	Karnataka	Tamil Nadu
Pumpkin	Karnataka	Tamil Nadu
Radish	Tamil Nadu	Tamil Nadu
Banana	Andhra Pradesh, Karnataka	Gujarat, Tamil Nadu
Groundnut	Tamil Nadu	Gujarat
Amaranth	Andhra Pradesh	Karnataka

These hot and cold food are prescribed to the pregnant women according to the *Prakriti*¹ of their body (Nichter and Nichter, 1983). Human body is made up of five elements (earth, water, fire, air and ether) and these five elements give rise to three *doshas*² (*Vata*, *Pitta* and *Kapha*). For example, as *pitta* is associated with body heat, the pregnant woman is given cold food

(coconut water, green gram, millet, amaranth, cumin etc.) to bring balance in the body (Nichter and Nichter, 1983).

Toxic Food: During pregnancy a woman body is considered to be prone to toxicity. There are several food whose consumption can accumulate toxin in the body and these toxin may result different problems to developing

¹ '*Prakriti*' is a Sanskrit term which means 'Nature' (Encyclopedia Britannica, Retrieved October 25 2015 from <http://www.britannica.com/topic/prakriti><http://www.britannica.com/topic/prakriti>.) or 'constitution' (Frawley, Dr. David et al. 2003). Here *prakriti* of body means nature or constitution of the body.

² '*Dosha*' is a Sanskrit term which means 'fault' or 'bodily humor', which determine the individual's physical and mental characteristics, while imbalance among the *doshas* is the cause of disease. There are three *doshas* i.e. *Vata*, *Pitta* and *Kapha*. These three *doshas* associated with three main forces i.e. air (wind), fire (heat) and water (moisture). These *doshas* play different roles in the human body: *Vata* is responsible for all major and minor, perceptible and imperceptible movements in the body. It is the prime force that governs the transportation of

fluids, the discharge of secretions, and the elimination of waste-materials, *Pitta* is responsible for the conversion of food into heat, tissues and waste-materials. It governs digestion and metabolism from the cellular level to the tissue level, to that of the body as a whole and *Kapha* is responsible for the formation of new tissue, for hydration, nutrition, lubrication and protection of the body against heat, wind, wear and tear. Imbalance in these *doshas* can result different physical disorders, like *Vata* (tissue depletion, debility, dehydration, disturbances to the mind and nervous system etc.), *Pitta* (fever, infection, inflammation, bleeding etc.) and *Kapha* (accumulations of mucus, water or excess tissue development, particularly fat or adipose tissue etc.) (Dorland's Medical Dictionary for Health Consumers, 2007; Medical Dictionary, 2009; Pivinski, Daniel K, 2002; Dagenais, Simon, 2001).

fetus and mother, like abortion, skin disease, fetal malformation, blood impurity, wound infection, morning sickness of mother etc. In Karnataka state toxicity is termed as *nanju* and the eating of *nanju* food like jackfruit, unctuous vegetables such as brinjal, vine spinach, drumstick, some fish such as mackerel, prawns, shellfish, and crab, black gram etc. are contraindicated during pregnancy (Nichter and Nichter, 1983). In north coastal Andhra Pradesh, custard apple, *Achras zapota*, cashew fruit, pumpkin, traditional food (pongadalu, pakundalu), pemelmoos, beans, peas, horse gram, green fruit, pickles, maize, corn, cassava, curries made with tubers, yam wild, brinjal are contraindicated to avoid cold, cough, communicable diseases, convulsions, gas formation, indigestion, oedema in legs, Stomach pain, vata, skin allergy, itching etc. (Geddavalasa, Lakshmi, 2013). My recent interaction with some midwives and pregnant women from western part of Odisha also revealed that consumption of sweet potato results *alati* (skin ulcer), Jack bean results *anasi*³, chilly results blindness, pumpkin results vata etc. because of their hidden toxin.

Shape and Color of the Food: Traditional beliefs not only look for the nature of the food but also take care the color and shape of the food for successful reproductive outcome. In Indian culture fair skin is associated with positive message. Fair skin is the sign of beauty, purity, cleanliness, happiness and symbol of power and privilege. While darkness or dark skin is associated with underprivileged people (Arif, Hakin, 2004). This gives rise to the desire of fair skin baby and for this the pregnant women go for some specific kind of diet. In coastal Andhra Pradesh pregnant women avoid to have black fruits like grapes, wall nut, jamba fruit etc. so that they will not deliver baby with dark complexion (Geddavalasa, Lakshmi, 2013). In some other part of Andhra Pradesh have mercury in the form of *rasa para* with myrtle leaf pellets or cooked with meat, so that baby's skin will fair and clear (Mahadevan, Indira, 1961). In Tamil

Nadu pregnant women have milk with saffron instead of having tea, coffee, and avoid eating black items like black fruits like jamba fruit, grapes, dates, black color seeds, black color vegetable like brinjal for fair skin baby. Few women also eat red color flower for baby with red skin (Engelin, Kristina, 2009; Ferro-Luzzi, 1980). In western part of Odisha as per my study pregnant women have milk with saffron and prefer white color food for fair skin baby and to avoid dark skin baby they don't go for black color food like brinjal, black grapes, jamun fruit etc. One woman explained:

"Particular to brinjal, it is black in color and when we cut it for cooking after few minutes the vegetable turn into black...."

Birth abnormalities are considered differently in different societies and people give different reasons for it, like supernatural causes, astrology, uncontrollable genetic or hereditary factors, inadequate diet, inadequate vaccination etc. (Minhas, Ripudaman S. et.al, 2007). But according to local beliefs it is not only limited to the above reasons but it is something more and particular to the diet of the pregnant women the local dietician not only focus on the nature, quantity, color of the food but also on the shape of the food to avoid birth abnormality. In north coastal Andhra Pradesh, local dietician prohibit having jack fruit, pemelmoos, meat of wild hog, porcupine, maize, corn etc. to avoid baby skinned with hair or coarse hair, eggs and coconut to avoid child with bald head, tegalu to avoid stretch mark, twin fruits to avoid twins etc. (Geddavalasa, Lakshmi, 2013). In western Odisha pregnant women are prohibited to eat fruit like custard apple, jack fruit, white gourd, cracked fruits and vegetables, twin fruits or vegetables etc. to avoid birth abnormalities like rough skin, too much body hair, body cover with vernix and white hair, split lip⁴, twin etc. respectively. Moreover, in this region the men and women are not allowed to consume the cracked fruits and vegetables and twin fruits and vegetables before pregnancy and marriage.

³ '*Anasi*' is a local term in western Odisha for the appearance of black vein all over the body of newly born baby.

⁴ Local term for 'split lip' is '*Grahana khandia*'. People believe that if the pregnant woman eats cracked fruits and vegetables or if the pregnant

woman eats any food during lunar eclipse then the split lip occurs. Etymologically the term '*Grahana khandia*' means 'crack associated with planet' (i.e. '*Grahana*' means "related to planet" & '*Khandia*' means 'crack').

Sources of the food:

Local beliefs apart from prescribing food according to the nature, color, and shape of the food also focus on the source of the food. Source of the food means from where the food is obtained, they check where the crop was cultivated, who cultivated the crop or who cooked or prepared the food. Some informer from Western Odisha mentioned that they look into the *sanskar* of the person who prepare the food. Here *sanskar* of a person means culture, character and values of the person. They check whether the person from criminal background or suffering from any kind of abnormal behavior like mental or physical disorder or the person is possessed by any evil spirit. They believe that the *sanskar* of the person get transfer from one person to another through the food. Therefore they avoid food cooked by other person. Further, they avoid buying or giving food to the pregnant women in the public places to protect the baby and mother from evil eye. One of the informer also stated that even food from the relatives of the pregnant woman are proscribed to eat. She shared one of her own experience:

"During my first pregnancy I craved for 'arisa pitha'⁵ specially prepared by my mother. My mother parceled it to me. But my in-laws forbade me to eat parceled food as it was from another village. Later, because of my condition they allowed me to have some of these. I was happy to have those 'arisa pitha' but after two days I suddenly felt stomach pain and I lost my baby. Later, when we consult to the local Vaidya, he said it is because of the evil spirit which came along the food from your village."

Further, she explained the local beliefs does not allow the pregnant women to go out of their home especially to the haunted places or places with inappropriate environment. She also mentioned that every desire of the pregnant women is fulfilled, so that the woman will not go out in search of her need and also to avoid excessive salivation of baby. These beliefs are not only limited during pregnancy but also applicable after delivery of the baby, the lactating mother is not allow to feed the baby in

the public places, and she is also not allowed to have food from outside or cooked by other persons or move far distance from her home . So the local belief not only look into the physical nature of the food but also the associated super natural beliefs.

Food Beliefs for Desired Reproductive Outcome:

In many culture amount and quality of food associated with baby size and baby size is viewed differently in different culture. The baby size is also associated with the baby space i.e. the space where the baby grows. In Karnataka, there is the preference of small baby among more than 50% people. For them it is not only about easy delivery but also the quality of the baby. Quality in the sense, a small muscular baby is associated with strength and vitality, whereas big baby is associated with weakness, for them the big baby is made up of loose watery substance. They compare small baby with small grain size of the indigenous rice which required less fertilizer and nutrients for growth, and is more durable than hybrid grain varieties. For them the space where the baby grow is occupied by food, gas and urine. For this they take care of the food of the pregnant women, for some people the more space occupied by other substances, the less space the baby would have in which to grow and accordingly, the pregnant women are prescribed to eat more food to result a smaller baby. Some people also believe that for the proper development of the baby enough space is required and the for this the folk dietician proscribe gaseous food such as sweet potato, jack fruit, bengal gram and dhal etc. and also prescribe to eat small quantity of food for baby space and a small baby so that it will get enough space to grow. But for some people the quantity of food and size of the baby hardly matter (Nichter and Nichter, 1983). In Uttar Pradesh, the pregnant women are prescribed to take proper amount and quality of food for a healthy baby. They are proscribed to take more food because more food may result large, fat baby which difficult the delivery and more food may fill the tube and the baby become cramped (Jeffery, et.al. 1989). One of the informer from

⁵ 'Arisa pitha' is a local dish in Odisha made up of sugar/molasses, dry fruits and rice floor.

Western Odisha not only talked about the size of the baby and amount of food should a pregnant woman have during pregnancy for smooth delivery and quality of baby but also talked about the amount and variety of food craving and the gender of the fetus. For people symbols of bearing a male child is severe morning sickness, eating less amount of food, dullness during pregnancy, irritation, difficult delivery etc. whereas bearing a girl child is opposite.

Food during Postnatal period: Local and traditional belief also prescribe a specific kind of food to the mother during postnatal period. In Karnataka, during postnatal period it is proscribed to consume more liquid food or more water, because it is believed that it would cause distension of abdomen and would predispose them to catch cold. Local beliefs also proscribe to have some food like mackerel (predisposes to infection), brinjal (predisposes to infection and causes itching), mango (Peel will not get digested, causes cough and cold in the child), Spinach and Jack fruit (causes cold and abdominal pain), banana and coconut (causes cold for both mother and child) etc. and prescribe to have food like Curry made of spice (to cool the body), jeera or fenugreek porridge (to relieve backache and to increase breast milk production), yam(to aid in wound healing), banana inflorescence and stem chutney(to remove toxin from the body), beetroot (for blood production) etc.(Rao, Chythra R. et.al., 2014).

In western Odisha, the postnatal period is consider the most dangerous period for both mother and child. During this period, the child and the mother are seen as vulnerable to all sorts of illnesses and misfortune. People believe that whatever the mother will consume the child will get those through breast milk. Therefore the folk dietician prescribe a different kind of food for the wellbeing of the newborns and their mothers. The mother is advised to consume dry food and less water during the first few days of the child birth i.e. till the time the *nelua* (part of the umbilical cord) is attached to

the baby's naval. People believe that if the mother will consume more liquid food than the naval will get infected and the child will be in trouble. After this period, the lactating mother is prescribed to have dry rice, *badi*⁶, ghee, arhar dal, papaya, small fishes, small quantity of boiled vegetables etc. for the production of pure breast milk. Local dietician proscribes to have oily and spicy food, too much green vegetables, meat, sour food etc. so that the child will not suffer from loose motion, indigestion, acid problem etc. But occasionally if the child vomit curdled milk then people believe it is because of acidity and it is good for child health and this process detoxify the baby's body. If the lactating mother feels lack or little amount of milk production then it is advice to eat lot of small fishes and if still the problem exist then they go to the local Vaidya or hospital. One of the informer shared:

"My daughter-in-law was suffering from lack of milk production, we follow every possible way to avoid this problem like giving small fishes, medicine from local Vaidya, but it did not work. At last I secretly⁷ feed her some cooked earthworms mixing with badi curry and finally, it worked....."

Conclusion:

The study reveals that prescription or proscription of food to the pregnant women is grounded on the local and traditional beliefs and practices of the people but not because of their illiteracy or ignorance. It also reveals that the food is prescribed not blindly but according to their desired reproductive outcomes like fair baby, size of the baby or to avoid baby with abnormality etc. and also for the health of the mother and child.

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⁶ 'Badi' is especially made up of black gram floor. Badi prepared by other floor are considered harmful during postnatal period,

⁷ Earthworm was fed secretly because it appear dirty and the mother may not consume it.

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DR.B.R.AMBEDKAR'S CONCEPT OF SOCIAL JUSTICE

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Abstract

All human beings are equal by birth but few people constructed caste system based on occupations which contributed to the evil practice of untouchability. Certain sections of society whom we call dalits were denied access to the natural resources and denied right to livelihood, this practice excluded them from the mainstream political participation which further added to vulnerability. Later, Dr.B.R.Ambedkar, the great social reformer had addressed these issues in a different way during the independence movement period and thereafter Dr.B.R.Ambedkar's leadership provided a fresh path for over all development of scheduled castes and his whole life was a constant struggle against injustice in society. He addressed the problem of untouchability and came out with concrete proposals for the removal of untouchability and the upliftment of the marginalized and the excluded. Dr.B.R.Ambedkar's contribution is now in a critical juncture to create the just and casteless society. He believed that the root of untouchability lies in the caste system and caste in the hands of the orthodox has been a powerful weapon for persecuting the reformers and for killing all reforms. He felt that no socio-political reform movement could be successful without the annihilation of caste. He wanted justice for untouchables as well as the weaker sections of the society by making provision in this regard in the Constitution itself. Dr.B.R.Ambedkar's just society is based on three fundamental principles viz., Liberty, Equality and Fraternity. But the present scenario shows us a gloomy picture of Dr.B.R.Ambedkar's idea of dealing with the weaker sections in the society.

The Idea of Social Justice:

The concept of social justice, like law, changes. It evolves itself into progressively new patterns and expands its frontiers and assumes new dimensions. Social justice has significance in the context of Indian society which is divided into Castes and Communities and they create walls and barriers of exclusiveness on the basis of superiority and inferiority such inequalities pose serious threat to Indian democracy. The concept of social justice takes within its sweep the objective of removing inequalities and affording equal opportunities to all citizens in social, economic and political affairs.

India, while passing through the process of development is in the quest for finding our ways for a better and just socio-economic order. The search for a new model of socio-economic order is the need of the hour. Recent trends in Globalization, Urbanization, Mobilization of the poor in search of better life conditions and social justice movements compel us to think afresh. Social justice is an application of the concept of distributive justice to the wealth, assets, privileges and advantages that accumulate within a society or state because the essence of justice is the attainment of the common goods as distinguished from the goods

of individuals even of the majority. There have been two major conceptions of social justice one embodying the nation of merit and desert, the other those of needs and equality. The first conception involves ending of hereditary privileges and an open society in which people have the chance to display their desert. It is expressed in equality of opportunity and careers open to talents. The second conception implies that goods should be allocated according in each person's varied needs. As it aims to make people materially equal, it entails an idea of equality."Justice", for Ambedkar, "is simply another name for liberty, equality and fraternity." This forms the corner-stone of Ambedkar's concept of social justice. It upholds the dignity of human personality. As the chief architect of India's Constitution, he got it shaped clearly on the values of justice, liberty, equality, fraternity and dignity of man. These ideals of social justice denote brotherly relations of a citizen with every other citizen in our society; and it overcomes caste-barriers between man and man; and demands respect for all citizens from everyone. The spirit of social justice here gives significant place to mutual regard and responsibility in social life.

In India, justice is a generic term which includes both procedural and substantive justices the former providing rules of court procedures and mechanism what is generally known as natural justice and the latter making provision for social assistance. Benefits, facilities, concessions, privileges and special rights, to those who deserve and need such help describes by the omnibus term social justice. Social justice in India is the product of social injustice our Caste system and social structure is the fountain head for social injustice. It is unfortunate that even 68 years after independence social justice is still a distant dream not within the reach of the masses.

The social justice twigs of justice which derivatives from concept of ethical morality. The issues of social justice is affected various developmental policy as well as whole development of social welfare programme. It means that the order regulated the behavior of man in a way satisfactory to all men so that all mean find their happiness in it. Social justice is social happiness. It is happiness guaranteed by a just social order. Just social system seeks to remove social disability by birth resulting in social and economic inequality. Social justice means equal social opportunities shall be available to everyone to develop their personalities which is associated with equality and social rights. According to Dr.B.R.Ambedkar, his Justice is based on moral values and self respective. Justice situates through social, political and economic justices which regulated by the Indian constitution.

Dr.B.R.Ambedkar favoured neither liberal nor Marxist perspectives on social justice. Instead, he favoured radical-liberal perspective based on useful means for social transformation. "Dr.B.R.Ambedkar's idea of social justice was based on our indigenous historical, social and cultural roots," a true essence of social justice cannot be established without removing the inequalities in income and making endeavour to eliminate inequalities in status though the rule of law. Social justice is a core constitutional objective. Without social justice the Constitution would not able to secure economic and other justice to the people. "Justice, social, economic and political" is the spirit and vision of our Constitution as adopted by us which "We, THE PEOPLE OF INDIA have solemnly given ourselves on 26th

November, 1949". It is the duty of the state to secure a social order in which the legal system of the nation promote justice on a basis of equal opportunity and in particular ensure that opportunities for securing justice are not denied to any citizen by reason of economic or other disabilities. The Indian Constitution provides several such provisions which try to achieve the goal of social justice in letter and spirit.

Dr.Ambedkar's Perception of Social Justice:

The name of B.R. Ambedkar has become synonymous to justice. His name finds a very honored and prominent place in the pantheon of the most illustrious builders of modern India, His social background, bitter and heart rendering experience in life, his relentless struggle against the caste-ridden Hindu society the impenetrable citadel of conservatism, reaction, inequality, injustice and exploitation - and his approach to men and affairs profoundly influenced his socio-political weltanschauung which centers round justice very prominently. Injustice is everywhere not only western countries and India also. At present one of the contemporary issues is that injustice and caste discrimination. Dr.B.R.Ambedkar did a movement amongst marginalized communities. His concept of justice generated from the French Revolution of 1789. Dr.B.R.Ambedkar's perspective of social justice is based on social democracy which consists of three concept of justice namely liberty, equality and fraternity. Dr.B.R.Ambedkar addressed in constituent assembly that ,the third thing we must do is not to be content with mere political democracy. We must make out political democracy a social democracy as well. Political democracy cannot last unless there lies at the base of it social democracy. What does social democracy mean? It means a way of life, which recognizes liberty, equality and fraternity as the principles of life. These principles of liberty, equality and fraternity are not to be treated as separated items in a trinity. They form a union of trinity in the sense that to divorce one from the other is to defeat the very purpose of democracy. These principles are fundamental rocks of Just Society Order and were origin from France revolution. Raphael admits ,justice and liberty are the two basic ideas of all political thought. Every society needs some sort of concept concerning that structure. Justice is the basic

concept of social values; it is what holds a society together. His concept of liberty is a fundamentalism among political and philosophy thought. According to Dr.B.R.Ambedkar, liberty has divided into two categories namely Civil Liberty and Political Liberty. Dr.B.R.Ambedkar's notions of civil liberty deals with three basic opinions are; Liberty of movement, Liberty of speech and Liberty of action. Civil liberties are often formally guaranteed in Indian constitution but ignored in practice which came from Bill of Rights. Civil right is often used to refer to one or more of these liberties or indirectly to the obligation of government to protect dalits from violations of one or more of their civil liberties. Hindu Temples continue to be spaces for oppressing and resistance and remain a major source of caste clashes in southern district of Tamil Nadu. Dalit are at the receiving and in issues like enter to temples and rights to participate in festivals and they face stiff opposition and attack from caste Hindus. It highlights that dalit communities do not have accessing civil rights and they are not allowed inside temples. Dalit have little access to temples, kids made to sit separately in schools. The National Commission for Scheduled Castes in Chandigarh received 3 to 4 complaints daily.

The Political Liberty consists in of the rights of the individual to share in the framing of law and in the making and unmaking of governments. He believed that liberty is accompanied with social and economic equality and there must be knowledge (education) made available to all. These liberties are restricted by old Hindu social system but these are the part of the human liberty to crate just social order. Dr.B.R.Ambedkar gives answer is that, fraternity means a sense of common brotherhood of all Indian, all Indians being one people. It is the principle which gives unity and solidarity to social life. He believed that democracy offers every individual achieve social equality, economic and political justice guaranteed in the preamble of the constitution. Liberty, equality and fraternity should be the only alternative to abolition caste society. He argued that ,liberty cannot be divorced from equality; equality cannot be divorced from fraternity. With equality, liberty would produce would kill individual

initiative. Without fraternity, liberty and equality could not become a natural course of things. It would require a constable to enforce them. We must begin by acknowledging the fact that there is completes absence of two things in Indian society. One of these is equality. Political democracy gives equal rights for everyone which assures legal provision to all. Dr.B.R.Ambedkar believed *One Man One Value* which means the basic need of each person are well satisfied with freedom and dignify. Uttar Pradesh former Chief Minister Mayawati said that, on the threshold of social democracy and social harmony, solidarity and cohesiveness are the trump cards of success of a society and the country.

Ambedkar vision of Social Justice relating to women :

Dr. B.R. Ambedkar, being a philanthropic, kind and generous social reformer was much moved with the pitiable and pathetic condition and low status of women in society and he was a torch bearer in the direction of social uplift of women generally and Hindu women specially. Dr.Ambedkar chooses his social reform approach only after understanding the reality of the status of women. Dr. Ambedkar was of the opinion that the Hindu women are tied up with bandage of superstitions which they can till their death. They are also responsible for inculcating these wrong notions learnt by them through baseless traditions and preaching of the *Shastras* in the budding mind of their off spring. Otherwise also the women in India have remained a matter of joy and a source of amusement at such she was used and misused by men guest to serve their evil ends. She has been used just like a machine for procreation. It has also mentioned in Hindu *Shastras* that women is the bond slave of her father when she is young to her husband when she is middle aged and to her son when she is mother. The reforms introduced by Dr.Ambedkar through 'Hindu Code Bill' have been adhered to and have been accepted by and large. He by codifying Hindu law in respect of marriage, divorce and succession, rationalized and restored the dignity to women. It is needless to say; the Bill was a part of social engineering via law, sharp criticism of this Bill in and

outside the Parliament led many to believe that it might inflict heavy damages on the Hindu society.

Even the president Dr. Rajendra Prasad got scared and issued a threat that he would withhold his assent even if it had been passed by the Parliament. Justice P.B. Gajendragadkar while congratulating Dr. Ambedkar for the role he had played in drafting and piloting the Bill said, "If Dr. Ambedkar gives us Hindus our code, his achievement would go down in history as a very eloquent piece of poetic justice indeed". The whole story of the Hindu Code Bill presents the determination of Dr. Ambedkar to bring about the changes in the society. He was the one who just did not talk about things; he really worked on them. His concern for women is unquestionable. It is not wrong to say he was a great feminist of his day. Because women's rights form a part of human rights and Babasaheb Ambedkar can rightly be termed as the champion of it. Dr. Ambedkar says, to the women education was denied by the Manu and he caused both an insult and an injury to the women in India. It was an injury because without any justification she was denied the right to acquire knowledge which is the birthright to every human being. It was an insult because after denying her the opportunity to acquire knowledge she was declared to be allowed to take to 'Sanyas' which was regarded as the path to attain the Brahmin. Not only was she denied the right to realize her spiritual potentiality by the Brahmins but she was also declared to be barren of any spiritual potentialities.

According to Dr. Ambedkar, women were treated as mere tools to bear the burdens of the family, restricted to the role of bearing children and fulfilling duties of a wife or mother only. Division of labour is not in their favour, as a result Indian women have lost their identity. They have to face discrimination on a gender basis and because of this availability of equal opportunity remains a dream for them. Poverty, illiteracy, lack of health and inequality of class, status and powerlessness, degradedness are associated with them. Weights of traditional attitudes that regard them as physically, intellectually and socially inferior to men subject them to male exploitation and unjustified division of labour. A society where women, i.e., the half of the population, enjoy a low status of women in

Indian society is primarily due to the fact that they have no control over material and social resources. This is further compounded by lack of participation opportunities in the decision-making process of the family.

Social Justice under the Indian Constitution:

The role played by Dr. B.R. Ambedkar, as Chairperson of the Drafting Committee of the Constitution, has left its imprint on the social tapestry of the country after independence, and shaped the socio-political fabric of India today. It would have been a different India without him and, in all probability, a much more inequitable and unjust one. He attempted to forge India's moral and social foundations anew and strove for a political order of constitutional democracy that is sensitive to disadvantage, inherited from the past or engendered by prevailing social relations. He became deeply aware of the resources that history and culture offered for an emancipatory project but argued that they can become effective only through the matrix of the present. Dr. Ambedkar had the highest academic credential for an Indian of his time, and his erudition and scholarship have been widely acknowledged. Keeping in mind the contribution of Dr. Ambedkar in shaping the Constitution to achieve its basic objective of social justice.

The concept of social justice has been enshrined in the Indian Constitution. The fathers of the Indian Constitution had the dream of a new social, economic and political order, the soul of which was social justice. Dr. Ambedkar was the chief architect of the Indian Constitution. He was fully aware of the pattern and problems of the society and their conflicting interests. The Constitution is a monumental example of social engineering. Social justice is not defined in the Indian Constitution but it is a relative concept taking in its wings the time and circumstances, the people, their backwardness, blood, sweat and tears. The Constitution of India brings a renaissance in the concept of social justice when it weaves a trinity of it in the preamble, the fundamental rights, and the directive principles of state policies and this trinity is the "the core of the commitments to the social revolution. This is the conscience of the Constitution. The preamble of the Indian Constitution is the mirror of social justice. It

provides social, economic and political justice to the citizen of sovereign, socialist, secular, democratic, republic of India. The first task of the Assembly was to formulate the objectives and the guiding principles of Indian Constitution. Therefore, the resolution of the preamble and objective of the Constitution was discussed in the Constituent Assembly for nine days from December 13 to 19 and January 20 and 22 of 1947. Part III of the Constitution as fundamental rights is related to the social justice. The fundamental rights inculcate the sense of reconstruction and foster social revolution by generating equality amongst all, prohibiting discrimination on the grounds of Caste, religion, sex, creed, place of birth, abolishing untouchability and making its practice punishable by law, banning trafficking in human beings and forced labour. Moreover, the Indian Constitution has empowered the states to make special provisions for the advancement of any socially, educationally backward classes and also for the Scheduled Caste and Scheduled Tribes.

The important part of the Social justice is the part IV of the Constitution as directive principles of state of policy. Although this part of Constitution is not enforceable by any court. However the principles laid down there are nevertheless fundamental in the governance of the country and it shall be the duty of the state to apply these principles in making laws. In this regard Dr. Ambedkar said "It is not the intention to introduce in this part these principles as mere pious declarations. It is the intention of the assembly that in future both the legislature and the executive should not merely pay lip service these principles enacted in this part but that should be made the basis of all executive and legislative action that may be taken hereafter in the matter of the governance of the country".

The ideology of the Dr. Ambedkar influenced the Indian judiciary on the basis of this ideology Supreme Court of India declared that Directive Principles of State Policy are enforceable with the fundamental rights. Court observed that the provisions in part III should be interpreted having regard to the preamble and the directive principles of the state policy.

Social Justice in the context of Globalization:

India is plural society, multi-ethnic, multi-religious and multi-linguistic for which

democracy is most for balanced social and regional development. However, democracy cannot survive without social justice. Unfortunately, new economic policy or globalization is bereft of human face, where man is treated as commodity and a person has to compete for the bread and business equally on the "Darwinian socio-economic order" i.e., struggle for existence and survival of fittest. Whereas democracy thrives on the co-operative spirit so that strong and weak could survive and co-exist together like tall trees small bushes and grasses growing in the same socio-ecological plain. Therefore, before implementing the new economic reform policies, it was essential for the government to provide "social security net" i.e., full job opportunities, education and Medicare to weaker sections in general and Scheduled Castes/Scheduled Tribes in particular who constitute two-third of India's population. But government did not pay least attention on these important human problems.

Globalization in India means opening doors of our economy to the multinationals in the field of agriculture, industries, communication, transportation, electricity generation and distribution and also education etc. However, before opening the door of economy to the multinational companies, one should know the fact that these multinationals are not coming for charity in India but to make profit by utilizing our reserve resources, raw materials and treasury. They are not concerned with our environment, infrastructure development or to deliver social justice. These are not in their policies and programmes. Their programmes are to make exhaustive exploitation of natural resources on the cost of environment and make them and their country rich.

The Scheduled Castes and Scheduled Tribes are socially and economically infirm and disabled even today. There were provided Constitutional safeguards by providing reservation in services and posts. In private sector, there is no such concession. Therefore, government must take policy decision to provide representation to Scheduled Caste and Scheduled Tribes in "private sector" too; this is must to provide social security to them to protect their livelihood. The advocates of social justice in the independent India laid main emphasis on "individual" gain through the policy of reservation in services and posts for

the socio economic emancipation of Scheduled Castes and Scheduled Tribes, which has been very short sighted vision because in government services, posts are very limited and that too needs hard competition. Those who are not able to compete does not mean that they do not feel hunger. According to the available information, there are about 35 million people i.e., 3.5% of total population who are in job, which include private sector also. The reservation has made Scheduled Castes and Scheduled Tribes and addict to power and pelt. Since reservation is not a permanent asset, it has to go in one day sooner or later. Scheduled Castes are going to face a great trouble during coming 10 years when country would be plunged into financial crisis, employment crisis and hunger, if they do not awake and prepare themselves fit for facing Darwinian socio-economic order of tomorrow. Conclusively reservation has not served much purpose to alleviate the poverty and living standard of Scheduled Castes because so far hardly 0.5 percent of the Scheduled Castes out of 25 corers of population have got regular job, the remaining 99.5 percent Scheduled Caste masses are still reeling under ragged poverty, hunger, malnutrition and illiteracy because reservation is like a bag of sugar poured in the sea which cannot make the brackish sea water sweet. Reservation thus has done little good by providing job opportunities to a handful of educated elites, but political reservation suppressed a great political revolution. After independence, India received only political freedom “social and economic freedom” was yet to be fought. Because feudal hijacked the economic freedom in their favour, fate of Scheduled Castes remained hanging on the peg of reservation, so that neither they should economically grow nor they should revolt against the non-fulfillment of social justice. Thus social justice is not yet reaches to the Scheduled Caste people in India even today who are subjected to recurrence of killing, burning and gang rape of their women folk. Many people question, why do Scheduled Castes not fight against such atrocities done to them? How can they fight with empty stomach against feudal-land lords who are rich and resourceful, police and courts are also hand in glove with them, therefore, the social justice still beyond their reach even after 68 years of

independence. The globalization is no way to help to Scheduled Castes and Scheduled Tribes.

Conclusion:

The fundamental meaning of this concept of “Social Justice” is to bring a just society. The main objective of this concept is to uplift the women, Scheduled Castes and Scheduled Tribes in the society and pull them to the main stream of the society. This concept also prevents unjust enrichment at the cost of the weaker sections. So far as Dr. B.R. Ambedkar vision of ‘Social Justice’ is concerned, he is real earnest, sacrificed his whole life for the amelioration of the women, Scheduled Castes and Scheduled Tribes in the society. He strongly fought against the prevalent Caste system and gender discrimination in the society and ventured to secure social justice to these sections of the society. His struggle for social justice could be visualized in the ideals and philosophy of the Indian Constitution. Thus, the Constitutional ethos of the social revolution running through the ‘Preamble’, Fundamental Rights and the Directive Principles expressly emphasize the establishment of an egalitarian social order and based on human values of justice, Social, economic and political, equality of status and of opportunity and fraternity assuring human dignity. Thus Dr. Baba Saheb Ambedkar created a social revolution by awakening the women, Scheduled Castes and Scheduled Tribes and breaking all social values based on Hindu Social System.

In the era of Globalization, liberalization and privatization, the concept of Social Justice has assumed a greater significance. Many Multi-National Companies (MNC) by insisting for merit have discarded the concept of social justice. All MNC’s should be made to work within the constitutional frame work so as to ensure social justice to Scheduled Castes and Scheduled Tribes and women in India. For this the state should make various rules, regulations and procedures. Otherwise, the concept of social justice remains only on paper not in practical.

In brief, it becomes essential to clarify the concept of justice and social justice. The concept of social justice is best understood as forming one part of the broader concept of justice in general. To comprehend it properly, we should begin by looking at justice as a whole, and then attempt to mark off that

division of justice which we call social justice. Today the country needs to restructure its institutions, public and private, and the societal behaviour both to build a new human society ensuring full justice to all, that we call social justice to all.

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THE MONETARY POLICY REFORM IN INDIA IN RECENT PAST- A QUICK REVIEW

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Abstract

Along the way of other reform activities in India amendments of RBI Act and Banking Reforms are real facts in everyday's news maker. Strategic disinvestment and Bankruptcy code are two simultaneous activities to pursue financial reforms. Lot of controversy is sounded all around about the motives behind such reforms. Some says it is for the interest of liberal activities as dictated by World Bank and their masters. Some says it is the agenda to fulfill the interest of big business houses loyal to the Govt. Some says it is due to the commitment made in the election manifesto for the betterment to the general masses. Whatever may be the motto behind such reform activities, it could be easily told that something is going to happen. No one can definitely say what will be the ultimate consequences? Can only privatization bid solve the problem? Probably it is not. Government should take stringent practice to repayment of huge bad loans from big houses who are carrying their individual wealth to a sky limit but unable to pay their loan.

Key Word: Financial Reforms, NDA Govt., World Bank, Big Business Houses

Introduction

Since late eighties and early nineties of twentieth century we witnessed several steps of reforms inter- alia financial reforms activities under the purview of liberalisation of Indian economy under Congress led Govt. The LPG move motivated by GATT and others guidelines by World Bank were also carried on by subsequent Government, like, UPA I & UPA II as well as NDA I and NDA II. During first decades of two thousand until today worldwide economic recession once again posed series of questions about the success of reform activities under LPG. India though undertook reform activities still did not have the blind follower of all prescribed LPG move by World Bank, could somehow escaped from the dreaded consequences so far observed worldwide especially in financial sector due global recession. Though escaped narrowly, Indian Govt. under NDA III has undertaken some measures of reforms in Monetary Policy. The monetary policy reform comprises *Amendment of RBI Act, Insolvency and Bankruptcy Code and Banking Sector Reform*.

Literature Review

Monetary policy: According to wikipedia, monetary policy is the process by which the monetary authority of a country controls the supply of money, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency. Broadly, there are

two types of monetary policy, expansionary and contractionary. Expansionary monetary policy increases the money supply in order to lower unemployment, boost private-sector borrowing and consumer spending, and stimulate economic growth. Contractionary monetary policy is a form of economic policy used to fight inflation which involves decreasing the money supply in order to increase the cost of borrowing which in turn decreases GDP and dampens inflation. Monetary reform describes any reforms of monetary policy of a country or world itself.

International monetary reform

There is by now a general consensus that the financial liabilities of US is due to its large trade deficits which poses a general threat for the US as well as the world economy. However the trade deficit is considered as deficit in current and capital account balance. The current account deficit is due to overspending in the US and the exchange rates pursued by at least some of the countries running trade surpluses with US. In a remedy it should have curtail its expenditure against increase expenditure in the trade surplus countries and exchange rate flexibility to be adopted. .(Saha Manojit, (2015)

Trade Deficit by Some leading Countries::

In table 1 it is shown that all the countries except Korea and Russian Federation were facing trade deficit over the years. This is one

the indicator how trade deficit engulf the entire world economy by and large. Almost every country except Russian Federation and Korea are facing huge trade deficit including USA, China and India itself.

Table 1: OECD Survey in Selected Countries:

Country	2010	2011	2012	2013	2014	2015
Australia	-5.1	-3.6	-2.9	-1.4	-2.5	-1.4
France	-7.0	-5.2	-4.9	-4.3	-3.8	-3.1
Germany	-4.2	-0.8	0.1	0.0	-0.2	0.2
Greece	-11.0	-9.6	-8.9	-	-2.5	-1.4
Israel (1)	-4.6	-3.9	-5.1	-4.3	-3.9	-3.6
Italy	-4.4	-3.6	-2.9	-2.8	-2.7	-2.1
Japan	-8.3	-8.8	-8.7	-9.3	-8.4	-6.7
Korea	1.0	1.0	1.0	-0.4	0.1	0.5
Spain	-9.6	-9.6	-	-7.1	-5.5	-4.5
United Kingdom	-10.0	-7.9	-6.3	-5.9	-5.3	-4.1
United States	-12.2	-	-9.3	-6.4	-5.8	-4.6
Euro area (15 countries)	-6.2	-4.1	-3.7	-3.0	-2.5	-1.8
OECD-Total	-8.0	-6.5	-5.9	-4.6	-3.9	-3.2
Brazil	-2.5	-2.6	-2.5	-3.3	-3.4	-3.1
China	-0.7	0.1	-0.3	-0.7	-1.2	-1.2
India	-7.4	-7.4	-7.5	-7.1	-6.5	-5.9
Russian Federation	-1.2	4.2	0.5	-0.5	0.0	0.2
South Africa	-6.0	-5.6	-6.2	-6.1	-5.8	-5.5

Note: *Values expressed as a percentage.

The Features of Bad Loan by Corporate House

If we arranging the corporate, in order of their gross debt levels, they are: Anil Ambani's Reliance ADA Group, Vedanta Resources, Essar Group, Adani Group, Jaypee Group, JSW Group, GMR Group, Lanco Group, Videocon Group and GVK Group are called "House of Debt". Not only that Vijay Mallya group of companies and such other companies are trying fleeing from debt recovery. The largest increases have been at GVK Power & Infrastructure, Lanco Infratech Ltd. and Anil Ambani's Reliance ADA where the gross debt levels are up 24% from last year, according to Credit Suisse. And the total bad loan of all corporate house is amounted to 51% of total Indian GDP. It is although very high in USA (72%) and EURO(107%).(Credit Suisse, Forbes, August, 2013).

Objectives of the Study

In this situation of world and Indian economy the policy reform is inevitable. The monetary policy reform could be one of the aspects of this reform. The Indian government undertook different such steps which should be addressed. So the objectives of the present study to review the state of conditions of such monetary policy measures in following aspects-

- To Observe the Amendment of RBI ACT
- The Take Note of Insolvency & Bankruptcy Code
- To Identify Level of Banking Sector Reform
- To identify impact of Demonetization
- To Offer Conclusion

Data Base & Methodology

Data collected from various secondary sources on the subject matter addressed in the topics. The methodology adopted is to review the literature adopted from various sources to find out a concept to the track of study.

Observations

The NDA III government undertook an amendment in RBI Act, 1934 by constituting Monetary Policy Committee (MPC) in order to promote more control over activities in RBI, the central bank of India and pillar of monetary policy framework. The RBI, currently is a multi-functional authority that oversees many economic and developmental functions. Let's go through just a few recommendations of the Draft Indian Financial Code (IFC) and the 4 most important current functions of the RBI to understand some powers that will be diluted or shifted away. The important aspect of such move is that:

- Under the framework, RBI will be responsible for meeting inflation targets, which is expected to contain at 4% with 2% standard deviation.
- Seven members monetary policy committee be formed of which most of the members be selected by Government.
- It was proposed that RBI Governor be stripped out his veto power during deciding monetary policy.
- The Asset Reconstruction Committee (ARCS) will propose to amend the ACT to allow sponsor to hold 100% equity stake in the ARCS.

The Insolvency and Bankruptcy Code

In order to control NPA in the banking sector, the Insolvency and Bankruptcy Code, 2016 (IBC) has been announced and it has come into force from 5th and 19th August, 2016. The code seeks to repeal the Presidency Towns Insolvency Act, 1993 and Sick Industrial Companies (special Provision) Act, 2003. This Code which enables bank authority to sell the assets of defaulter to cover with the bank loan after giving some pre-authoritative measure to the defaulter. There are provisions for Insolvency Regulation for individual and partnership firm and companies, where any process could be initiated by debtor or creditor. The whole process will be completed within 180 days with

a extension of 90 days if majority of creditors agreed. There are provisions of Insolvency Regulator in the name of Insolvency and Bankruptcy Board of India, consisting 10 members from ministry of Finance and RBI. There will be licensed insolvency professional that will look after the process. There is a provision for adjudicators-1. The National Company Law Tribunal for Companies and Limited Liability Partnership firm, 2. The Debt Recovery Tribunal for individual and other partnership firms. This code aims to create alertness among debtors and creditors to recoup

The Banking Sector Reforms

The Centre for Policy Research (CPR), Delhi in collaboration with the BSE Ltd., Mumbai has started a monthly Macro Economic Seminar Series. The objective of these Seminars is to generate fresh analytical insights into the Indian macroeconomic issues for potential use by policy makers.

This Seminar identified some issues which should be addressed as follows:

- High NPAs (Non-Performing Asset) in Public Sector Banks which have been rising steadily since 2009-10.
- The dual problem of asset quality and inadequate capitalization impacted adversely on their growth.
- Rs 1.14 lakh crore of bad loans wrote off during 2012-15 in round 27 public sector bank.
- The Punjab National Bank (PNB) has accounted for 8.5% NPA out of total loan during 2015, which is fourth largest state owned bank. And also sought government recapitalisation otherwise its lending activity squeezed.
- Presently over two-third of the total assets of banking system in India are with public sector banks (PSBs) which generated less than one-third of total banking sector profit. Private sector banks have accounted Return on Assets (RoA) that is four times higher than that of PSBs.

On 14 August 2015, Government launched a seven point plan—Indradhanush—for revitalizing PSBs. These seven elements include:

- Appointments of Bank MDs and Chairman,
- Bank Board of Bureau,

- Capitalisation,
- De-stressing,
- Empowerment,
- Framework of Accountability and
- Governance Reforms.

The government announced to infuse Rs 70,000 crore in PSBs over four years, while bank are expected to raise Rs 1.1 lakh crore from the markets to meet their capital requirements in conformity with Basel III norms.

This has opened up a debate on whether Indradhanush framework is a much diluted version of earlier committee reports on Banking Sector and may not be enough to help strengthen PSBs and banking sector in India

While the public sector banks could be criticised for their relatively lower productivity and profitability, they are a strong factor for providing much needed stability in the financial system. On the other hand Private bank dominated systems have seen banking sector crisis with monotonous and costly regularity. The cost of recapitalising PSBs, estimated at 0.025% of the GDP is far lower that 1-3% of GDP that it has cost to bail out the banking systems after each of the 110 crisis in 80 countries.

Recommendation for banking Sector Reform:

- It is essential to clean up bank balance sheet to boost growth in coming years. It should address to recover high NPA which is squeezing lending capacity as well as economic growth.
- A system should be developed a fund manager appointed by the government will be actively manage the PSB stocks held by the government. The fund manager will be authorised to sell limited stocks from time to time that can be used for recapitalisation of these banks. That will reduce the pressure on using public money in this purpose.
- Arranging some incentives to protect misuse of public money.
- It is advised to take necessary steps to improve under present statutory framework as this could not be easily changed. More autonomy to PSB board in terms of recruitment process, allow hiring of external talents, separate board and management, customise HR, IT schemes. It is also advised to curb government inference in the banking system.

- It is observed that the SBI within the PSB is outperforming almost every aspect and its performance is almost comparable to leading private bank also.
- The presence of RBI directors in PSB boards should be discontinued.
- Appointment of regulator will be transparent and will be man or body of knowledge domain.
- In order to make financial inclusion successful the establishment of new bank will be encouraged by making “on tap” applications for banking license and transparent functioning. As we are short of banking system this initiative could be helpful to recourse the position. The action of RBI of granting licence should be scrutinized so that it could be transparent and with the conformity of the rule of law.

Demonetization and its Effect

The action of demonetization is one of the monetary policy actions that government from time to time undertake to substantiate its objectives. Recently Government has declared INR 500 and INR 1000 currencies illegal with a short four-hour notice on 9 November 2016. The estimated cash reserve in INR 500 and INR 1000 is about INR 15 trillion (lakh Crores). This is about 87% of entire currency in circulation. Considering 25% of this as black or unaccounted, the estimated black unaccounted cash is INR 4 trillion. India's GDP is estimated at about INR 150 trillion. Thus the black unaccounted cash is roughly 3% of GDP. This is minuscule against the estimated 25% of the black economy of the nation. In our economy the effect of demonetization creates lot of debate and speculations. The World Bank report though supported this move still estimated that the growth of GDP in the present year will be lowered than the previous year due to demonetization.

Conclusions

An assessment of the banking sector experiences that it has strengthen its balance sheet position during post reform period by adopting an environment of operational flexibility. Improvement in financial health and capital adequacy is distinctly visible. It is told that this could be done by following international prudential norm of banking operation. Competitiveness and productivity gains are the prime factor behind the success story. But the amount of bank NPAs will

continue for another few quarters, state-run banks will face a crisis situation if the government fails to bail out these entities. At least 11% of the total loans in the banking sector are tagged under the stressed asset category. The Reserve Bank of India (RBI) has taken the clean-up exercise. It has shown that the lenders of bad loans are mainly state run lenders. 'With over 90% of the total bad loans (of Rs 4,00,000 crore) on the books of Sarkari banks controlled by the government, the onus of capitalizing these lenders and making growth capital available to them is on the government'. It is announced that Govt. will bail out a package of Rs. 70,0000 crores by 2019 to tackle the situation. But it is too little and has come too late. But at the same time question arising that what extent government will have to feed banking sector by dispensing the bad loan created by so called big business house say Vijay Malia etc. A crisis in the banking sector can upset the calculations. Can only privatization bid solve the problem? Probably it is not. Government should take stringent practice to repayment of huge bad loans from big houses who are carrying their individual wealth to a sky limit but unable to pay their loan.

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THE MACRO-ECONOMICS OF DEMONETISATION OF THE INDIAN CURRENCY

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Abstract

On the night of 8 November 2016, at 8:15 pm, India's Prime Minister, Narendra Modi, announced in a televised broadcast to the nation that with effect from midnight, currency notes of denominations Rs.500 and Rs.1,000 would no longer be legal tender. In one stroke, this involved the de-recognition of over 86 per cent of the value of Indian currency in circulation with only four hours' notice.

Introduction

This research paper examines one of the most extreme monetary experiments in recent history to have occurred anywhere in the world—the demonetisation of supposedly 'high-value' notes in India on 8 November 2016. This move, ostensibly directed towards the elimination of 'black money' and corruption, did not have the intended results. However, it had massive effects in terms of immediate distress, disruption of the economy and time incomes lost by working people. In the months immediately following its announcement, the demonetisation measure raised many concerns relating to its legality, its rationale and its fall-out. This paper attempts to probe these issues to assess what its impact has been on different sections of the population.

Demonitisation: Meaning

Most non-credit money in the world today is what is called 'fiat money'; that is to say, it is not backed by any real commodity such as gold, but is only backed by the legal power invested in the issuing authority by the government. Currency, in the form of bank notes, is therefore 'legal tender' whereby the issuing authority (usually the central bank, in India's case the Reserve Bank of India, RBI) promises to accept that note at its face value. Demonetisation is the removal of that backing – it is the process by which particular currency notes are no longer legal tender. But all currency notes are promissory notes, explicitly or implicitly backed by the state. They contain the words 'I promise to pay the bearer the sum of ___'. So demonetization can never simply abandon that promise – it must involve the exchange of all

such notes into money of equal value, either in the form of some other, newer notes or some

other form of liquidity that is acceptable in that economy. The question of whether that exchange must be immediate or can be relatively long drawn out is a thorny one, on which there is no clear legal opinion. But what is abundantly clear is that no central bank – or the government that owns it – can simply renege on its commitment to accept the value of the demonetized note eventually unless it makes explicit changes to the law. It can create conditions that may limit the voluntary exchange of such notes, such as the threat of penalties or taxation on notes brought in for exchange that prove the existence of undeclared income. But it cannot simply refuse to accept them without providing in return something of equal value. If the government adopts legal routes (such as an Ordinance or law that 'extinguishes' these notes) to deny this promise, to the extent that this has a significant impact on holders of such notes, this does risk destroying the trust that is the entire basis for fiat money in a modern economy.

The impact of the demonetization, in terms of its own objectives as well as other collateral effects, will depend upon the role played by the currency notes that are withdrawn in the total money in circulation as well as the speed and efficiency with which replacement notes are made available to the economy concerned, so that it does not suffer loss of liquidity for exchange for too long.

The demonetisation announcement of November 2016

On the night of 8 November 2016, at 8.15 pm, Prime Minister Narendra Modi announced in a televised broadcast to the nation that at the stroke of midnight, currency notes of denomination Rs.500 and Rs.1,000 would no longer be legal tender. He declared that 'black money' would be sucked out of the system and trashed; that those earning black incomes, holding black wealth and involved in counterfeiting currency would be pursued and incarcerated for ruining the economy and oppressing India's poor; and that the flow of counterfeit notes from across the border that fed domestic terrorism would be stopped. Using the analogy of a previous secret military operation, politicians and the media began describing the policy as a 'surgical strike' on the black economy. At one stroke this involved the de-recognition of slightly more than 86 per cent of the value of currency in circulation, with only four hours' notice. Banks were declared closed for the following two days to prepare for the new situation. People were allowed time until 30 December 2016 to give in the demonetized notes at offices of the RBI or commercial banks, to be credited into their bank accounts. Old notes were also permitted to be exchanged 'for immediate cash needs' over the counter up to a limited amount (first Rs.4,000, then increased to Rs.4,500 and later reduced to Rs.2,000 per day and subsequently stopped altogether) with a valid ID proof and on filling up a form. This was meant to be a once-only exchange, and for some time permanent ink marks were made on those engaging in such exchange to prevent repeated transactions. The exceptions made for the use of the demonetized notes appeared to be relatively limited. Petrol, CNG and gas stations; government hospitals; railway and airline booking counters; state government recognized dairies and ration stores; and crematoria were allowed to accept the old Rs.500 and Rs.1,000 bank notes until 11 November 2016, a deadline that was later extended first to 14 November, then 24 November and finally 15 December (but restricted to 2 December for petrol and gas payments). Religious bodies, including trusts run by spiritual leaders, were also exempted; in that they were allowed to receive donations in the old notes. However, cooperative banks and

other financial institutions were not allowed to exchange old notes. Deposits of the demonetized notes into banks were allowed only until 30 December 2016. At first it was stated that the RBI would continue to accept such notes until 31 March 2017. Subsequently, an Ordinance was promulgated (Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 to come into force from 31 December 2016). This legally terminated RBI's liability on the banned currency notes, and even prescribed a penalty (Rs.10,000 or five times the amount seized) for anyone found to be holding more than ten such notes or dealing in these notes. It allowed for exchange of notes at the RBI for a few months more, but only for Non-Resident Indians and those who could show that they had been out of the country over the period between 10 November and 30 December 2016. The purpose of the Ordinance (which would have to be later ratified by Parliament) was to prevent future litigation – but even so, it was not clear why penalties for holding the banned notes were required, since they had anyway been rendered useless. Cash withdrawals from bank accounts were restricted to Rs.10,000 per day and Rs.20,000 (later Rs.24,000) per week. ATM withdrawals of cash were limited to Rs.2,000 per day, and then to Rs.2,500 per day by end-November. Foreign tourists were only allowed to exchange foreign currency up to Rs.5,000 per person per week. Originally, it was expected that the limits on cash withdrawals from the banks would also operate only until 30 December. However, the slow rate of printing and making available new notes and the resulting shortage of replacement currency notes meant that withdrawal limits continued to operate well after this date, and indeed continued even three months into the exercise. Therefore, liquidity constraints continued to be felt not only in the informal sector but in the entire economy.

These were severe measures at best, considering how dependent the Indian economy and population are on cash transactions. India is a heavily cash-dependent economy, in which more than 95 per cent of all transactions were estimated to be in a cash when this move was announced. Informal activities where cash transactions are the norm account for around half of national income and around 85 per cent of all workers, and even the formal sector is heavily dependent upon cash payments. So this

move impacted directly and indirectly not just on people's 'convenience' but on all economic activity. Further, the requirement of depositing money into bank accounts became a significant barrier for those who did not have bank accounts, who still constitute a significant proportion of the population, who were in effect forced to rely on the black market to change their old notes.

The shifting goalposts of India's current demonetisation

The shock announcement of Prime Minister Modi on 8 November, which he described as 'a movement for purifying our country', had the explicit aims of dealing with 'the problem of terrorism and the challenge posed by corruption and black money'. Obviously, these goals are laudable in themselves, and very few people would oppose them: the debate really hinges on the best means to achieve these goals, in a way that does not cause damage to innocent people and the society at large. The stated perception was that this move was designed to punish 'antisocial and antinational elements' (presumably those guilty of corruption and tax evasion, as well as those engaged in terrorist activities, often using counterfeit money) since their undisclosed currency holdings would become 'just worthless piece of paper'. In the process, as the prime minister reiterated on several occasions subsequently, the guilty would go through sleepless nights, while the innocent would sleep soundly. So the early focus was entirely on rooting out corruption, essentially by wiping out the value of cash hoards, and curbing terror financing that had been based on counterfeit notes. In his televised speech to the nation on 8 November 2016 that announced this move, Mr. Modi used the phrase 'black money' 18 times, and also mentioned the other goal as the elimination of terrorism. It was this hortatory device that was also used to mobilize and convince ordinary people of the soundness and desirability of this move. Temporary sacrifices were seen to be necessary in this 'war on corruption'. People standing in queues were repeatedly compared to soldiers at the frontlines of combat, thereby reducing the serious travails faced by citizens to minor inconveniences that could be borne happily as part of a major national movement to cleanse Indian society of corruption.

Subsequently, as the amount of deposits of cash into the banking system grew well beyond the government's own expectations, the failure of this move to eliminate cash hoards stored by 'black marketers' became clear. This led to a remarkable display of shifting policy motivations, at least as per the declarations of the prime minister and other government spokespersons and the RBI, which was the unfortunate entity charged with its implementation. So the goalposts were changed: first to a greater focus on containing the problem of counterfeit notes, then to enable the dramatic growth of bank credit, then to a process of formalizing the economy by forcing all the cash into bank accounts so as to allow more tax collection and finally to the move towards a 'cashless society'.

As early as mid-November 2016, the RBI shifted its official stance to focus on the problem of counterfeit notes and the need to eliminate them. In its revised 'Frequently Asked Questions about Demonetisation' on its website (www.rbi.org.in), it mentioned corruption only once and almost in passing as the reason for the demonetisation. Instead, it devoted a lot of space to the proliferation of counterfeit notes, their use by terrorists and the need to flush these out of the system. The fact that this did not require any kind of abrupt and sudden decision, but could easily and effectively have been done in a gradual manner without disrupting the economy and people's lives was ignored.

By late November, as it became evident that neither of these goals of flushing out 'black money' or striking against terrorism was likely to be met by this move, the policy focus shifted again, this time towards moving to 'a cashless economy'. Cashlessness was defined as the virtue that would propel the Indian economy to a new level of modernity and glory and even if a completely cashless economy was unattainable, a 'least cash' economy was made the important goal of this exercise. The prime minister's 'Mann ki Baat' radio broadcast of 27 November 2016 sang the glories of digitised transaction and exhorted all Indians, especially the young, to embrace this new mode of payment and convince others to do so as well. Once again, it is obvious that even if this were the goal, this is something that could be better done gradually, by encouraging and enabling

Indians to rely more on digital and electronic transactions, by providing better infrastructure and connectivity so that people would choose to use less cash for their own convenience.

Meanwhile the Finance Minister and the Revenue Secretary opted for a more philosophical approach to the unexpectedly large inflows of demonetized currency that were being deposited in the banking system. By early December 2016, it was being stated that this was apparently what they had wanted all along, because it brought transparency into the system and forced people to reveal all their holdings, so that they could not be investigated. So the goalpost was shifted once again, this time simply to one of allowing the tax authorities to investigate cases that looked suspicious. This too completely begged the question of why this could not have resulted from a more gradual implementation over several months, which would still have forced the money into banks while allowing ordinary law-abiding citizens to continue to use the old currency until adequate replacement currency was provided. This would have avoided the hardship, loss of employment and fall in livelihood inflicted upon hundreds of millions of people and enabled the tax administration to proceed on its own to identify wrong-doers.

In his address to the nation on 31 December 2016, on reaching the self-declared fifty-day deadline after which the pain of demonetisation was supposed to end, Prime Minister Modi had yet another justification for the move. 'Over the last ten to twelve years, 500 and 1,000 rupee currency notes were used less for legitimate transactions and more a parallel economy. The excess of cash was fuelling inflation and black-marketing. Lack of cash causes difficulty, but excess of cash is even more troublesome'. This unsubstantiated claim effectively suggested that most of the people transacting in cash are somehow engaged in 'illegitimate' transactions, rather than simply operating in an informal economy with incomes that would anyway fall below the direct tax threshold, or using cash for perfectly legitimate purposes in the formal economy. It assumed that informal activities are not part of the 'mainstream' economy, whereas there are strong linkages and constant interaction between formal and informal sectors in India. This argument also betrays a lack of

understanding of the nature of inflation, as we discuss in Chapter 2.

It is now evident that those who conceived of and implemented this extraordinary measure were unclear about its essential goals, and what yardstick of success or failure they could use. Meanwhile the massive collateral damage inflicted upon innocent people continued to be officially interpreted as a minor 'inconvenience' that was a necessary part of this supposed nation-building exercise.

Other experiences of demonetisation

In other countries, demonetization of a proportion of a country's currency typically higher value notes – has usually been suggested either to prevent their use in criminal activities or to reduce the possibility of unrecorded transactions that escape the tax net. Very rarely (and only in a few extreme cases noted below) has demonetization had the explicit intent of destroying the store of value of those who have such illegal or unrecorded incomes. This is because it is generally recognized that the returns from such activities are mostly not retained in the form of cash.

More recently, arguments for demonetization in developed countries have been made by Kenneth Rogoff¹ and Joseph Stiglitz² in terms of moving away from currency-based transactions to cashless electronic transactions. They argue (interestingly, from completely diverging analytical frameworks) that in advanced economies, purely electronic-based systems would allow for more effective monetary policy. Rogoff believes that this would enable prolonged imposition of negative interest rates, which he (wrongly) believes is the only way to lift the advanced economies out of stagnation. This argument can be critiqued on several grounds. It ignores the effect of fiscal policy on macroeconomic activity and therefore places excessive reliance on monetary policy alone. It ignores the effect of negative interest rates on asset bubbles that generate financial volatility. But most of all, it is based on a wrong presumption: negative interest rates cannot be sustained simply by eliminating cash, that is doing away with the monetary liability of the central bank, for in such a world another liquidity substitute, another asset which is not the monetary liability of the central bank (such

as gold) will emerge to ensure that the interest rate does not fall below zero. In effect, an equilibrium where free asset choice prevails is incompatible with negative interest rates, so such a reason for pushing cashlessness is untenable.

By contrast, Stiglitz suggests a different motivation for encouraging a shift away from cash and moving to entirely electronic money. He argues that since current monetary policy in the advanced economies cannot really determine the actual level of credit supplied by banks to final users, relying only on electronic money would enable the government to set levels of credit and then auction this credit to banks, which would then be forced to lend because they had already paid for this credit and therefore could not keep it idle. But this argument is also problematic because all it could do is determine the total volume of credit; it would not ensure that banks would then provide credit to those in need of it or for activities that are considered socially and economically important. Indeed, this concern can be addressed more simply and directly through public banking that can be mobilized to provide appropriate levels of credit and direct credit to socially valued activities. In any case, it is important to note that both arguments, which are rooted in the context of advanced economies, still suggest a *very gradual* process of shift away from bank notes, involving several years or even decades, and assume highly developed levels of infrastructure, connectivity and cyber-security before such moves are even partially attempted.

The extreme nature of this move of the Indian government is historically unprecedented anywhere in the world in peace time and in a non-hyper-inflationary context. In fact, the few historical precedents for such a move that can be identified provide some cause for concern, if not alarm. Other than in extremely hyper-inflationary contexts where the value of the currency was already in question, it is very rare to find demonetization of currency notes accounting for a significant proportion of the value of currency.

It is true that more gradual demonetization of older and higher value currency notes has occurred in many countries. Indeed, it is a common practice to replace or even eliminate high-value notes to weed out counterfeit notes and prevent them from being

used disproportionately by those engaged in illegal activities like smuggling and drug dealing. Examples of this kind of withdrawal of certain notes from circulation have proliferated across both developed and developing countries, such as the United Kingdom, Australia, Singapore and many others. However, in all these cases, the demonetized notes have been of very high value and not used much by the general population and therefore amounted to a relatively small proportion of the money in circulation, typically not more than 10 per cent or so. Even in such cases the change has usually been gradual, with lots of advance notice given to the entire population. In India too, there have been periodic moves to withdraw certain currency notes from circulation, the most recent being in 2014 when the Rs.500 note was withdrawn because of concerns over counterfeiting. In all of these cases, the withdrawal of notes was a gradual process, with plenty of time allowed for replacement notes to be provided and to enable the society and the economy to respond without affecting economic activity and the material lives of the citizenry.

There have been several instances of demonetization occurring in hyper-inflationary contexts, when the very high rates of inflation have meant that the currency has already lost its value, such as occurred in Brazil and Argentina during their periods of hyper-inflation in the 1980s. In the case of Ecuador, the demonetization of the peso in the 199s ultimately led to the dollarization of the economy, with the US dollar now the only valid money in the country. Something, similar occurred in Zimbabwe in 2015, when the one-trillion Zimbabwe dollar note was demonetized and made equivalent to 0.5 US dollars, a sign of how much that note had already been devalued by the domestic economy.³

Cases of using demonetization to attack illegalities like corruption and counterfeiting are fewer in number, and have generally been less successful in achieving their stated goals and generated instability. In Ghana in 1982, the 50 cedi note was demonetized to curb money laundering, but it created economic and social chaos and eventually led to a move into physical assets and foreign currencies. Similarly in Nigeria, the economy collapsed when the 1984 demonetisation move of then President Muhammad Buhari invalidated the

old currency and caused transactions to be badly affected.

There are a few cases of dramatic demonetization involving significant proportions of the extant currency by authoritarian governments or military rules, which in turn have been precursors to significant economic and political instability. The Khmer Rouge regime in Cambodia undertook a large-scale demonetization with the express purpose of pauperizing the country's elite-but it also succeeded in impoverishing the country and laying the grounds for the subsequent genocide of a significant part of the population. In Zaire (now Democratic Republic of Congo) the attempt by the authoritarian ruler Mobutu Sese Soko in 1993 to remove obsolete currency from circulation through several bank note reforms led to sharp depreciation of the exchange rate and massive unrest that culminated in civil war and his eventual ouster in 1997. When 80 per cent of the currency in circulation was demonetized by the military government in Myanmar in 1987, there was a burst of inflation as farmers and others refused to sell their products for the new currency and those in urban areas stocked up on goods purchased with the old currency. The subsequent period of economic stagnation led to an upsurge of protest in mid 1988 that was suppressed through military force and numerous killings. In North Korea in 2010, the then dictator Kim Jong-II (father of the current ruler) reduced the value of the existing currency notes by a hundred times, to curb black market activities. The move led to severe food shortages and unrest that provoked a rare public apology from the leader, while the party's head of finance was made the fall guy for the error and executed.

The most dramatic example of demonetization gone wrong may be that of the Soviet Union, in what became its final period of existence. On 22 January 1991, President Mikhail Gorbachev declared 50-rouble and 100-rouble notes invalid as of that midnight, with limited time periods and stringent conditions imposed on the replacement of such notes with new currency. This move seems quite similar to what has happened in India, but was still less extreme, as these demonetized notes in the Soviet Union accounted for only around 11 per cent of the value of currency in circulation at the time. Even so, the move that

was explicitly proclaimed to attack the parallel economy proved to be hugely disruptive for the entire economy. A few months later, inflation accelerated dramatically, even as there was a massive currency shortage with big increases in unemployment. There was a general decline in public confidence in the government. Economic activity declined across the country. Some Soviet Republics like Ukraine and Kazakhstan were severely affected, and sought to move out of the rouble zone as a result. Indeed, some historians have even linked this move and its impact to the eventual disintegration of the Soviet Union.⁵

In India, there have been two episodes of demonetization, not counting the various instances when certain currency notes were withdrawn from circulation in a gradual manner. In January 1946, the 1,000 and 10,000-rupee notes were demonetized prior to Independence. Several decades later, the Janata Party-led government of Morarji Desai demonetized bank notes of Rs.1000, 5000 and 10000 on 16 January 1978. In both cases the notes affected were extremely high value notes (Rs.1000 in 1978 being effectively equivalent to Rs.25,000 in current prices) and represented less than 1 per cent of the value of notes in circulation. In addition, in 1978 one week's time was given for the adjustment. Because the notes involved were of such high value at the time and accounted for only 0.6 per cent of the money in circulation, the demonetization of 1978 was not so badly felt by ordinary people. However, even then the RBI Governor of that time, IG Patel, pointed out that 'such and exercise seldom produces striking results' since people who have black money on a substantial scale rarely keep it in cash. "The idea that black money or wealth is held in the form of notes tucked away in suit cases or pillow cases is naïve.' And in any case, big players holding large amounts of undisclosed cash can usually find agents to convert the notes through a number of small transaction 'for which explanations cannot be reasonably sought'. Yet the government was insistent, and so 'the gesture had to be made, and produced much work and little gain'.⁶ The economists Brahmananda and Vakil noted that a measure like this 'has primarily a political and not economic objective. In such a case it becomes a business in the and among politicians'.⁷

These examples indicate that the various demonetization episodes in different countries have had different rationales and have rarely been as sweeping as the recent move in India. The impact has been determined not just by the rationale but the context and the nature of the strategy and its implementation. Before turning to an analysis of the context, timing and nature of the Modi government's demonetization exercise, we consider the logic of demonetization as advanced by the Indian government in November 2016 in the following chapter.

Macroeconomic consequences

All market transaction (as opposed to barter) entail the use of money. Commodities are sold against money, which in turn is either used to buy other commodities within a certain period or kept as a store of value for possible future exchange against commodities. In the former case money is used as a means of circulation, while in the latter it is held as wealth. Since money is held for both these purposes, we can say that there is a 'transaction demand for money' and an asset demand for money'.

Money with the 'public' consists of many things: currency or 'cash' which (ignoring the one rupee note) is the liability of the RBI; commercial bank deposits which are liabilities of these banks and can be transferred (through cheques and electronic transfers) for settling transactions; and fictitious deposits (such as credit cards) created by banks and certain other financial institutions against themselves and in favour of customers, which the latter can draw upon for settling transactions but which they have to make good later with actual payments to these institutions.

As we have been in Chapter 1, demonetization would have had some rationale if the 'black economy' had a much higher ratio of cash holding (for both transaction and asset purposes) to the total income generated within it, than the 'white economy'. In such a case, demonetizing currency notes would have incapacitated mainly the 'black' and not the 'white' economy. This, however, is not the case. The cash holding to income ratio differs not so much between the 'black' and the 'white' economies, as between the small or informal sector and the large or formal sector, both of which consist of both 'black' and 'white'

activities. Demonetisation of currency notes therefore predominantly hurts not the 'black economy' but the informal economy, where the bulk of the country's poor and working people are concentrated, as was described in Chapter 4. Let us see why and how it does so.

The sale of commodities against money which is then used for buying other commodities covers at least two cases. First, workers in all occupations sell their capacity for work against money and use this money to buy essential goods and services, like food, clothing, health care and medicines. Demonetisation of currency amounts to impounding a part of the money they receive from their sales of labour power, so their purchasing power goes down and they can buy less goods and services. There is thus a cut in workers' consumption and in the demand for commodities they buy, the bulk of which is from the informal sector. This means an overall fall in aggregate demand. For this reason, there is an obvious recessionary consequence of demonetization through a reduction in demand, whose impact falls predominantly on the informal economy.

But demonetization also affects the cash held by producers, who primarily use cash not for consumption goods but for buying inputs and raw materials. If they buy less of such goods because of the currency shortage, then they can produce less. As a result, demonetisation affects not just the demand side of the economy but the supply side as well. This reduction in production in turn has further negative demand effects down the supply chain. The overall effect of such demonetisation operating from both demand and supply sides is indubitably to lower the level of output in the economy.

This effect may be mitigated for a while through the extension of credit. Workers may make purchases by promising future payments; those selling to them can in turn buy their inputs and raw materials (or finished goods if they are traders) against the promise of future payment; and so on. The extension of credit down the line can thus mitigate the cash shortage up to a point. Credit of this sort can be a cash substitute for a while, which is why there has long been an argument that 'trade credit' should be counted as money supply. But there is a limit to the extent to which the effect of cash shortage can be mitigated in this way. In the

chain of transactions, if there is any agent who does not have trust in the promise of another, then the need for money (in the present instance cash) will resurface. And this invariably happens. If nothing else, it is the large formal sector that typically breaks the chain, since at some point it insists on payments from the informal sector through IOUs backed either by the RBI or by banks, i.e. on payments in the form of money. Since for the informal sector money is predominantly in the form of 'cash', the insistence in effect is on cash payment. The decline in the output of the informal sector therefore cannot be mitigated by mutual extension of credit since this extension cannot be carried far enough; and once this decline occurs, even such credit extension as was possible earlier, dries up, which aggravates the decline.

This brings us to a question that may puzzle some. If money supply in an economy falls by say 10 per cent, why can we not visualize a situation, where, after some initial disturbance, the economy settles down at a new ('equilibrium') position with output unchanged and all money prices and money wages and money incomes slashed by 10 per cent, so that real incomes are unchanged? This is not possible for two reasons, one general and one specific to our context. The general answer is that in any economy where there are inherited debt commitments in money terms (which means in practically every economy) such a fall in money wages and prices would make many firms bankrupt, since their money earnings would not cover their debt payment commitments; output therefore would not remain unchanged. In our specific current Indian context, in addition, there is a basic asymmetry: demonetisation hits cash transactions and affects the informal sector above all, while there is no corresponding impounding of money holdings in the other sectors where money takes non-cash forms. An equiproportionate fall in money incomes and prices along with a fall in money supply is therefore not possible. The fall in money supply, taking the form exclusively of a fall in cash supply, has a proximate effect primarily on one segment of the economy and much less so on the other. In the formal sector, money incomes and hence money prices of goods produced do not fall to the same extent. Since the informal sector buys several inputs from the

formal sector, this means that money costs in the informal sector do not fall to the same extent as the decline in the cash available to it. So it cannot escape a recession. If the Indian government carries through on its proposal to print less new money to replace the demonetized notes, so as to push digitized transactions, then the macroeconomic consequences will continue to be severe. The economic implication of this attempt to have a perennial shortage of cash in order to push people into cashless transactions is that the recession experienced by the informal sector in the wake of demonetisation will continue as a perennial feature. True, if the informal sector could move to cashless modes of transacting, then it could overcome this recession. But the structural constraints upon moving to cashless modes of transacting are enormous for the informal economy. As was evident in some of the descriptions in Chapter 4, production and exchange processes in the informal sector are split into stages with an elaborate division of labour. The aggregate margin earned across these stages and the margins at each stage are relatively small and sometimes even negative for the self employed who often earn less than the going wage rate. Allowing for a transaction cost to be appropriated at each of these stages to facilitate cashless transactions is just not feasible. Rather, it is much more likely that many informal activities will simply decline and may even cease permanently because of the cash crunch. Even if the government, after some time, had exchanged all old notes for new ones, the transitional shift of demand from, say, petty traders to large shopping malls, might well have meant some permanent loss of business for the former. In other words, even purely transitional losses could well have had an enduring impact on the informal sector. But if the cash shortage is not going to be a purely transitional affair but something that persists into the foreseeable future, then the loss of output in the informal economy will certainly be an enduring one. It may be thought that such a loss of output will remain confined to the informal sector, or the sector of petty production; and that the large sector which does not use as much cash will remain unaffected. But this is a mistaken belief. The informal sector buys a substantial amount of goods and services from the large formal sector and if there is a shrinking of output in the informal

sector then this would cause a fall in demand for the large formal sector, which in turn will reduce this sector's output. In other words, if the cash constraint reduces the output of the informal sector, then this very fact will, other things remaining unchanged, lower the formal sector's output via a demand constraint, even when the formal sector faces no cash constraint of its own. Informal activities also provide important inputs to the formal sector, for both domestic and export production. Therefore the formal sector's supply chain would also be affected. In the formal sector where money takes the form not of cash but of bank deposits and other cash substitutes, the reduction in output caused by reduced informal sector activity will mean that the demand for the non-cash money it uses will be correspondingly reduced, and hence the supply of such money too will be reduced to adjust to the reduced demand. Creating a cash shortage therefore, instead of foreign people to move to a cashless economy, will have the effect, other things remaining unchanged, of precipitating a general recession and reducing the overall demand and hence supply of money. This argument can be briefly expressed as follows: cash shortage → reduced informal sector → reduced formal sector output because of reduced demand from the informal sector → reduced demand for non cash money → reduced supply of non cash money → a combination of recession and reduced supply of overall money, both cash and non-cash. This can also be explained symbolically. It y denotes the informal sector's income, and Y the formal sector's income, and if m and M denote respectively the amounts of money (in the form of cash in the case of the informal sector and non-cash in the case of the formal sector) required in the two sectors, with m a function of y and M a function of Y , if $a.y$ denotes the demand from the informal sector for the formal sector's output (the formal sector's wages and prices are assumed to be given since it faces no money shortage) and C the other kinds of demand for the formal sector's output (C is assumed to remain unchanged), and if m^* is the amount of cash supplied by the government to the economy that is cash-constrained, then we can say:

$$m^* = m(y)$$

$$Y = C + a.y$$

and,

$$M = M(Y)$$

Given m^* , these three relations determine y , Y and M . M here is endogenously determined, in the sense that its supply adjusts to the demand for it. Obviously, the lower is m^* , the lower are y , Y and M . This means that a cash crunch causes a general recession and a lower demand for, and hence a lower supply of, money (taking $m^* + M$ as the total supply of money).

We have so far talked only about the informal and the formal sectors; and the question may be asked: what about the 'black economy'? We have argued in Chapter 2 that demonetisation has little effect on the size of the 'black economy' since its profitability remains largely unchanged. Indeed, the fact that almost all of the demonetised currency came back to the banks by 30 December 2016 shows that there was no significant 'extinguishing' of notes held in the 'black economy' and hence no impairment of profitability. If the 'black economy' requires say n amount of cash and N amount of non-cash money, then it will simply suck out n amount of cash and N amount of non-cash money from the 'white economy' (which it would do since it is more profitable). The above relations then can be rewritten as:

$$m^* - n = m(y)$$

$$Y = C + a.y$$

and

$$M - N = M(Y)$$

Since n and N are given (because the profitability and hence the size of the 'black economy' remain unchanged), any reduction in m^* has the effect of precipitating a recession and a reduction in the demand and hence supply of money, as already discussed.

We have already seen in Chapter 4 that the Modi government's demonetisation decision brought significant transitional hardship to people. This transitional hardship now threatens to become an enduring one in the form of recession, of reduced prices for peasants who have already harvested their crops, and of reduced money incomes for the workers as well as petty producers. This is what would result from the government deliberately maintaining a cash shortage, simply to push people into cashless transactions. This amounts to a gratuitous inflicting of distress upon crores

of extremely poor people for no reason, an irrational measure that would be unprecedented in the history of independent India.

It can of course be argued that the effect of demonetization in the form of a recession can be countered by monetary policy that lowers interest rates. But even if this is done, this cannot be claimed to be a contribution of demonetization. Lowering interest rates is a policy that can be undertaken at any time by the government, independent of the level of money in circulation in the economy. It could well be something that is done to counter the recessionary effects of the demonetization that we have outlined. But it is an absurd argument to point to the steps taken to counter the ill-effects of demonetization as achievements of demonetization itself.

On a related point, the fact that restrictions have been imposed on the conversion of old notes into new ones in the name of attacking the 'black economy', has led ironically to a proliferation of 'black activities' carrying out such conversion. Some of those engaged in such conversion have been caught, and crores of new or old notes seized. This paradoxically is presented as a vindication of demonetization. But this argument is absurd for two reasons: first, these 'black activities' in which the culprits have been engaged, are themselves spawned by demonetization; and second, coming down on 'black activities' is something that did not require any demonetization in the first place. In fact, if the government had simply cracked down on 'black activities' without putting people to the acute distress of demonetization, it could have achieved something.

It is also important to be aware of the many fallacies in the string of arguments that the government and its supporters have presented since mid-November 2016. For example, one such argument states that the entry of cash into the banks has so increased their available funds that they would now give loans at lower interest rates, which would therefore expand the economy. According to this perception, demonetization, far from having a recessionary impact on the economy as we have been arguing, would have the very opposite effect of expanding the economy. The mistake in this argument lies in the assumption that banks gave the amount of loans they did prior to demonetization because they were

strapped for funds. In actual fact, if they wished to get more cash, banks could always borrow from the Reserve Bank through the latter's Repo operations at interest rates fixed by monetary policy. The amount of loans that banks give out is determined by their expected returns, net of the perceived risk premium. If they are dealing with borrowers who are less creditworthy from their point of view, this would not justify borrowing from the RBI at the stipulated rate to lend to such borrowers. Likewise, if more cash come into their coffers as has done because of demonetization, they would rather lend to the RBI at the stipulated rate (the reserve Repo rate) than lend to borrowers whom they consider less creditworthy. Since the option of getting rid of excess cash to the RBI is always available to them (and was used by them when India's foreign exchange reserves were swelling rapidly and were bringing them more cash as deposits), there is absolutely no reason why the interest rate on their loans to the 'public' should fall. As noted above, interest rates would no doubt fall if monetary policy lowers the Repo and reverse Repo rates, but that has to do with monetary policy and nothing at all with demonetisation. The recent announcements of reduction in interest rates provided by some public sector banks therefore are essentially 'policy-induced', rather than enabled by demonetisation.

In sum, the principal macroeconomic fallout of demonetisation is a contraction in output reflecting an engineered economic recession. But that is not all. The demonetisation and the onset of the recession it induces have feedback effects that make things worse. One route is the direct feedback through the fiscal route which aggravates the recession. Others include the indirect feedback on growth through the monetary route and the impact that demonetisation has on the credibility and functioning of the banking sector. Here we should distinguish analytically between two kinds of feedback effect. One is the feedback effect of the demonetisation and the consequent initial recession, through the working out of all the possible influences within the given period itself. This entails factoring in the effect of the recession on the fiscal situation, the banking sector, and so on. In addition, this total effect of demonetisation in the given period has dynamic consequences stretching into the

future, i.e. into subsequent periods. These are feedback effects that operate over time, i.e. over a succession of periods. A recession, for instance, reduces investment in the next period because it creates gloomy expectations among capitalists, both big and small, and even the petty producers; and this in turn accentuates and recession over time, and so on.

It is important to keep these dynamic feedback effects in mind, since there has been much facile talk that while demonetisation may cause hardships in the 'short run' it is beneficial in the 'long run'. What such talk misses is not only that 'in the long run we are all dead' (as John Maynard Keynes had said), but that there is no separate things called the 'long run' that is distinct from a sequence of short periods stretching into the future, each such period exercising a feedback effect on the period(s) that follow.

We shall not be pursuing these dynamic effects here, but confine ourselves to the feedback effects that are exercised through the fiscal and monetary routes (the latter via the effects on the banking system) to complete the 'given period' picture. We devote the next sections to a consideration of these.

Fiscal feedback

Among the various speculative and misleading claims made by proponents of demonetisation is the argument that this move will significantly increase the fiscal space for the government to increase spending particularly for the poor. Indeed this was the import of several of the prime minister's speeches in the weeks after 8 November. There are three channels that have been spoken of. First, that the 'extinguished' currency will reduce the liabilities of the RBI, which will then be in a position to provide enhanced dividends to the government, which will add to government revenues. Second, that the de-legalised currency deposited into the banking systems will allow the tax authorities to investigate suspicious deposits and follow up, thereby increasing tax revenues. Third, that this move has struck fear into the hearts of tax evaders, who will choose to take advantage of the latest amnesty scheme of the government and thereby provide additional tax revenues at the punitive rate.

The first argument is simply wrong. As we have already noted, the amount of money

coming into the banks has been so large that the value of extinguished notes is negligible. In any case, however, these cannot be converted into profits of the RBI, because they represent a decline in the liabilities of that institution, and do not change the profit and loss account, (In fact, as discussed in the next section, if banks choose to park the money that has come into their coffers with the RBI, this can actually lead to losses for the RBI, since it would now be paying interest on this money, which it would not have had to do if the money had been circulating in the economy). This balance sheet adjustment does mean that the liabilities of the RBI will fall relative to assets, so it will be in a position (if it so desires or is instructed to do) to liquidate some of its assets, for example by writing off some government, but only to the extent that it reduces some of its immediate debt burden and makes possible an equivalent increase in fresh government debt. But this possibility, of increasing government borrowing from the RBI (or what is called deficit financing) is one that was always open to the government anyway, and did not require this demonetisation. The argument that in the current situation it would not be inflationary, whereas otherwise it would be, is simply false, as the expansion of reserve money (which is what larger deficit financing in the absence of demonetisation would have meant) can scarcely have any effect on inflation in an economy, like India even before demonetisation, that has no palpable excess demand pressures underlying whatever inflation is occurring. In any case, however, this entire discussion loses its relevance since the amount of 'extinguished' notes has in fact turned out to be negligible so that there is no reduction in the RBI's monetary liabilities as a consequence of demonetisation.

The second argument, that the recent bank deposits can be investigated by tax authorities, is certainly true – but this could have been done even if the demonetisation had been enforced gradually and without the secrecy and suddenness that have created so much havoc and economic trauma for the general public. In any case, it will be close to impossible for the current tax administration to investigate all the 'excessive' deposits, or even the large deposits made into Jan Dhan accounts that the government has been so suspicious of, given its current strength and number of tax officials. Where the deposits fall below the

taxable income, or where such incomes are not taxable (such as agricultural incomes, or religious bodies) there is little point in even attempting investigation without a major change in the tax laws, as such tax claims could then be easily disputed in the courts.

The third argument, that this move would have terrified wrongdoers into revealing their undisclosed incomes by putting their money into the latest amnesty scheme, is likely to be proved wrong as well. It is worth noting that this government had already launched its 'final, last chance' amnesty scheme (the Income Declaration Scheme) that expired on 30 September 2016, but this yielded only Rs. 6,800 crore in additional tax revenue (presumably mostly paid in demonetized notes). Ever hopeful, It introduced yet another ('post last', perhaps?) scheme later in November 2016 after the demonetisation announcement, which was misleadingly called the Pradhan Mantri Garib Kalyan Yojana. This was essentially the same as the earlier scheme but with a combined tax and penalty rate of 50 percent (instead of the earlier 40 percent) on the hitherto undisclosed income. An additional 25 percent of the money so collected would be parked for four years at 0 percent interest, in fund supposedly meant to be used for improvement of irrigation, housing, toilets, infrastructure, primary education, primary health and livelihood creation.

Let us leave aside the elaborate politically motivated window dressing for what is no more than yet another tax amnesty scheme. It is well-known that diehard tax evaders over the decades have effectively been thumbing their noses at such schemes, which have reaped very little in terms of additional revenues. Further, constant repetition of such schemes can act as a disincentive for honest tax payers. In any case, the apparent ease with which those who did indeed hold illicit gains in the form of currency have managed to subvert this attempt at capturing their wealth suggests that they are unlikely to be intimidated into putting large amounts into the latest amnesty scheme. Therefore, the chances of this entire move yielding additional tax revenues for the government via this channel are rather small.

Estimates of the actual likely fall in GDP growth during 2016-17 vary, ranging from 1 to 2 percentage points and even more. But there are some who expect a sharp slowdown in the immediate future. Ambit

Capital, an oft-quoted Mumbai-based equity research firm, estimated that the demonetisation-driven cash crunch would result in GDP growth falling to as low as 0.5 percent in the second half of financial year 2016-17, as compared to 7.4 percent in the first half. This would mean a rate of growth considerably slower than the 7.1 percent projection of the Central Statistical Organisation in its advance estimates of January 2017.

An important consequence of this is likely to be a worsening of the fiscal crunch facing the Centre and the States. Any reducing in output and income would imply correspondingly lower revenues from direct and indirect taxation, especially the latter. These are unlikely to be compensated by the relatively meagre increases in taxation of 'excess deposits' that has been promised by the Finance Ministry. If the government remains committed to meeting the revenue and fiscal deficit targets it has set for itself, this would entail cuts in social and capital expenditures, with adverse implications for growth and welfare. It would also adversely affect the discretionary transfers to the states through the (reduced number of) centrally sponsored programmes.

Even before the demonetisation was announced, figures from the Controller General of Accounts on the budgetary position of the Centre gave cause for concern. In the first seven months of the fiscal year, despite reasonable figures of revenue receipts, revenue expenditures were higher than expected, taking the revenue deficit to 93 percent of the budgeted total. The Union Government's fiscal deficit for the first seven months was nearly 80 percent of the Budget Estimate for 2016-17. One reason for this was probably the underestimation by the government of the outlays it would have to make for implementing the Seventh Pay Commission's recommendation. But with a precarious budgetary situation of this kind, resulting from the unwillingness of the government to mobilise additional resources through direct taxation and its irrational commitment to low deficit targets, any additional fall in resource generation would have serious adverse effects.

It is true that the central government has pointed to significant increases in tax collections in the months of November and

December as an indication that demonetisation has not affected economic activity much and will also yield significantly enhanced tax revenues. However, there are several reasons to be sceptical of such an optimistic assessment. First, as noted in Chapter 4, part of the increase in direct tax collection could have been in the form of demonetised notes. It is quite possible, and even likely, that large amounts of advance taxes were paid in such notes, which would lead to a peak of such tax collection in these months rather than in the last quarter of the year. This means that direct tax collections in the third quarter of 2016-17 would not be a good guide to total tax collections over the fiscal year, because they could lead to overestimation. In the case of indirect taxes, it is likely that a considerable part of the increase in the third quarter of 2016-17 was the result of increased global oil prices. Since the government had increased the ad valorem customs and excise duty rates during the phase of lower prices, and did not reduce those rates even as global oil prices increased by around 20 percent over this period, this created windfall gains in terms of such taxes. Therefore, the concern that the last quarter of the fiscal year would witness reduced tax revenues as a consequence of the effects of demonetisation on economic activity remains a valid one.

Indeed, demonetisation has by contrast generated significant fiscal costs for the government. There is the obvious cost of generating replacement currency, which has been estimated to be around Rs. 42,000 crore, based on the fact that Rs. 500 and Rs. 2,000 notes cost about Rs. 4 and Rs. 6 each to print and deliver. There are likely tax losses from the decline in economic activity that have already been discussed. And there are, ironically, additional costs that emerge from the very large deposits of the old currency that have made into banks, as elaborated in the next section.

Impact on monetary policy and the banks

It is in this background that another consequence of demonetisation for Indian banking must be assessed. This follows from the sharp increase in deposits of the demonetised notes with the banking system. As of 10 December 2016, while banks had received Rs. 12.44 lakh crore in deposits of the demonetised Rs. 500 and Rs. 1,000 notes, they

had issued only 4.61 lakh crore of the new notes. This implies that there was a substantial increase in the deposits held by banks in the short run. This difference emerged and persisted because of the failure to replace the demonetised currency in full. For the banks, the receipt of these deposits was a burden, since they had to pay depositors interest on their deposits which could not be withdrawn at the pace they were being generated because of the ceilings on cash withdrawals. On the other hand, lending or investing against these deposits to earn interest that could cover the cost of deposits was problematic, because much of the money could be withdrawn as ceilings on withdrawals are relaxed. Moreover, such lending against large deposits received over a short period of time can not only be risky for a banking system already overburdened with stressed assets but extremely difficult to implement. Thus, it was to be expected that the banks would seek to park this money in interest earning instruments with the central bank. This should be possible since only the cash impounded to meet to cash reserve ratio (CRR) requirements imposed on the banks cannot earn interest.

Any such transfer of the interest burden created by the inflow of the demonetised notes from the banks to the RBI affects not only the balance sheet of the central bank, but also its income-expenditure balance, with the possibility that the RBI would not only see a fall in its profit, but even record a loss. To foreclose such a peculiar possibility, the RBI decided to impose a temporary CRR of 100 percent on the incremental deposits received by the banks. Banks would have to pay interest on deposits but could not earn any returns by lending or investing that money. Obviously, this option too was unsustainable. Therefore, the government and the RBI had to agree to enhance substantially a facility (the Market Stabilisation Scheme or MSS) that had been launched in 2004 to help the central bank manage liquidity in the economy.

The facility was originally launched in 2004 to help the RBI address the difficulties it was facing in managing the exchange rate when large foreign capital inflows were strengthening the rupee and adversely affecting exports. To prevent the rupee from appreciating too much, the RBI had to buy up foreign exchange to reduce its supply in the market. Since the resulting increase in the foreign exchange

assets of the central bank implied an equivalent increase in its liabilities, there was an unplanned increase in the supply of money. To neutralise that, the RBI had to resort to 'sterilisation' through the sale of assets other than foreign exchange, principally government securities. But the fiscal reform that limited government borrowing from the central bank had resulted in a fall in the accumulation of government securities. So the RBI was soon running out of government securities to sell. This led to the launch of the Market Stabilisation Scheme. Under the scheme, the RBI is permitted to issue government securities to conduct liquidity management operations. That is, depending on requirements, it can issue and sell securities to the banks to withdraw excess cash circulating in the system; or it can buy back such securities, to infuse liquidity into the system. The ceiling on the maximum amount of such securities that can be outstanding at any given point in time is decided periodically through consultations between the RBI and the government.

Since the securities created are treated as deposits of the government with the central bank, they appear as liabilities on the balance sheet of the central bank and reduce the volume of net credit of the RBI to the central government. By increasing such liabilities subject to the ceiling, the RBI can balance for increases in its assets to differing degrees, controlling the level of its assets and, therefore, its liabilities. The money absorbed through any sale of these securities is not available to the government to finance its expenditures but is held by the central bank in a separate account that can be used only for redemption or the buy-back of these securities as part of the RBI's operations. As far as the central government is concerned, while these securities are a capital liabilities, its 'deposits' with the central bank are an asset, implying that the issue of these securities does not make any net difference to its capital account and does not contribute to the fiscal deficit. However, the interest payable on any outstanding securities issued under the scheme has to be met by the central government and appears in the budget as a part of the aggregate interest burden. Thus, the more the RBI issues and sells such securities to banks, the larger is the cost that the government would have to bear, by diverting a part of its resources for the purpose. In short, the government

makes an interest payments to banks when they are flush with funds and park them with the RBI, even though it incurs no actual additional debt for financing larger budgetary spending.

When the scheme was launched in 2004, the ceiling on the outstanding obligations under the scheme was set at Rs. 60,000 crore. Over time this ceiling has been revised both upwards and downwards, touching Rs. 2.5 lakh crore in November 2007. The agreed ceiling prevailing in early November 2016 was Rs. 30,000 crore. Post-demonetisation, the government enhanced the ceiling to Rs. 6 lakh crore in order to deal with the problem of excess deposits with the banks and give them a safe instrument in which they can invest those deposit. The RBI rapidly exhausted that allowance by issuing cash management bills under the scheme and selling them through auctions. Between December 2, 2016 and December 13, 2016, the RBI sold as much as Rs 5 lakh crore of cash management bills alone. It is likely that the ceiling would be further raised.

From the point of view of the RBI, the purpose was served, since it was able to lift the unsustainable 100 percent CRR on banks' incremental deposits, since those deposits could then be invested in these securities. The interest on those bills amounted to around 6.2 percent, which is the cost that the government would have to carry as interest burden on the total amount of securities issued. Assuming that the RBI holds on average Rs. 6 lakh crore worth of such bills for a period of three months, the additional interest burden on the government's budget would be more than Rs. 9,000 crore.

This obviously has additional adverse implications for the revenue and fiscal deficit targets. If the government still adheres to its deficit targets, at a time when the recommendations of the 7th Pay Commission have been implemented, this could imply a substantial cut in capital expenditures or social expenditures or both. Such expenditure reduction would worsen the contraction set off by demonetisation. Political compulsions do pressure the government to set aside its targets and borrow more to spend. But given its desire to please international finance with reduced deficits and its obsession with hype and propaganda, the government may choose to manufacture another illusion under which it claims to be stimulating the economy without

spending. But that may be difficult to sell in India's emerging truly cashless (i.e. cash-starved and recession-hit) economy.

While the banks have been relieved of the pressure created by the surge in deposits through the MSS, they have overall taken a substantial beating. As noted in Chapter 4; the credit operations of the banking system were affected adversely. Since just handling the absorption of demonetisation notes and the distribution of new ones was keeping bank employees and officers overworked, the result was a sharp decline in credit growth. According to figures from the RBI, as compared to an average increase in credit of Rs 30-35,000 crore during the November 11 to November 25 period in the previous two years, the corresponding fortnight in 2016 (which followed demonetisation) saw credit provisions falling by Rs 65,000 crore. If lending shrinks while deposits rise, banks would not be able to recoup the costs of deposits from the returns from lending.

Rather than increase the flexibility of the banks to lend, what demonetisation has done is to damage their credibility. In fact, in the overall criticism of this move, one aspect that has not been given adequate attention is the damage it has done to the reputation and the balance sheets of the banks. Customers' queuing before bank doors and ATMs seemed on occasion to be more forgiving of the government than of the harassed bank employees, who were forced to ration out currency and offer those customers they could accommodate, less than even the maximum withdrawal permitted by the government and the RBI. When new notes have been discovered in inexplicable sums in the hands of rogue operators, it is the bank officers and employees who have been looked at with suspicion, even though they are not the only ones who figure in the long chain from the mints through the currency chests to the bank branches and the final holders of currency.

This damage to the reputation of institutions and individuals, that have been victims of the engineered cash shortage, is likely to be aggravated by the adverse effects that demonetisation may have for the already damaged profit and loss accounts and balance sheets of the banks. The end-June edition of the RBI's annual Financial stability report, reported that the gross non-performing assets

(GNPAs) of the scheduled commercial banks (SCBs) rose sharply from 5.1 per cent of gross advances at the end of Mar-2015 to 7.6 per cent at the end of March 2016. Both the level and rapid growth of the volume of bad assets gave cause for concern. According to answers given to two questions in the Lok Sabha in August, while the total gross non-performing assets GNPAs of public sector banks stood at Rs.4,768 billion at the end of March 2016, the non-performing assets that were reported by them in the second half of financial year 2015-16 alone amounted to Rs.2,770 billion. This rapid rise was partly the result of an asset quality review mandated by the previous RBI Governor, Raghuram Rajan, which resulted in a re-categorisation of a chunk of 'restructured standard assets' as NPAs in the books of the banks. Restructured assets are those in whose case default had been postponed by adopting measures such as lowered interest rates and easier terms of repayment. But figures reported by Reuters indicate that stressed assets (or the sum of restructured and bad assets) on the books of the banks had risen from Rs.8,060 billion at the end of December 2015 to Rs.9,220 billion at the end of June 2016. So loans that were bad or near-bad were on the rise. By adversely affecting the profits of banks, demonetization aggravated the difficulties they were already facing, leading to further criticism of India's largely publicly owned banking system.

These travails of banks in general were experienced to a much greater degree by the cooperative banks, which cater not only to farmers but also to many unorganized workers and some of the poorest people in the country. The unequal treatment meted out to cooperative banks was discussed in Chapter 4. In addition, microfinance institutions also suffered because of the currency shortage and the viability of many such institutions is under threat.

Conclusion

In this research paper, we have attempted a preliminary assessment of the drastic demonetisation experiment unleashed by the government of Narendra Modi on 8 November 2016. We have argued that this move was not necessary to eliminate corruption in India and was largely unsuccessful in meeting its declared goals, even as it caused significant

damage to the economy and adversely affected the material conditions and rights of the Indian people. It singularly failed to achieve the main objective it was meant to serve, namely, dealing a blow to the 'black economy'; instead all it managed to do was to shift vast amounts of cash from the possession of the people who were using it as means of circulation to the vaults of the banks where it lay idle. This is precipitating a recession in the real economy, while simultaneously it entails demands on the government, ironically, to use budgetary resources to pay interest to banks as compensation for holding this cash.

The questions that naturally arise in this context are: What was the point of this entire exercise? Why was such a major policy decision taken at all, and that too without any evidence of the necessary preparation that would have eased some of the problems faced by the people? Attempts to find answers to these questions have ranged from invoking the political context and the impending state elections to underscoring deeper issues of the dynamics of class relations under neoliberalism. The argument about political expediency suggests that by adopting this measure all of a sudden, the ruling party caught the opposition in states like Uttar Pradesh unawares and inflicted upon it an acute financial stringency since cash with these parties got frozen by demonetisation; on the other hand, the ruling party itself may have had advance notice of the measure and could have taken adequate precautions to preserve its own financial position. Under the garb of attacking 'black money', demonetisation was a way of stealing a march, financially, over the opposition parties in the forthcoming state Assembly elections.

A second line of argument, which likewise invokes the current political context, emphasises not the financial implications of this move, but its propaganda value. It suggests that this was a diversionary tactic, designed to draw attention away from the fact the – despite its fervent campaign promises- this government had thus far done very little to deal with the problems of black money and corruption. Many of the promises made before its coming to power, such as bringing back the illicit wealth of Indians held in assets stashed abroad like Swiss bank accounts and funds in tax havens, had been quietly put to rest, with not even much

lip service being paid to them. It was time for the government, in view of the impending elections, to do something spectacular for striking at 'black money' to regain its credibility; and demonetization was that something.

More substantial political economy explanations for demonetization focus on the tendency under neoliberalism of corporate capital, both domestic and foreign, to encroach upon the petty production sector, which under the earlier dirigiste strategy it was somewhat constrained from doing. According to this perception, demonetization is a way of carrying forward this tendency in an extremely accentuated form, since its impact as we have seen, has been and will be felt very acutely by the informal sector. If 'economic reforms' as currently understood entail *inter alia* a squeezing out of the petty production sector, then demonetization carries that process of 'reforms' forward by leaps and bounds. It is Modi's way of demonstrating his commitment to big-time 'reforms'. A variant of this argument states that the huge amount of cash that has come into the coffers of the banking system, which has had the effect of precipitating a crisis for the petty production sector, will not be available for loans to the corporate sector to enlarge its operations.

The problem with the above explanations is that while there may be some truth in each of them, none of them can explain the massiveness of the government's action. In our view, this massiveness itself is what the measure aimed to project. It was not a means to an end but, to a large extent, the end itself. In other words, 'rational explanations' of the government's actions appear to be rather unconvincing because the measure was not taken as a carefully thought-out 'rational measure' but as 'shock and awe' tactics whose very negation of 'rationality' was its rationale. Its aim was precisely to project the leader as an extraordinary person who can take such bold and unimaginable decisions. Indeed in a remarkable inversion of reason, the very scale of suffering of the people is adduced as evidence of his boldness; the fact that he could take such a harsh measure is supposed to demonstrate his unique qualities.

In short, 'shock and awe' becomes its own justification; the very effort to explain 'rationally' the demonetization of over 86 per

cent of the currency of a predominantly cash-dependent economy is like chasing a will'o'-the-wisp, since what is supposed to commend it is its very 'irrationality'. It is this fact, superimposed on the overall tendency under neoliberalism to squeeze out the petty production sector and the ideology that sees nothing wrong with such a squeezing out but rather commends it as part of a process of building a new 'nation', that perhaps explains the government's extreme measure.

If the government was serious about combating 'black money' in a rational manner, then it could have brought in several measures that would have been far more effective but far less spectacular and of course far less economically destabilising. These measures that could address the problems of corruption and illicitly held wealth are indeed well known and have even been outlined in previous official documents. The need is to have measures that hit the processes through which black money is generated and/or changes hands, not measures to just replace the notes involved in these transactions. Real estate transactions, for example, are the obvious but not sole means of generation and exchange of black money and they have to be a focus of attention. In terms of preventing the generation of black money, what is required is a more effective, clean and accountable tax administration that uses all the information at its disposal to go after those who are evading the law in various ways. For companies, it is possible to identify practices such as over or under-invoicing, false transactions and attempts to use loopholes in the laws. For individuals, it is now easily possible to uncover undisclosed incomes by tracking payments and following suspiciously large purchases and to put them under scrutiny. Obviously, movements of funds abroad is a major avenue, which needs to be monitored much more closely. Indeed, this is what most countries that are known to have relatively 'clean' economic systems do as regular practice, without making a great song and dance about it.

In terms of dealing with the assets held from undisclosed incomes, this too can be easily done if the government has a mind to do so. It is not just land deals and gold and jewellery purchases that can be monitored, precisely as the government is trying to do now in the middle of this cash crunch. The

possibility of making investments in securities through tradable 'Participatory Notes' in the stock market, which allows the holder to conceal his/her identity, is an obvious means of parking illicit funds. These should obviously be done away with; yet both the previous UPA government and this supposedly anti-corruption BJP government have proved to be curiously reluctant to do so.

A major source of corruption in India is the current political system, with the opaque funding of political parties and a system of electoral spending that allows vast amounts to be spent unmonitored and prevents those without deep pockets from even participating effectively as candidates. Cleaning up the economy should really start with cleaning up the electoral system, forcing political parties to be transparent about all their sources of funding and providing for state funding of elections. It has been persuasively argued that this would substantially reduce both the need and the capability for corruption at many levels. Yet, while this is widely recognized, it has remained at the level of pious platitudes rather than action for this government as well as previous ones.

One of the most obvious things to do – and the issue that Prime Minister Modi had continuously railed about in his electoral campaign speeches – is to go after those who have stashed away their undisclosed funds in bank accounts and other assets abroad. He had promised to 'bring back' all this money, to the point that many holders of Jan Dhan accounts today still fondly believe that they will each receive around Rs.15 lakh as their share of the returned money! Yet the Modi government has steadfastly refused even to divulge the names of such individuals, much less take any action against them. Other willful defaulters are similarly being treated with kid gloves. The facility with which the king of defaulters, Vijay Mallya, was allowed to leave the country makes a mockery of the subsequent official noises made against him, which are made with the full knowledge that he will not be deported back to India by the UK.

In short, the ill-conceived and poorly executed move to demonetize Rs.500 and Rs.1,000 notes appears to be an attempt by the government to display a lot of sound and fury largely at the expense of everybody else, other than the corrupt and the criminal at whom it was ostensibly directed. It appears that this sound

and fury itself is what was sought to be achieved; and the damage inflicted on the ordinary people in the process adds to this sound and fury, to give the impression that

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PROSPECTS OF AYURVEDIC HEALTH TOURISM INDUSTRY IN KERALA

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Tourism is the second largest industry in the world and the sixth largest in India. It is one of the best eco friendly and smoke free industries.” Tourism denotes the temporary short –term movement of people to destinations out side the place where they normally live and work and their activities during their stay at these destinations”-Burkart and Medlik (2005). Usually we use the terms travel and tourism as synonyms or with a more or less same meaning .But they are not the same. Travel involves physical transportation of people. Tourism on the other hand involves mental transportation of people .Tourism helps a person to get away from the hustle and bustle of modern life and stress and tensions of personal life. Tourism is classified into many types and categories on the basis of different criteria. Health Tourism is a comparatively new branch based on the classification according to objective or purpose.

Health Tourism

Health tourism is a form of tourism involving activities that promote good health. It is the sum of all the relationship and phenomena resulting from a change of location and residence by in order to promote, stabilize and restore physical mental and social well-being while using health services and for whom the place where they are staying is neither their principle nor permanent place of residence or work. Health tourism become a common form of vacationing and covers a broad spectrum of medical services. It mixes leisure fun and relaxation together with wellness and health care.

Ayurveda

The Sanskrit term ‘ayurveda’ means the knowledge or science of life. Ayurveda is a traditional Indian system of medicine. The

ayurveda system deals with causes, symptoms, diagnoses and treatment based on all aspects of well-being includes mental, physical and spiritual. Formerly the professionals of ayurveda were traditionally inheriting the knowledge and skills from their ancestors. Now a days certified and qualified professionals from various ayurvedic medical colleges of the country are the major work force in the field.

Significance of Kerala

In India Kerala is the state which allocates the highest budget amount for health. A fairly good portion of the state health budget of Kerala is being utilized for the development of Ayurvedic medical field. Ayurvedic health tourism is a major tourism attraction of the state .The state of Kerala is considered as a tourist paradise in India. Tourism in Kerala is non-seasonal in nature. Kerala is a preferred tourist destination of both domestic and foreign tourists.

Prospects of Ayurvedic Health Tourism in Kerala

As an impact of liberalization policies there aroused a tough quality based competition between the governmental, non-governmental and private agencies working in the field of ayurvedic health tourism. These agencies aim both domestic and foreign customers. As a result attractive packages with a comparative sprit are upcoming. They too not compromise on quality. The state is well known for its cheap and best ayurvedic health tourism services. Kerala provides health tourism services of international standers in every branch, especially in ayurveda.

Kottakkal a place located in the Malappuram district of Kerala is the world’s number one and most reputed destination for ayurvedic health tourism for the last two

centuries. The renowned Kottakkal Aryavaidya sala established two centuries ago by Vaidya Ratham P.S.Varier attracted the patients from all around the globe.

More over Kottakkal and nearby areas were well known for centuries old traditional Kerala martial arts known as "Kalari". These centers served as the centers of Ayurvedic Medical Services in historic past.

The misty mountains, lash back waters and sunny beaches makes Kerala one of the most attractive tourist destinations of the world. All these topographic and geographic specialties can be combined to ayurvedic health tourism.

Scientific marketing strategies of governmental as well as private tourism agencies, presence of a literate and open minded society, availability of trained tourism police and coast guards, delicious indigenous cuisines high rating and recommendation by both domestic and international tourist's etc are added attractions of ayurvedic health tourism industry in Kerala.

Now a day a lot of factors attract people towards tourism. Countries and societies foster

tourism mainly because of its developmental potential. Tourism being one of the world's largest service and smoke free industry has an immense potential. The vision 2025 of Kerala Tourism Development Corporation (KTDC) is a strategic planning to develop tourism as the number one industry of the state. Ayurvedic health tourism will definitely play a vital role in making the state a medical tourism hub.

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PRESENT SCENARIO OF TOURISM AND HOSPITALITY INDUSTRY IN MANIPUR

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Abstract

Tourism, a people oriented industry, plays a vital role in the growth of an economy. It contributes towards increasing foreign exchange earnings, providing employment opportunities, fair return on investment, conservation of forests etc. Manipur with its inherent Tourism potential, rich cultural heritage and vibrant pool of youth, with excellent grip over English language is an ideal place for promotion of Tourism industry and sector to generate employment substantially. Our young boys and girls are working in every nook and corner of our country in hospitality industry owing to their good mannerism, friendly attitude, pleasant approach to the clients and fluent English. Manipur has immense possibilities of growth in the Tourism sector with vast cultural and religious heritage, varied natural attractions, but a comparatively small role in the national Tourism scene. This paper focuses mainly on i) State Government Policy on Tourism Industry. ii) Problems Faced by Tourist in Manipur. iii) Prospects of Tourism Industry in the near future.

Keywords: people oriented industry, employment opportunity, fair return, cultural and religious heritage, good mannerism, friendly attitude.

INTRODUCTION

Tourism plays an important role towards the growth and development of an economy. It is closely related with providing employment opportunities, fair return on investment, increase in foreign exchange earnings etc. Modern Tourism accompanied with advanced technology, development of communication system, better transportation (rail, road, air) marketing and promotional techniques etc had given boost to the international as well as domestic tourism. According to the United National World Tourism Organisation (UNWTO), contribution of tourism to economic activities worldwide is estimated at about 5% Tourism takes the cake for creation of 6-7% job opportunities both direct and indirect worldwide. Further UNWTO points out that developing countries stand to benefit from sustainable tourism and should act to make this a reality. India is fast emerging as an important tourism destination in the world. According to the Planning Commission, the earnings from Travel and Tourism have made it one of the largest

industries in the world and the fastest growing sector of global trade accounting for 10.4% of global GDP, 12.2% of global exports, 8.3 % of global employment and 9.5% of global capital investment. The receipts generated have grown twice as fast, for outstripping the growth rate of the world economy. The "Incredible India" campaign, which show cases the best that India not only has to offer to the tourists, but also now attracted worldwide attention Foreign tourist arrivals in India has increased from 2.37million in 1997 to 20.73 million in 2012. The Foreign Exchange Earnings (FEE) from tourism arrivals grew at an even stronger rate reaching around USD 1774 million in 2012. The year 2012 witnessed a growth of 19.9% in domestic tourist visits over the year 2011. Which is higher than the growth of 13.8% in the year 2011 over 2010. During 2012, the visits by the foreign tourists registered a growth of 6.3% over 2011. By 2017, tourism industry is expected to contribute US\$ 3121 billion in absolute terms but it is likely to decrease by 3.4% as estimated by the Planning Commission. Manipur, with her comfortable

climate mystique cultural and religious heritage, sublime natural beauty etc. which is located strategically to consider the disadvantageous geographical area has huge potential for the growth of tourism. Manipur Tourism was given an industry status in January 1987. Since then the benefits of developing Tourism in Manipur has been broadly discussed, argued and acted upon. Research reports on developing Manipur Tourism identity the tourism potential of Manipur and the need for its development for the present and long term future gains. The state Government has been making efforts in developing Manipur Tourism by developing Infrastructures, Hotels, Restaurants, Human Resource and through active Publicity, Advertisement and Promotion Programmes etc. In view of India's Look East Policy, Trans-Asian Highways and Railways, the Government is been to take advantage of these developments and therefore, seeks to create a unique brand to market Manipur Tourism as the Gateway to South-East Asia in conformity with its modern outlook, relevance, competitiveness, strategic location and commercial aspects. It is felt that once the appropriate infrastructure and services are

suitably placed, Manipur is destined to become a popular Tourist hotspot in South East Asia.

The State of Manipur is located in the north eastern part of India. Imphal is the capital of Manipur. By physical features the state splits up naturally into two, the hill and the valley. The valley is the heart of the State. The State of Manipur comprises nine districts namely, Imphal west, Imphal east, Thoubal, Bishnupur, Chandel, Tamenglong, Senapati Ukhrul and Churachandpur. The major rivers of Manipur are Barak river and the Turela Achonba river which is also known as Imphal or Manipur river. Imphal river is the longest river and it also collects excess water from the Loktak lake and flows to join the streams of Ningthee and Chindwin river of Myanmar.

The hills of Manipur also have many caves. These are located in Khongkhui, Sangboo, Tharou, Hungdung, Khukse and Tonglon. The silent feature of the Imphal valley are the sprawling wetland amongst which the Loktak lake is the biggest inland lake in the North East part of the country covering 1046 sq.km. of area. The major waterfalls namely Barak in the Tamenglong district and Khayang in the Ukhrul district, enhance the natural beauty of the state.

Table 1: Tourist Sites of Manipur

1)	Historical	1)	Kangla Fort, Imphal
		2)	Imphal War Cemetery
		3)	Saheed Minar
		4)	Langthabal Konung (Canchipur)
		5)	Maibang Lokpa Ching (Red Hill)
		6)	INA Museum Moirang
		7)	Khongjom War Memorial Complex
		8)	Khankhei Cave
2)	Other Tourist spot	1)	Loktak Lake
		2)	Waithou Lake
		3)	Singda Dam, Kangchup
		4)	Loukoipat, Bishnupur
		5)	Seroi Lily, Ukhrul

Other Tourist spot	6)	Djuko valley, Sanapati.
	7)	Keibul Lamjao National Park, Keibul
	8)	Leimakhong waterfall, Oinam
	9)	Thanlon Cave, Tamenglong
	10)	Sendra Tourist Home, Moirang
	11)	Moreh Marketing Place (Indo Myanmar Border)

Source: Manipur State Tourism Department 2014, Government of Manipur.

Table 2: Hospitality Provider of Tourist in Manipur.

1)	The Classic Hotel. (Imphal and Sendra)
2)	Hotel Imphal (Imphal)
3)	Hotel Nirmala (Imphal)
4)	Hotel Bheigo (Imphal)
5)	Hotel Yaiphabi (Imphal)
6)	Hotel Anand Continental (Imphal)
7)	Hotel White Palace (Imphal)

The above mention Hotels take the main role for accommodation and hospitality of Tourist in Manipur.

Objectives of the Study.

- i. To highlight the present scenario of tourism development in the state.
- ii. To find out the problems / threads and weakness against tourism development in the state.
- iii. To give probable opportunities of this sector is fully development.
- iv. To suggest remedial measures for overcoming the weakness, challenges and threads in the development of tourism in the state.

Research Methodology

The study is based on primary and secondary sources of information. Secondary source are collected through Internet sources, Economic Survey, Directorate of Economics & Statistics, Government of Manipur and other manuals and publications published by Manipur tourism department from time to time. Information are also collected from other state tourism development agencies for better and prospective analysis.

Review of Literature

Both developed and developing countries have been exhibiting unprecedented interest in the tourism development in the countries. Several studies have been conducted by the academician, practitioner, theoretical on the subject of Tourism Industry. But there is very few literature available regarding tourism industry in village area. However, some of the important empirical findings of some of the important studies conducted both in India and abroad on tourism are given here. In many of the studies reviewed external agents (tour operators, government bodies and conservation groups) have initiated the development of tourism in conjunction with village communities. The role played by these external agents is an essential factor in determining the outcomes received by village communities. The outcomes for village communities of these developments have been mixed and have depended on the willingness of the external agents to spend a great deal of time in planning with the villages involved. In the most successful tourism developments the external agents have also spent much time in capacity building (such as education and training) within

the communities or have provided other essential services for the communities such as marketing or business skills. In the village of Ostinal in Costa Rica (Campbell 1999) the impacts of tourism have been ameliorated due to the fact that more than 70% of the community still rely on egg harvesting and that tourism only provides an additional income for those involved. Given the unequal distribution of tourism income predominantly to local elites and foreigners it is perhaps fortunate that this is the case otherwise the impact of tourism could be far greater. In the case of (Stevens 1993) this income from tourism has been very substantial and is far greater than that obtained from their original agricultural activities. Nevertheless, the seasonal nature of tourism has ensured that subsistence agriculture still continues for nearly all of the Sherpa families. (Michaud 1997) when studying the impact of tourism on the village of Ban Suay in Northern Thailand shows how the majority of the community still perceive traditional agriculture either subsistence or cash orientated as the most desirable and economically rewarding activity. The job of hosting tourists in the community has fallen to marginal members of the community who in many cases no longer have the physical capabilities to continue agricultural activities. Not surprisingly (Michaud 1997) concludes that tourism is having only a minimal impact on the community. (Hatton 1999a) like (Michaud 1997) paints a fascinating picture of how tourism has been incorporated into the economic base of the Songup Folk village on Cheju Island, Korea. In this case the subsistence base of the community has not been threatened as women control and organise tourism in the village thus allowing men to continue their traditional roles as agricultural producers.

National Governments and their administrative bodies have also made a positive contribution to the development of tourism within village communities. In the following cases (Matzke and Nabane 1996, Hatton 1999a) the role of government subsidies and personnel were essential in the successful development of tourism in these communities. (Place 1998) when discussing the development of tourism in the Caribbean village of Tortugero, Costa Rica highlighted how external tour operators were directing the course of tourism development. In this case government and institution policies

encouraged foreign tourists and discriminated against small local enterprises. The major reason for adopting such a broad approach was to increase the number of studies available for review and to seek the view of those groups who are directly involved with tourism and village communities in developing countries. Unfortunately only a few papers were available from tour group managers or others directly involved in the operation of tourism in village communities.

Present Scenario of Tourism Industry in Manipur

In Manipur, tourism was established in 1972, it was upgraded in 1973 under a separate Directorate and it was only in 1987 that the government of Manipur declared tourism as an industry. The tourism industry is still infancy stage and has to go a long way. The government has taken up many development plans for tourism industry. The Ministry of Tourism has recently rediscovered the beauty of Manipur. The untapped potential of this state should be fully utilized. The state will sell as an attractive natural and cultural destination. It is the people, their cuisine and the traditions that will attract tourists. The cultural angle will sell in the foreign markets but the state's natural beauty, salubrious climate, flora and fauna will attract the domestic tourist. A specific development strategy has to be made for the tourism industry of Manipur. The focus may be on the development of its infrastructural facilities like transport, accommodation, development of package programmes etc. The Manipur Tourism Department has already been started tour programmes on every Sunday in a Tourist Delux coach for sightseeing at some selected sites in the valley. Recently, tourist homes have been constructed at Tamenglong, Jiribam, Nungba, Sendra, Phubala, Moirang, Churachandpur, Khongjom and Kaina. Construction of a tourist home at Shiroy is nearly completed. The plans should be initiated for the construction of tourist homes in other places of attraction. In addition, wayside amenities have been constructed at Litan, Kangpokpi and Shanting. Two more wayside amenities are proposed to be taken up at Pallel and Khonghampat. These will provide tea, coffee and snacks. A cafeteria and dormitories within Moreh, Sendra and Phubala have been

taken up. In recent years, the construction of yatri niwas at Imphal is also planned to provide accommodation, food and beverages at a reasonable cost. The tourist may be provided natural attraction like sunshine, scenic beauty, and landscape are of special significance. In this context the Loktak Tourist Complex is proposed to be developed. This would include the development of Sendra, Moirang, Phubala, Keibul Lamjao and also Ningthoukhong, Loukoipat, Bishnupur, Laimatak and Manipur Mountaineering and Trekking Association (MMTA) complex (Lamdan), and proposed the developments of water sports facilities like snorkelling, water skiing, surfing, yatching, boating, sailing etc. Loktak tourist complex should be developed as a Tourist Holiday village. The tourist of similar interests should be grouped together like Ukhrul, the attraction of Siroy Lily and the trek leading upto Khangkhui Cave, Khayang Water Fall, Tharon Cave in Tamenglong and trekking along the Barak river and its waterfalls, The Dzko valley and Tenipu trekking route from Mao, the Loktak tourist complex including Sendra, Thanga, Karang, Thanjing hill, Phubala etc. Manipur has excellent health care/medical facilities available at Imphal in both public and private sectors. Several Myanmar's nationals visit Manipur via Moreh for medical treatment

in Hospitals at Imphal. The Government of Manipur earnestly pursued the matter with the Ministry of Home Affairs, Government of India. The then, Minister of Home Affairs vide his D.O. letter dated 27.01.2014 has conveyed in principal approval for establishing VISA on Arrival (VoA) facility at Imphal Airport and at Moreh. The state government has been organising Manipur Sangai Festival every year at the Hapta Kangjeibung / Palace Compound, Imphal East to attract foreign tourist since 2011. Many international flight are landed in the Imphal International Airport during this festival. Manipur South East Asian nationalist from Japan, Thailand, Korea, Myanmar etc. came and enjoy this festival. In this festival, there is a chance of showing our cultural and traditional customs to the foreign tourist.

Analysis

The tourist traffic into Manipur has remained stagnant at about 1 lakh visitors, over the past decade with less than 1% annual growth rate. The inflow of foreign tourists, too, has not made any impact on the state tourism due to the insignificant numbers. Domestic visitor occupies a significant place in compared with foreign visitors from the past five years. The present infrastructure is not adequate and insignificant.

Table 3: Tourist visiting Manipur for the last 5(five) years (2010-2015)

Years	Domestic	Foreign	Total
2010-11	1,16,652	431	1,17,083
2011-12	1,33,224	602	133,826
2012-13	1,31,803	768	1,45,647
2013-14	1,43,059	2588	1,45,647
2014-15	1,34,584	2900	1,37,484

Source : Economic Survey: Directorate of Economics & Statistics, Government of Manipur.

Challenges and Threats Against Tourism Development In Manipur

Main Challenges and Threads against Tourism Development in the State are as follows :

- a. Isolated from the rest of the country and landlocked, hill girt having a distinct entity, which is surrounded on all sides by hills, it has not developed to its full extent.
- b. Ethnic conflict situation among different tribal groups and Insurgency problems in the state and many outlaw groups, ruggedness of the topography, inaccessibility, lack of transport and infrastructure facilities are some of the important impediments coming in the way of development..
- c. Political Instability, improper developmental work or plans , lack of beautifying the spot to the world class level etc are the main obstacles for the development of Tourism Industry in the state.
- d. Law and Order situation like Bandh, General strikes, Road blockade, Economic blockade etc which are very common in the state have hampered the growth of tourism in the state.
- e. Entry Permits for Foreign tourists from Ministry of Home Affairs or Ministry of External Affairs, Government of India limits the arrival of foreign tourist in the state (limiting only for 10 days and not more than 5 person in a group).
- f. Characterised by rugged topography surrounded by hills nearly about 91 percent of the total area of the state, inconvenient road construction etc leads to de-motivate foreign tourist.
- g. Bumpy and narrow inter-linking road within and outside the state , no rail connectivity, a few number of national highways (only two national highways), exorbitant air-fare and negligible flight frequency etc, delay in the development of tourism industry in the state.
- h. 8. Lived in rural areas and engaged in agriculture, people's participation in the development of tourism industry is far to visualize.
- i. Lack of proper policy documentation for tourism development, tourism industry in the state is directionless and thereby resulting sluggishness in its developmental activities.
- j. Disseminated Information about various tourism centres and cultures, neglected use of new information technology at the right time

etc., hinders in the development of tourism in the state.

- k. Marketing and promotion of tourism in the state are not satisfactory and propaganda on various occasions could not be handled effectively. Hence the state does not successfully project a palatable image of the region.
- l. There are some luxurious hotels in Imphal but they are very far from the tourist sites, so Tourists may find it difficult in getting accommodation in tourist centres.
- m. Lack of tourist guide compared with tourist volume in the state is one of the main obstacles for the development of tourism.
- n. Lack of proper training facilities to the employees working in the tourism sector is another thread in dealing with tourists satisfactorily.

PROSPECT OF TOURISM DEVELOPMENT IN MANIPUR

Followings prospects may be expected if the Tourism Industry and Hospitality is fully developed in the State.

- a. Presence of border town like Moreh and the international boundary with Myanmar has been looked as an opportunity to develop border market.
- b. If the tourism industry flourishes in its full swing, modernization and development in the infrastructure facilities like transport, upgradation and improvement in the existing accommodation facilities and their optimum utilization in the state will provides overall welfare to the general public.
- c. Linkage to the circuits within the region with the major highways development connecting destinations across States and South - East Asian Countries will provide ample opportunity of employment to the un- employed youths through entrepreneurship development.
- d. Fostering coordination with other States on developing tourism, opening up of Railway line upto Imphal, Deceleration of Imphal Airport as an 'International Airport'. Variety in terms of tourism offerings like Manipuri dance , sport avenues , eco tourism and adventure, medical tourism etc. offers opportunities to improve the lives of the people in the state.
- e. If the Government sponsors proposals from entrepreneurs in Hospitality Sector on priority

and recommend the same to the Government of India for sanction and assistance under North-East Industrial and investment Promotion Policy (NEIIPP), 2007, the existing medical facilities provided in the state may its service to the foreign tourist.

SUGGESTIONS

The following are some suggestion for reducing problems, threats and challenges in the development of tourism in the state :

1. Improve in the management of cultural centres and planning and development of cultural shows, development of tourist sites, exploring new tourist spots etc.
2. Upgradation in the field of Tour Operation management including Tourism concepts, Tour operation, air ticketing, hotel booking, travel organisation, credit card facilities, hazard management and environment management.
3. Development of transport network and transport facilities, Road connectivity with the different parts of the state, rail connectivity with other parts, reduction in the air fare, increase in the flight frequency.
4. Development of accommodation facilities at the tourist sites.
5. Increasing the number of tourist guides adjustable with the tourist volume.
6. Normalcy in the law and order situation in the state and free from conflict situation from all sides.
7. Proper development, beautification of tourist sites , proper documentation for effective planning.
8. Removals of restricted area permit to the foreign tourist and extending the numbers of days to stay in the state.
9. Maximum provision for training to the official of the tourist related activities.
10. Full cooperation and warm reception of the people located in the tourist sites.

CONCLUSIONS

Tourism plays a vital role in the growth of an economy. It contributes towards increasing foreign exchange earnings, providing employment opportunities, fair return on investment, conservation of forests etc. Manipur with its inherent Tourism potential, rich cultural heritage and vibrant pool of youth, with excellent grip over English language is an ideal place for promotion of Tourism industry and sector to generate employment substantially. Our young boys and girls are working in every nook and corner of our country in hospitality industry owing to their good mannerism, friendly attitude, pleasant approach to the clients and fluent English. Manipur has immense possibilities of growth in the Tourism sector with vast cultural and religious heritage, varied natural attractions, but a comparatively small role in the national Tourism scene Manipur with its inherent tourism potential, rich culture heritage and vibrant pool of youth, with excellent grip over English language is an ideal place for promotion of Tourism as main industry and sector to generate employment substantially. Our young boys and girls are working in every nook and corner of India in hospitality industry, owing to their good mannerism, friendly attitude, pleasant approach to the clients and fluent English. With such rich talent, which is bound to multiply manifold, after establishment for the upcoming Institute of Hotel Management, Catering Technology & Applied Nutrition at Imphal, planned development of Tourism Infrastructure and aggressive marketing of Manipur Tourism would lead to create an employment potential to the tune of 10-15 % as against 6-7% globally. Increased employment opportunities are bound to facilitate improvement in Law & Order and perceptible decrease in insurgency.

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BABA NAGARJUN: PEOPLE'S POET

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Baba was a major Hindi and Maithili poet who has also penned a number of novels, short stories, literary biographies and travelogues, and was known as Janakavi- the People's Poet. He was given the Sahitya Akademi Award in 1969 for his historic book Patarheen Nagna Gachh, and the 'Bharat Bharati Award' by the Uttar Pradesh government for his literary contributions in 1983. He was also honoured by the Sahitya Akademi Fellowship, India's highest literary award for lifetime achievement, in 1994. Baba Nagarjun was Born as Vaidya Nath Mishra, in 1911. He later converted to Buddhism and got the name Nagarjun. Nagarjun was proficient in Sanskrit, Pali and Prakrit languages. He started his literary career with Maithili, pen-name of 'Yatri' but in the mid 1930s, he started writing poetry in Hindi. He left first permanent job of a full-time teacher and moved to the Buddhist monastery at Kelaniya, Sri Lanka. In 1935 he became a Buddhist monk, and studied the scriptures. In the monastery, he also studied Leninism and Marxism. wanderer by nature, Nagarjun spent a considerable amount of his time in the 1930s and the 1940s travelling across India. He was an active member of Kishan Sabha of Swami Sahjanand Saraswati. He was a part of many mass-awakening movements before and after independence. Between 1939 and 1942, He was jailed by the British courts for leading a farmer's agitation in Bihar. He played an active role in Jayaprakash Narayan's movement prior to the Emergency period (1975-1977), and therefore was jailed for eleven months, during the emergency period. He was strongly influenced by Leninist-Marxist ideology. This was one of the reasons that he never found patronage from the mainstream political establishments. He died in 1998 at the age of 87 in Darbhanga.

The subjects of his poetry are varied. Effects of both his wandering tendencies and activism, is evident in his middle and later works. His famous poems like 'Badal ko Ghirate Dekha hai' reflects his soft and micro analysis of the beauty of nature.

अमल धवल गिरि के शिखरों पर,

बादल को घिरते देखा है।
छोटे-छोटे मोती जैसे
उसके शीतल तुहिन कणों को,
मानसरोवर के उन स्वर्णिम
कमलों पर गिरते देखा है,
बादल को घिरते देखा है।
ऋतु वसंत का सुप्रभात था
मंद-मंद था अनिल बह रहा
बालारुण की मृदु किरणों थीं
अगल-बगल स्वर्णाभ शिखर थे
एक-दूसरे से विरहित हो
अलग-अलग रहकर ही जिनको
सारी रात बितानी होती,
निशा-काल से चिर-अभिशापित
बेबस उस चकवा-चकई का
बंद हुआ क्रंदन, फिर उनमें
उस महान् सरवर के तीरे
शैवालों की हरी दरी पर
प्रणय-कलह छिड़ते देखा है।

This poem is a travelogue in its own right. He often wrote on contemporary social and political issues. His famous poem Mantra Kavita is widely considered the most accurate reflection of his sensitivity towards social and political scenario of the country. His way expression is very local, very native and very contemporary.

“ॐ वक्तव्य, ॐ उदगार, ॐ घोषणाएं

ॐ भाषण...

ॐ प्रवचन...

ॐ पत्थर पर की दूब, खरगोश के सींग

ॐ नमक-तेल-हल्दी-जीरा-हींग

ॐ मूस की लेड़ी, कनेर के पात

ॐ डायन की चीख, औघड़ की अटपट बात”

He laughs at the superficial political protests

ॐ दलों में एक दल अपना दल, ॐ

ॐ अंगीकरण, शुद्धीकरण, राष्ट्रीकरण

ॐ मुष्टीकरण, तुष्टीकरण, पुष्टीकरण

ॐ ऐतराज, आक्षेप, अनुशासन
ॐ गद्दी पर आजन्म वज्रासन

Another such poem is Ao Rani Hama Dhoenge Palaki which sarcastically humiliates the then prime minister of India, Jawaharlal Nehru, for the extravagant welcome thrown by him for Queen Elizabeth.

आओ रानी, हम ढेरेंगे पालकी,
यही हुई है राय जवाहरलाल की
आओ शाही बैण्ड बजायें,
आओ बन्दनवार सजायें,
खुशियों में डूबे उतरायें,
आओ तुमको सैर करायें--
प्रणति मिलेगी नये राष्ट्र के भाल की
आओ रानी, हम ढेरेंगे पालकी!

Besides these accepted subjects of poetry, Nagarjun found poetic beauty in unconventional subjects. One of his most astonishing works is a poem based on a sow called With Sharp Teeth (पैने दाँतो वाली .(

पैने दाँतो वाली
धूप में पसरकर लेटी है
मोटी-तगड़ी,अधेड़,मादा सूअर...
जमना-किनारे
मखमली दूबों पर
पूस की गुनगुनी धूप में
पसरकर लेटी है
यह भी तो मादरे हिन्द की बेटा है
भरे-पूरे बारह थनों वाली !

Another such creation is Kalidas Sach Batlana. Because of the breadth of his poetry, Nagarjun is considered the only Hindi poet after Tulsidas to have an audience ranging from the rural sections of society to the elite. He effectively freed poetry from the bounds of elitism.

इंदुमती के मृत्यु -शोक से
अज रोया या तुम रोए थे ?
कालिदास, सच-सच बतलाना!
शिवजी की तीसरी आँख से
निकली हुई महाज्वाला में
घृतमिश्रित सूखी समिधा सम
तुमने ही तो दृग धोए थे
कालिदास, सच-सच बतलाना !
रति रोई या तुम रोए थे?

वर्षा -ऋतु की स्निग्ध भूमिका
प्रथम दिवस आषाढ मास का
देख गगन में श्याम घनघटा
विधुर यक्ष का मन जब उचटा
चित्रकूट के सुभग शिखर पर
खड़े-खड़े तब हाथ जोड़कर
उस बेचारे ने भेजा था
जिनके ही द्वारा संदेशा,
उन पुष्करावर्त मेघों का
साथी बनकर उड़ने वाले
कालिदास, सच-सच बतलाना !
पर-पीड़ा से पूर-पूर हो
थक-थक कर औ 'चूर-चूर हो
अमल-धवलगिरि के शिखरों पर
प्रियवर तुम कब तक सोए थे ?
कालिदास, सच-सच बतलाना !
रोया यक्ष कि तुम रोए थे ?

Nagarjun's Poetry is progressive, realistic and very close to the poor and deprived sections of our society. His poetry highlight the conflict between poor- Rich, Labour –Management, Landless farmer and Jamindaar, Upper class-lower class . His micro level presentation malnutrition famine, flood etc social problems through his poetry is unparalleled in Hindi literature. His is among the most sensitive poets in Indian history of Poetic work. This poetry is very close to his own social life. It means he himself has faced many problems in his village.

This poetry puts question mark over the contemporary social, economic and political condition.

“जमींदार हैं, साहूकार हैं, बनिया हैं,व्यापारी हैं।
अन्दर-अन्दर विकट कसाई, बाहर खदरधारी हैं।”

He reflects the glamour life of land lords of Indian villages in his famous poem

“गुलाबी धोती / सीप की बटनोंवाला रेशमी कुर्ता
मलमल की दुपलिया फूलदार टोपी / नेवले की मुँह
सी मूठ की नफीस छड़ी
बड़ा और छोटा सरकार / लालासहेब , हीराजी /
मालिक जी ,

मोती साहेब, बच्चन जी / नून की बचोल बाचू/
हवेली से निकले बनकर सँवरकर।”

His vision is very clear whole world is a family. His poems reflect darker side of poor Indians and condition of a poor family amid femine

“कई दिनों तक चूल्हा रोया, चक्की रही उदास,
कई दिनों तक कानी कुतिया सोई उसके पास,
कई दिनों तक लगी भीत पर छिपकलियों की गश्त,
कई दिनों तक चूहों की भी हालत रही शिकस्त,
दाने आये घर के भीतर कई दिनों के बाद,
धुआँ उठा आँगन के ऊपर कई दिनों के बाद,
चमक उठी घर भर की आँखें कई दिनों के बाद,
कौए ने खुजलाई पाँखें कई दिनों के बाद।”

His poetry is focused on ‘Farmer and Labours. Most of his poems reflect the life of lower class Indians. Ordinary, rejected and dijected people are the core area of his poetry. He is born rebel, and his rebalation attitude challenges everyone and everything responsible for the poverty, inequality, social and political dishonesty, deceitfulness and untruthfulness. The poet dreams for a welfare country and think positively towards the future india when he says:

“तुम्हारी यह दंतुरित मुस्कान
मृतक में भी डाल देगी जान
धूलि धूसर तुम्हारे ये गीत.....
छोड़कर तालाब मेरी झोपड़ी में खिल रहे जलपात
परस पाकर तुम्हारा ही प्राण
पिघल कर जल बन गया होगा कठिन पाषण”

Some of his famous poems are as follows

1. Yugdharao
2. Satrange Pankhon Wali
3. Talab ki Machhliyan
4. Khichri Viplava Dekha Humne
5. Hazar Hazar Bahon Wali
6. Purani Juliyon Ka Coras
7. Tumne Kaha Tha
8. Akhir Aisa Kya Kah Diya Maine
9. Is Gubare Ki Chhaya Mein.
10. Yhe Danturit Muskan
11. Mein Military Ka Boodha Ghoda
12. Ratnagarbha
13. Aise bhi hum kya
14. Bhool jao purane sapne
15. Apne Khet Mein Chandana

The people's poet was given the Sahitya Akademi Award in 1969 for his historic book Patarheen Nagna Gachh, and the ‘Bharat Bharati Award’ by the Uttar Pradesh government for his literary contributions in 1983. He was also honored by the Sahitya Akademi Fellowship, India's highest literary award for lifetime achievement, in 1994.

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7. Nagarjun at Kavita Kosh (Hindi)
8. Nagarjun at Anubhuti

CHILD LABOUR PROBLEM IN INDIA WITH SPECIAL REFERENCE TO JHARKHAND

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Abstract

India is a country where largest number of child labours exist. This problem is very serious in Uttar Pradesh, Madhyapradesh, Bihar, Rajsthan, Jharkhand and Maharastra. Jharkhand is a newly formed state of India where thousands of child labours exist. Pity of Jharkhand is that thousands of tribal children become victim of human trafficking and smuggled to the neighboring towns and metro cities as household servants, industrial workforce and most disappointedly as sex workers.

Since 2009 large number of minor girls from Jharkhand are missing on police record. It is believed that they have been trafficked by middlemen/ illegal placement agencies to the metro cities where they are either working as bonded maid servants or as sex workers. From time to time we read the news of sexual exploitation of these tribal girls and boys by their masters. It is not merely a matter of lack of awareness and illiteracy. Bureaucrats, politicians, businessmen and other respectable members of our society are aware of the fact that taking the services of minors is a legal offence but they do not care the laws. Unfortunately, members of our so-called civilized society hire illegal placement agencies to grasp these kids as low salary household servants. In the states like Haryana, Punjab and Rajasthan there exist a huge demand for marriageable girls due to scarcity of girls in these states.

With the help of local agents they buy brides from the states like Jharkhand. Poor parents sell their minor children merely for 5-10 thousand rupees. Unfortunately, escaped and recued minors are not welcomed by their poor parents. Because their departure is only an end of family income but also an extra burden on family. We need to address the root cause of child labour which is essentially lack of employment opportunities in the tribal areas of Jharkhand. In other words, poverty is the main reason behind child labour problem. Solution to the problem lies in three areas. First, poverty eradication through employment; second, strong legal action against the culprits (middleman, suppliers, buyers and service takers) third, proper rehabilitation mechanism for recued children. Legal awareness need to be spread not only among the tribes also among the elite and so called urban educated socialites, because child labours are now sifting from villages to urban areas.

In this paper, I have studied the child labour problem in India and across the world in genral and Jharkhand in particular. The paper precisely covers the reasons behind the child labour problem in Jharkhand, the initiatives and preventive measures taken by the state government. Finally the paper offers some valuable suggestion on the basis of study.

Key words: Child labour, Jharkhand, Household servant, small scale industries, sex workers, laws against child abuse and exploitation, educated offenders, urban areas.

Child Labour in India and other parts of the world:

Child labour is a global social problem. Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh and Maharashtra are the 5 states where largest number of child labours exist. Over half of India's total child labour population work here. Jharkhand is a major supplier of child labours all across the country. India's biggest hub of child labour is Uttar Pradesh and it accounts for almost 20% of India's child labourers.

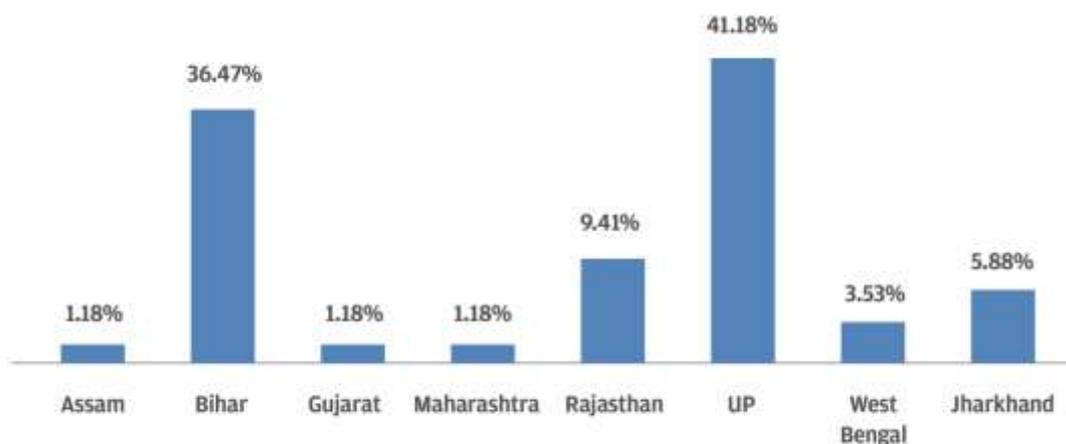
According to a Campaign Against Child Labour (CAC) study, India has 1,26,66,377 child labourers of which UP has 19,27,997 child labourers.¹ Child labour refers to the employment of children in any work that deprives children of their childhood, interferes with their ability to attend regular school, and that is mentally, physically, socially or morally dangerous and harmful.³ This practice is considered exploitative by many international organisations. Legislation across the world

Distribution of Respondent Children across Gender and Occupation:

Official reports say that India has over 15 million child labourers employed in the rural areas as cultivators or in household industries, and in the urban areas as servants and even in

construction. Delhi, the capital of the country, is accountable for over 1 million of these child labourers by itself. The other leading states with such deplorable conditions are Bihar, Rajasthan, Maharashtra, Madhya Pradesh Uttar Pradesh and Jharkhand,

Figure 2: Distribution of Child Labour across Gender and State of Origin(CRY Report 2016)²⁴

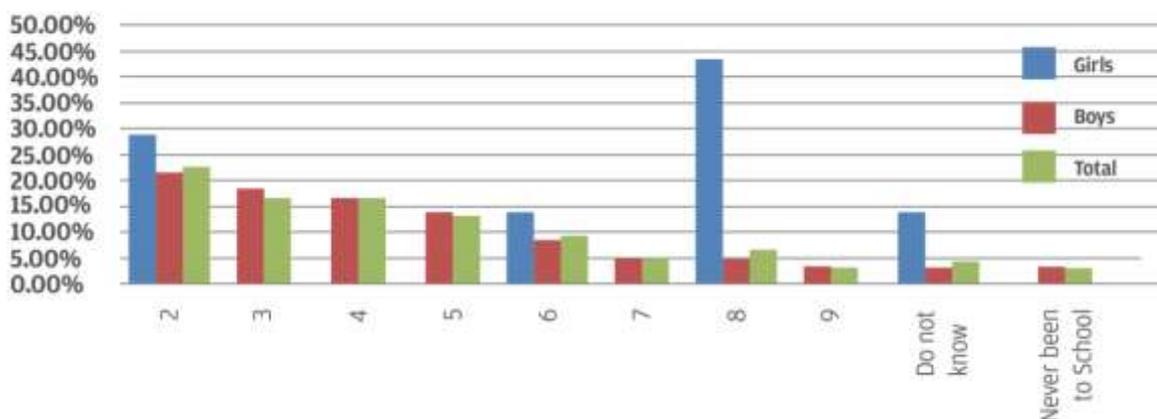


Child Labour Highest Amongst Backward Classes:

According to HAQ, Centre for Child Rights²⁵ says that child labour is highest among the OBC section, Muslims, schedule castes and

scheduled tribes. Bonded child labour in the rural areas is still a raging phenomenon and very cleverly hidden from any legal or prying eyes. The old traditions of debt inheritance have in no way faded in rural India. Below is a look at the educational statuses of these children.²⁵

Figure3: Educational status of the respondent children²⁴



The findings of the NGO Mamidipudi Venkatarangaiya Foundation in Andhra Pradesh show around 400,000 children, most of whom are females, spend more than 15 hours a day toiling in cottonseed plantations across the nation. Their reports also show that precious stone cutting industries in India use children to

make up 40 per cent of their labour force. These children are all between 7 and 14 years of age. Lack of infrastructure, slow social development, inconsistent financial conditions, and overall poverty are the main pillars that still uphold the abhorrent violation of the rights of children. Coupled with indifference of people in the urban areas and the greed of human

hilly forests of rural Jharkhand, India, children as young as 10 are hammering flakes of rock off the mountainside. Others, mostly young girls, carry baskets of rocks to the top of the mine to sort through their contents. Their job is to separate glittering fragments from the rock debris.”

These fragments are mica, the mineral that adds a shimmer to beauty products such as blusher, eye shadow, lipstick and foundation, as well as to the paints used by the car and construction industries. Some of the world’s biggest cosmetics companies including L’Oréal and Estée Lauder, as well as suppliers such as Merck, source mica from India, one of the top producing mica countries in the world.¹⁹ The most prevalent forms of child labour in Jharkhand are employment of children in hotels/dhabas, as domestic workers, in brick kilns, bidi making, coal picking, mining, begging, garage, automobile workshops, building construction, stone crushing, rag picking etc.

The state is among Empowered Action Group states with predominantly tribal population which is mostly poverty stricken and hence vulnerable to child labour and trafficking. An estimated 33,000 girls are trafficked each year from Jharkhand. Most of such victims of trafficking & exploitation are below 18 & illiterate or semi – literate and are forced to work in household, brothels, restaurants and factories. In the depths of India’s illegal mica mines, where children as young as five work alongside adults, lurks a dark, hidden secret - the cover-up of child deaths with seven killed in the two months, a Thomson Reuters Foundation investigation revealed in 2016.²⁰

School without toilet has been a very serious problem for girl student. Now, government has taken some initiatives to make a separate toilet for girl students in every school of Jharkhand. Today 98% government schools in Jharkhand have toilet.²¹ No daubed, such initiatives are quite positive towards bringing in poor girl children to the schools.

Jharkhand is a vulnerable state for trafficking of women and children for forced labour and slavery. Thousands of children from Jharkhand are traded and trafficked by placement agencies to domestic homes in Delhi. The children remain in slavery and bonded labour like conditions. Several cases of sexual slavery have also been reported from rescued victims from Jharkhand in Delhi. The

placement agencies operate without fear of law and have mushroomed across Jharkhand. Most of these placement agencies are organised crime syndicates and they regularly indulge in trafficking of children.

The business of placement agencies has been fuelled by huge demand of maids from eastern tribal states in the National Capital Region of Delhi. Red Light areas exist in the districts of Dhanbad, Bokaro and Hazaribag. The trafficking affected districts include Garwah, Sahibganj, Dumka, Pakur, West Singhbhum (Chaibasa), Ranchi, Palamu, Hazaribag, Dhanbad, Bokara, Girdih, Kodarma and Lohardagga. Most of the trafficked from Jharkhand belong to Oran, Munda, Santhal (including endangered Pahariya and Gond tribes, out of which, maximum are from Oran and Munda.²⁶ Traffickers from Jharkhand operate from New Delhi in the guise of placement agencies which is a high earning business. The traffickers bring the victims to Delhi from where they are supplied to different places depending on the price the trafficker can get. Mostly these victims are being sent to domestic homes to work as slaves in Faridabad, Gurgaon, Noida and Delhi. Children as young as 11- 14 years are placed in homes and are made to work as domestic help for 14-16 hours a day. Some of the victims’ are sent to Haryana where there is a demand of brides for marriage. Jharkhand women and children have been also in high demand to work as bonded labour in Haryana and Punjab.

Reasons:

Abject poverty, illiteracy, ignorance, difficult access areas, shrinking land holding by the local populace, network of placement agencies are cited as the main reasons for large-scale migration from Jharkhand to other cities.

The land is degraded to a great extent due to deforestation, mining activities and rampant industrialization. Though vast area of land is available, no technological inputs have been brought out to improve the production in the region. Thus in majority of the regions, there is one crop pattern and mainly rain fed cultivation takes place. Lack of agricultural operations in a full-fledged manner is also leaving the landless labor high and dry. The only option available to them is migration. Thus during the non-agricultural seasons one can witness exodus from the villages in search

of work in the neighboring states. The state has been running the National Child Labour Project in Garwah, Sahibganj, Dumka, Pakur, West Singhbhum (Chaibasa), Gumla, Palamu, and Hazaribagh. As per the 2001 census, the number of child labour working stood at 4, 07,200. As per the 2006 NSSO data, Jharkhand has 2, 06,000 children working as child labour. The number of child labour who have been mainstreamed by the NCLP programmes till 2011 was 18,241. The gaps between the "haves" and "have nots" are quite large in Jharkhand. Though in the books of law, the Zamindari system is abolished, they have now taken the new avatar of middlemen and contractors in the region. In the extreme torn regions of Palamu, Garhwa, Lohardaga, Chaibasa, Koderma and Hazaribag, the common people are subjected to ills of administration on the one hand, the contractors on the other hand and above them are extremists who virtually rule the region with their own Jan LokAdalats, extortion and the levy of taxes which is known in the local language as percentage system.

The Gair Majaru lands are in the absolute possession of the landlords. The landlords own even trees of common property. Their control over these sources is absolute. With the abolition of the Zamindari system, the feudal land lords have taken to extortion of the people by becoming the contractors for all the development programs in the regions. The poor landless labourer is forced to work for their lifetime in the landlords' land and the only other option is migration in search of greener pastures.

As per the ATSEC Jharkhand Report in 2010, approximately 42,000 girls have been trafficked from Jharkhand to metropolitan cities. The victims who are working as domestic help in various urban households across the country are often made to work in pathetic conditions. In some cases they are even sexually exploited. About 70 percent of the total migrant women and girls are forced to join the flesh trade. A Rapid Assessment of Domestic Workers in 8 districts (the most affected with problem of migration) was done by ATSEC Jharkhand and Research Plus Group, Ranchi. The findings of the study indicated that most of the trafficked victims were below 20 years and many of them were children. Many of them were in slavery like conditions and earn below minimum wages.

The main destination for migration is Delhi. Due to the shortage of brides in villages and towns of Haryana and Punjab, women are trafficked from distant states like Assam, West Bengal, Jharkhand, Bihar and Odisha. From the state of Jharkhand, the girls are brought to Delhi and Punjab mainly for the purpose of prostitution and daily labour. A small percentage of the total migrating women from Jharkhand are also sold into coerced marriage. Another aspect of girls being brought to Delhi from Jharkhand, Bihar, and Odisha is for domestic work. A great number of these women are brought and then sold to the brothels and sent to other places. The others are sexually exploited as sex slaves and forced into prostitution in the form of unorganized and movable brothels. The trafficking from West Bengal, Jharkhand and Bihar is mainly through train routes and only a small percentage is through other means. An agency's report explained the poor condition of child labours"

"Trafficking of children for the carpet industry in Uttar Pradesh is also very high. Majority of the children working in the carpet sector, be it in Uttar Pradesh (UP) or in Jharkhand are migrant child labourers from Palamau and Garwa district in Jharkhand. There are two kinds of child labour in this sector, child labour involving forced migration of children to UP where they stay and work with their masters, and child labour whereby children work in the looms in their own villages. These children lead a life of bondage and slavery. The children are packed off to dark, dingy prisons under the guise of loom houses, where they are expected to live and work. Some fortunate ones do manage to escape but their freedom is usually temporary. Most parents do not welcome the return of the prodigal son if he is empty-handed and he is soon forced back to work."

Missing Children

As per the National Crime Records Bureau, (NCRB 2009) the state of Jharkhand has reported that there is a clear link between trafficked children and missing children. But, in the absence of data on missing children and rampant trafficking of victims being reported from Jharkhand, it is very difficult to assess the real situation of trafficking of children and women.

Key Interventions and Implementation Plan

The key interventions and implementation plan of Jharkhand state government towards elimination of child labour is focused on prevention, rescue and rehabilitation, strengthening legal enforcement and developing monitoring and review mechanisms.

Preventive Mechanisms

- Focus on families and children vulnerable to the problem– Identification, listing of vulnerable families and children and linking them with relevant income generation and social protection schemes is the key preventive mechanism against child labour. This process of identification and tracking is carried out in collaboration with SarvaShikshaAbhiyan(SSA) and District/Block/Village Child Protection units under the Integrated Child Protection Scheme as well as through community participation with the involvement of community level workers like Sahiyyas, Aanganwadi Workers and Panchayati Raj Institution (PRI) members and followed up twice every year.
- Sensitization parents/guardians of vulnerable children, creation of child friendly communities at the village/ward level, increasing out reach of government schemes & improving accessibility to quality educational facilities and skill building programmes has been taken forward by above specified community level workers, media, NGOs and Department officials.
- Registration of Migrant Labour – A register of all identified child labourers including children migrating from the Gram Panchayat in search of work is maintained at the Panchayat Office and is regularly updated. The register has the pages earmarked for the children released from work and restored to their families and/or enrolled in the schools. The Gram Panchayat, in coordination with Labour Department, Human Resource development, Rural Development and Social Welfare Departments would track the educational and economic rehabilitation of all such released children and take measures

to ensure that the released children do not relapse to the same condition again. The Panchayat Secretary is the custodian of this register.

Rescue and Rehabilitation

- Identification and listing of working children: Listing of working children (both in hazardous and non-hazardous occupations) along with profiles of their parents and siblings and periodically updating it in collaboration with District and State Child Protection Societies.
- A pre-rescue, post rescue and rehabilitation protocol has been developed and implemented.
- Rescue teams is constituted at the district level across the state. The teams have the legal authority to rescue children from their respective workplaces and to reprimand erring employers.
- Educational Rehabilitation of rescued children (6-14 years) –All the children below 14 years of age has to be in school as mandated through the Right to Education Act. The rescued children may either be enrolled in to non-formal education at aanganwadi centres, NCLP special schools, SSA bridge schools or formal education at Sarva Shiksha Abhiyan schools based on the educational level. These children will also be linked to vocational training centers so that they are able to acquire certain skills. Parent's teachers associations need to be strengthened at these institutions. Shelter homes with counseling facilities specifically for rescued child labourers are established along with short stay homes. Drop in Centres where working children can drop in at any time during the day and seek non-formal education; vocational training, mid day meals and other facilities like recreation can help in the process of rehabilitation of such children. Such centres can also act as identification points of children

Educational Rehabilitation of Children who are out of school, not working but 'at risk'-In addition to the actions listed above, following additional actions has been planned to undertake for these children:

- a) Strengthening elements of present schemes: SSA (SarvaShikshaAbhiyan Mission) and NCLP (National Child Labour Project) Schools.
- b) Vocational Education/up gradation for school dropouts and rescued child labourers
- c) Rehabilitation of migrant children: Such children will be sent to their parent state, wherever possible or else will be rehabilitated within the state in residential schools.
- d) Economic and social Rehabilitation of the families of rescued children -A micro planning exercise to identify available resources, government schemes and infrastructure for rehabilitation of the children and their families needs to be carried out. Linkages of families with income generating schemes and social protection schemes of the government will help the family to improve financially. No child from the families who have been provided such support will be engaged as child labourer. Adolescents/youth belonging to child labour families and also those who are school drop outs can be gainfully employed to contribute towards the household income.
- e) Enforcement of Relevant Legislation-To curb the problem of child labour it is important to curb both supply and demand for child labour. Ensuring stringent law enforcement against the defaulters are indirectly checked the supply of children in the labour market. All the special laws along with sections of Indian Penal Code (IPC) are used to protect the rights of the children and to take action against those who are breaking the law of the land.
- f) Monitoring and Tracking-Monitoring and Evaluation provides continuous feedback to take timely corrective measures as and when necessary and to implement a programme effectively in a time bound, cost effective and result oriented manner. Monitoring and evaluation of implementation of the action plan are required to be done by a suitable mechanism at the district and the state levels. In Jharkhand it is the State Level & the District Level Monitoring Committees. Some of the key indicators monitored are numbers of child labour, type of

employment, educational status, whether in rural or urban setting, accessibility to government schemes, accessibility to health and educational facilities etc.

Conclusion & suggestions

Jharkhand is vulnerable to the child labour problem. Thousands of tribal children are working as child labour in many parts of the country and destined to live a very difficult life. Girl children are used as sex workers, and maid servants. Whereas boy children work as servants, cottage industry laborer etc. The state government has taken some steps to curb the supply and demand of child labour. But existence of large number of Jharkhand born child labours all across the country is an evidence that there is a need to do more. Every child deserves to be in school. There can be no rhyme or reason to child labour. My study shows that these children are forced to work at young ages due to many family factors such as unemployment, a large number of family members, poverty, and lack of parental education. This is often the major cause of the high rate of child labour in Jharkhand. But, only laws and rescue measures cannot solve the problem. We all need to support 'Save the Children' initiatives to pull children out of child labour and send them to school. We need to focus on basic issue like poverty and illiteracy of parents. No well to do parent wants his child to work as household servant. We also have responsibility to stop 'Chotu' from cleaning of our house and cars. Many rich and so called educated civilians of the country are also responsible for supporting this social crime. Government and NGOs must keep eye on middleman and employers of child labours as well as urban gentlemen & Mem Saheb who endorse these minors as bonded labour

Suggestions

- a) We all should inform District Administration/Police Administration about those agencies/middle men who are involved in trafficking of any kind including that of child labour for illegal practices.
- b) We should inform the police if any child labour is seen in our neighbourhood, irrespective of the fact that the neighbour is very friendly and close to us

- c) Government needs to take necessary steps to provide employment and uplift the economic and educational status of family members of child labourers by providing benefits of government schemes.
- d) To ensure sufficient police force to the rescue team to inspect/raid establishments & to take action against the defaulters of the law wherever child labour will be found.
- e) Ensuring action under Juvenile Justice Act, 2002 and to produce the rescued migrant or trafficked child labour, before the child welfare committee and in case of bonded labour also before SDM for grant of Certificates and compensation. Ensuring handing over these migrant and trafficked children to parents/guardians.
- f) Prevention of trafficking by putting in place effective monitoring mechanisms
- g) To ensure necessary co-operation in stopping migration, booking of middlemen and agents under appropriate laws for child labour and other criminal laws.
- h) Ensuring passing of information related to employers who engage child labourers obtained from C.I.D & other secret sources & at the same time ensuring F.I.R to be lodged against offending employers.

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TRUSTEESHIP – A MYTH OR REALITY FOR EMPLOYEE EMPOWERMENT

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Abstract:

The corporate system has undergone considerable changes in decision – making from ownership to management and at lower levels, workers may have been given freedom to participate, but the personality of the corporation and the personality of the individual stand poles apart. Gandhiji believed that restructuring of institutions would be of no avail unless the men who operate these institutions accept; of their own volition, the implicit ethics of the new system has evolved the concepts of trusteeship. This paper deals with the set of tools for enhancing employee empowerment through the theory of Gandhian Trusteeship. The tools consists of sense of belongingness, work – force commitment, employee recognition, employee morale and motivation, quality of work life, work culture which promotes organizational development. Thus, trusteeship enhances the overall growth of individual behavior in organizational settings through employee empowerment.

Keywords: Trusteeship, employee empowerment, work culture, employee morale, organizational development.

Introduction

Trusteeship is a socio-economic philosophy that was propounded by Mahatma Gandhi . It provides a means by which the wealthy people would be the trustees of trusts that looked after the welfare of the people in general. Trusteeship, as applicable to the corporate world, refers to the act of holding and managing resources on behalf of the stakeholders of the firm. Gandhian Philosophy of wealth management is based on the ‘Servodaya’ principles of Truth, Non-Violence and Trusteeship; wherein class harmony between labour and management reigns supreme.(M. K. Gandhi, 1958) According to Gandhiji, managers and proprietors of business firms are only the trustees of wealth of society. The idea of trusteeship advocated by Gandhiji, is based on and has its origin in the Bhagavath Gita-in the principles of ‘aparigraha’ (non-possession) and ‘Sambhawa’ (equalism) which were ardently followed by Mahatma Gandhi. Gandhiji ideal is that capital and labour should supplement and help each other. They should be a great family living in unity and harmony; capital not only looking to the material welfare

of the labourers, but their moral welfare also-capitalists being trustees of the welfare of the labouring classes under them. Gandhiji assigned a paternalist role to management in their dealings with labour (Nagler, Michael N 1959). Gandhiji considered trade unions to be means of workmen’s material and moral development. He declared that a strike is an inherent right of the working man for the purpose of securing justice, but they must be considered a crime immediately the capitalist accepts the principle of arbitration. If conflict arises between labour and management, the weapon proposed by Gandhiji is Satyagraha. Trusteeship principle is foundation of philosophy of wealth management.

Objective of the study:

- To study the Gandhian principles
- To study the trusteeship enhancement tools for employee empowerment.
- To know the applicability of trusteeship principle in the corporate world.

Method of the study:

This study is based on the descriptive analysis of the applicability of Gandhian principle of trusteeship to corporate world. It is a content study done on the basis of the secondary data gathered from the articles, books and also website. The main purpose of this research is the description of the state of affairs as it exists at present. This study is based on the generalization of the events.

The Gandhian Principles:

The first principle which guided all his thoughts and activities is the complete unity and integrity of body, mind and soul in the individual human being. The second principle of Gandhian philosophy in all social action should be governed by the same simple set of moral values of which the main elements are selflessness, non-attachment, nonviolence and active service. (Mary Elizabeth King 1999) The principles of Gandhi lead to various movements Sarvodaya, Satyagraha, Trusteeship, Swadesi movement through a single principle "Non-violence". Human dignity cannot be preserved on charity. No human dignity could be preserved and civilization will come to an end sooner than later. So this social change must in the main come through the efforts of those who are in misery and to need social change immediately. (Gandhi, M.K 1930)

Gandhi's view on Trusteeship:

Gandhiji differed from the Marxian concept of property. When Marx advocated a classless society and State-ownership of property, Mahatma Gandhi viewed that property should not be snatched away from the rich or capitalist people; rather they should consider themselves as trustees of the property. This would bring a lasting benefit to the society and State at large. Trusteeship occupied a prominent place in the Gandhian thought. Gandhi wanted to bridge the gap between the rich and the poor. However, by this, he never meant absolute equality between the haves and have-nots. (Sankhdher, M. M. 1972). He envisaged that food, cloth and shelter are the basic needs of the human beings. So, the excess wealth or property of the rich can add welfare to the society.

The wealth and talent should be considered as a trust of the whole society and as 'trustee' the individuals should handle it for the betterment of society. The trusteeship system should aim at social welfare. Under no circumstance, the

welfare of the society will be hampered. The rich people should come voluntarily to join their hands with the common people and decide measures for the welfare of the society by the appropriation of the extra wealth possessed by the rich people. The production should cater to the need of the society. No personal choice of the rich should guide the production pattern. On the other hand, keeping in view the necessity of the large bulk of Indian population, things will be manufactured. Gandhi gave a threat that in case the capitalists do not produce goods as per the requirement of the people, the State should come forward to intervene in the matter, and the workers will be given share in the management of production. (Ravindra Kelekar 1960) Gandhi view was that there should not be any private ownership. The wealth should not be won by any private fellow. It can only be done by the consent of the people in the society at large. Further, social welfare must form a part of this programme which the State or the people in the society will direct. Trusteeship aimed at reforming the capitalist society. It advocated that rich people should change themselves and should come forward to use their property for the betterment of society.

Gandhiji believed that restructuring of institutions would be of no avail unless the men who operate these institutions accept; of their own volition, the implicit ethics of the new systems and evolved the concepts of trusteeship. The three important aspects of trusteeship which correspond to Gandhian values are firstly it demands the transfer of ownership from individual either directly or via the state. (Dr. Sundar Sarukkai, 2005) Also from the state to common ownership among those who would run an enterprise. Secondly trusteeship is not a limited economic exercise; it is a non – violent movement or method of dispossessing the owners of wealth and property. Thirdly, the trusteeship will have to satisfy conditions of ethical economics i.e., create those conditions of production and consumption economics which do not permit greed, conflict or alienation among different class of the society including the worker.

Trusteeship and Socialization:

Socialization refers to the lifelong process of inheriting and disseminating norms, customs and ideologies providing an individual with the skills ideologies providing an individual with the skills and habits necessary for participating

with in his or her own society. Socialization describes a process which may lead to desirable or moral outcomes. (Mahadev Desai 1968) Gandhian principles thought based on the socio-economic principles expounded by Indian leader Mohandas Gandhi. It is largely characterized by its affinity to the principles and objectives of non violent humanistic socialism, but with a rejection of violent class war and promotion of socio-economic harmony.

Gandhian trusteeship brings a socialist perspective of overall development and tries to redefine the outlook of socialism. Gandhi espoused the notion of trusteeship which centered on denying material pursuits and coveting of wealth, with practitioners acting as “trustees” of the individuals and the community in their management of economic resources and properly under the Gandhian economic order, the character of production will be determined by social necessity and not by personal greed. The part of socialism should only by through non-violence and democratic method and any resource to class-war and mutual hatred would prove to be suicidal.

The proximity of Gandhian thought to socialism self sufficiency without an emphasis on material pursuits or compromising human development. Gandhi’s emphasis on peace “trusteeship” and co-operation has been touted as an alternative to competition as well as between different economic and income classes in societies. (Nicholas F. Gier 2004). Gandhian focus on human development is also seen as an effective emphasis on the eradication of poverty, social conflict an backwardness in developing nations.

Gandhi has often quoted if mankind was to progress and to realize the ideals of equality and brotherhood, it must act on the principle of paying the highest attention to the prime needs of the weakest section of the population. Therefore any exercise on economic planning on a national scale would be futile without uplifting these most vulnerable sections of the society in a direct manner. Everybody should be given the right to earn according to his capacity using just means. The rich should serve the society after satisfying his needs and not merely enjoy his life.

Trusteeship in the Contemporary Business Era:

A review of corporate governance practices follows when corporate scandals break out and fresh regulation is introduced. Our corporations should not only be legal and economic beings but moral ones too. Gandhi’s concept of “trusteeship” can serve as a philosophical foundation for businesses and provide requisite moral guidance. The changing needs of a globalizing world are altering society’s expectations of business and the organizations’ own self-image. Gandhi’s trusteeship is an ideal standard that requires being proactive. It would require a moral basis of operation that goes beyond writing a check for a tax-deductible cause, or disposing of hazardous waste safely. It would not only require an organization to see itself as using assets for the benefit of society, but would also require that it follow a moral path in the way it conducts business. (Chakrabarty, Bidyut 2008).

Business organizations today are not just a place where one earn a living. They are the dominant form of institution in society and dominate even socially important sectors such as education, health care, and public services. Apart from providing the means of existence for a substantial majority of our population, they also supply almost all the goods and services we consume, and shape public policy. There are few individuals today who can exclusively live off the land. Increasingly, the model of privatization that has spread around the world has also resulted in many services that used to be provided by the government now being provided by private organizations. Under such circumstances, society should require organizations to live to a higher standard. Trusteeship provides such an ideal standard. The requirements of trusteeship are not easy to reach in a society that, over the years, has devised the rules and structures to expect purely economic behaviour from organizations. Although, as Gandhi realized, a standard such as trusteeship cannot and should not be instituted through a government fiat, regulations that may prevent such behaviour should be removed. Moral suasion should be used to drive organizations towards this end. (C. GOPINATH,2005).

G.D. Birla, the industrialist who was also a close associate of Gandhi, once said, “*It has been the policy of the House of Birla not to build up business with a view to the*

accumulation of capital but to develop unexplored lines, harness the undeveloped resources of the country, promote know-how, create skilled labor and managerial talents, spread education, and, above all, add to the efforts of the leaders of the country who have been struggling to build a new, independent India, free from want, the curse of unemployment, ignorance, and disease.” This is an example of how one business group incorporated trusteeship ideas into its purpose. (A. Ross,1986)

Trusteeship Enhancing Tools–Employee Empowerment:

These are a wide range of elements to support that the term trusteeship acts a tool for employee empowerment. What is important is that societies need effective organizations. Effective organizations produce quality of goods at reasonable cost. The concept of group behaviour also affects the light of employee empowerment. The connections of these groups with organizations are many and often conflicting. It is the duty of managers to keep all the stakeholders satisfies and the extent of satisfaction derived by stakeholders speaks about the effectiveness of an organization.

Trusteeship develops the effectiveness of the organization as well as the effectiveness of the concerned individuals. This results in employee empowerment and also effects towards result oriented stature. The trusteeship brings down the various ideals for justifying it self as a effective tools. They discussed and defined in the conceptual view of Trusteeship.

Creates the concept of sense of Belongingness

Belongingness is a human emotional need to be an accepted member of a group. The motive to belong is the need for strong, stable relationship with people. This implies a relationship that is grater than simple acquaintance or familiarity. The need to belong in the need to give and receive affection from others. Trusteeship create a sense of belongingness which results the individuals join groups and seek out those who care most similar to them.(Likert, Rensis, 1967).Under trusteeship each and every employee is assigned with unique duty which is assigned and accomplished by the trustee (employees) (Davis-Keith,1977).These tasks are accomplished with much of care and as responsibility which promotes that trusteeship

(Belongingness) creates a feeling of being responsible.

(i) Work – force Commitment.

The future belongs to those managers who can change from boss to leader; to those work units that can perform as a team; and to those organizations that can create a learning culture. Such companies have an invisible asset a committed workforce. Managers/leaders want to get their people to try hard to exert themselves. They should be telling their staff what to do in a way that motivates the staff to get the task accomplished in a superior fashion. Work force commitment also leads to organizational commitment which has attracted considerable attention over recent years and has become central objective of human resource management. An identification with the goals and values of the organization a desire to belong to the organization and the willingness to display effort on behalf of the organization. (Davis-Keith,1977). Trusteeship promotes the individual employee to assume themselves as trustees, so that sense of belongingness automatically gets the sense of responsibility towards work commitment. It builds up challenging tasks that stretches the abilities of those performing it. The task should be achievable within the specified time. The employee has to contribute his/her talents and understandings to bring about the desired outcome. Thus, trusteeship acts as a tool in the upliftment of employees in their individual workforce commitment and which automatically leads to organizational effectiveness in which is possible only through employee empowerment.

Employee Recognition

Once there is a key motive for workforce commitment there is a key success towards employee recognition. Appreciation is a fundamental human need. Employees respond to appreciation expressed through recognition of their work because it confirms their work is valued. Praise and recognition are essential in an outstanding workplace. Recognition is essentially positive feedback that lets employees know they are valued and appreciated by their co-workers and the organization. To have the greatest impact in the workplace, recognition activities should also reinforce and encourage work that advances

employee, departmental, and/or institutional goals and values.

Trusteeship gives a way for employee recognition through the process that it is a trustee communication tool which reinforces and rewards the most important outcomes. People create their own business activity which further leads to the development of individual belongingness which has a hidden tool of trusteeship.

Enhance Employee morale and Motivation:

Employee recognition improves the motivation levels in an individual. Morale is an elusive thing. A person's enthusiasm for his job reflects his attitude of mind of work, environment and to his employer, and his willingness to strive for the goals set for him by the organization in which he is employed. "Morale is the capacity of a group of people to pull together per sisterly and consistently in the pursuit of a common purpose".(Kelly , Jeo 1947)"Motivation is an employee's intrinsic enthusiasm about and drives to accomplish activities related to work. Motivation is that internal drive that causes an individual to decide to take action.

Trusteeship emphasis that employee morale towards the employee - "What is it? What does it do? Where does it reside, whom does it affect, what that it affect?(Jucius, 1975). Motivated employees are the most important factor in the long-term success of any business. Empowerment positively impacts motivation and motivation leads to better performance. Empowerment improves employee commitment, creativity, productivity, satisfaction and motivation. Effective motivation comes from within the individual. Traditional rewards such as monetary compensation are not the best motivators. Appreciation, meaningful work, a happy and flexible work environment and a feeling of personal achievement are powerful motivators. Empowerment is a factor that enables better performance through these mechanisms.

Extends Quality of Work Life:-

"QWL is the degree to which members of a work organization are able to satisfy important personal needs through their experiences in the organization". (J. Richard and J. Loy.) Quality of work Life is a Person's life. It covers a person's feelings about every dimension of work including economic rewards and benefits,

security, working condition, Organizational and interpersonal relations and its intrinsic meaning in person's life. Therefore we can simply say Q.W.L. is a concern not only to improve life at work, but also life outside work. Trusteeship extends Quality of Work Life through proper implementation of organizing effective work environment. The term QWL refers to the favourableness or unfavourableness of the job environment for people. The sense of belongingness (Trusteeship) builds a spirit of open communications, equitable Reward systems, a job security, participative orientation in the process of decision making. QWL improves in the process of skill development reduction of occupational stress, and development of more cooperative labour – management relations. (Edward. E. Lawler (1974) Quality of Work Life Develops the trusteeship through job enlargement, job enrichment, task identity, organizational citizenship.

Establishes Work Culture

Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders. Work culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. (Ravasi and Schultz 2006). Although a company may have its "own unique culture", in larger organizations there are sometimes conflicting cultures that co-exist owing to the characteristics of different management teams. Work culture may affect employees' identification with an organization. (Schrodt, P. 2002)

Trusteeship establishes a unique work culture in an organization. Individual goals should be managed with organizational objectives. Work culture is the system of shared actions, values and beliefs that develops within an organization and guides the behavior of its members. Through their collective experience members of an organization some two extremely important survival issues (Schein – 1990). It is

a set of key characteristics that the organization values with primary characteristics that in aggregate capture the essence of an organization culture. (D. F. Caldwell -1991). Employee empowerment means different things in different organizations, based on culture and work design. However, empowerment is based on the concepts of job enlargement and job enrichment. Job enlargement: Changing the scope of the job to include a greater portion of the horizontal process. Example: A bank teller not only handles deposits and disbursement, but also distributes traveller's checks and sells certificates of deposit.

Job enrichment: Increasing the depth of the job to include responsibilities that have traditionally been carried out at higher levels of the organization. Example: The teller also has the authority to help a client fill out a loan application, and to determine whether or not to approve the loan. Thus trusteeship provides top promote the work culture to enhance the employee empowerment requires training in the skills necessary to carry out the additional responsibilities, access to information on which decisions can be made, initiative and confidence on the part of the employee to take on greater responsibility. It requires a significant investment of time and effort to develop mutual trust, assess and add to individuals' capabilities and develop clear agreements about roles, responsibilities, risk taking and boundaries.

Promotes Organizational Development:-

Every Organizational is not the same. In the process of organization life cycle, change takes place at different steps of period. Every employee should adopt towards a particular change. Change should be followed by Development. OD is a deliberately planned effort to increase an organization's relevance and viability. OD is a framework for a change process designed to lead to desirable positive impact to all stakeholders and the environment. OD is an ongoing, systematic process of implementing effective organizational climate. Organization development is a growing field that is responsive to many new approaches including employee empowerment. (Wendell. L. French, 1979). Employee behaviour in any organization settings provides organizational development that which further provides

employee empowerment through the process of adopting new work environment.

The element of Trusteeship: A Case on TATA Group of Companies

“As the world seeks to find a capitalism shorn of its roughest edges, the inexorable move towards trusteeship supported by contemporary management gurus can be seen. For the Tata group, of course, it is business as usual, as it has been since the days of the Founder.”

-Govind Sankaranarayanan (CFO of Tata Capital.)

The TATA group of companies is based around this principle. Trusteeship is the model of responsibility that best describes the group founder – JRD Tata's view of himself and his role in the world. It was a view that JRD essentially derived from Gandhi. Gandhi talked frequently about the role of business as being that of a trustee or a steward for what you hold. Gandhi's view of trusteeship was based on the belief that we do not really 'own' our wealth but are only trustees of it, meaning that we have to administer our wealth for the benefit and betterment of the community. In the trusteeship model, wealth does not automatically go to the family members but only to those who can function as its trustees. Thus, this idea of trusteeship challenged the fundamental principles of a capitalist society. JRD adopted this framework and implemented it in a practical way within the TATA ethos. (Namrata Rana 2010). The Tatas have had a great impact on the people associated with them. A good relation with their employees can be explained by the fact that they are good employers and so there is no need to invoke the notion of trusteeship. However, their impact goes much beyond their immediate employers and this has happened primarily through the many Trusts established by them.

The wealth gathered by Jamsetji Tata and his sons in half a century of industrial pioneering formed but a minute fraction of the amount by which they enriched the nation. The whole of that wealth is held in trust for the people and used exclusively for their benefit. The cycle is thus complete. What came from the people has gone back to the people many times over.

— JRD Tata

JRD's attempt to introduce various measures that immensely benefited the labour sector should also be seen as one manifestation of the view of trusteeship. Right from the beginning, labour welfare was given prime importance in the steel factory. In 1912, eight hour working day was introduced in the factory before such a measure was introduced anywhere else in the world. JRD saw the importance of labour welfare and introduced a series of measures for their benefit and as early as 1947 started Personnel Department. It is important to realise that this was not done under pressure of strike or conflict; after all, TISCO is remembered for the harmony between management and workers. JRD believed that the welfare of the workers was the welfare of the company and went beyond the call of duty, as understood in capitalist enterprise, to establish a human relations based on empathy with the workers. This attitude reflects trusteeship in action. It is worth noting that many of these measures were made into laws by the Indian Government much after their implementation by the Tatas. So also, some of these measures such as the eight hour working day, leave with pay and so on, became statutory in many western countries much after their introduction by the Tatas.

For JRD's notion of trusteeship, this concern for their employees must be extended to the larger society. JRD emphasized the importance involving the company and its employees in various development projects for communities around Jamshedpur. This involved education as well as health programmes. The Tata run hospital in Jamshedpur caters to both employees and non employees. (Business India, 1978)

The above case clearly states that the Tata group runs by the philosophy given by Gandhi i.e. the principle of trusteeship. The Tata group empowers its employees by giving all the benefits which enhances their commitment to work for the betterment of the company as well as society. Tata group is successful in creating a sense of belongingness towards the company. The employees feel motivated and their morale increases. Some of the reviews given by the employees about their work experience with the Tata Group clearly shows their satisfaction level with the company. *"I feel motivated to perform my duties to the best of my ability, and am compensated for my zeal. I have opportunity and room to elevate myself within the company. I am pleased,*

overall, to work." - An employee at Taj Hotel in Boston

CONCLUSION

Even a cursory glance at the modern corporate practices has demonstrated the doctrine of trusteeship which has proved to be beacon light for the practitioners of modern management in discharging their responsibility towards the society. It's not a fact that a business today confesses that it has ruthlessly pursued brute profit long enough, and it has forgotten its obligation and the impact it has on the society by denying the fact that business owes a debt to the society and hence it has to repay it in a transparent and easily perceivable manner. In fact it is in response to such a realization that the business has started taking care of the cross sections of the society: the consumers, the workers, the equity holders, the national economy and also the ecology and the environment. The vision of great leaders and their vision of a socio Economic order have tremendous potential for shaping the policies and programmes of modern corporate. Gandhi says 'true economics stands for social justice; it promotes the good of all equally including the weakest and is indispensable for a decent life'. This has implications at the macroeconomic level as well as at the micro level, as it talks of equitable distribution of wealth being a measure of success, rather than the current form which as high income disparities. It is largely in the specific Indian context that they worked out a few concrete programmes and which then they related to their larger concept of an Ideal socio economic order. It also builds the case for CSR being embedded within the business values of the private sector as Gandhi clearly states that distribution of wealth is not about charity but about ensuring basic human dignity. The role of business in today's context and the applicability of the principles of Trusteeship to corporations in which a device for a new way of integrating social responsibility within the DNA of the business which will ensure that companies no longer will need to set up CSR departments to showcase their efforts, instead CSR will be built into everything they do. The Gandhian perspective is more relevant today that it was ever before. Gandhi wanted to ensure distributive justice by ensuring that business acts as a trustee to its many stakeholders and specified that economic activities cannot be

separated from other activities. Economics is part of the way of life which is related to collective values.

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A STUDY OF PRODUCT SENTIMENT ANALYSIS BASED ON REVIEWERS COMMENTS

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Abstract

The paradigm shift observed by large commerce organizations towards Electronics Commerce was a result of customer preferring online shopping as compared to manual shopping. Hence every other E-Commerce company is coming up with some new marketing ideas to lure their customer. And with the provision of mobile internet people can access these websites on the go. In order to better serve their customers these companies gather feedback on their sites. As well as there are websites that provide comparison of product of different companies based on customer's feedback. These feedbacks provide valuable information for the novice or alert customer, who prefers to gather information about the product before purchasing it. In this paper we studied the aspect of using these feedbacks to provide customer sentiment regarding a product. For the purpose of study we have focused the reviews related to Motorola G Plus latest mobile phone launched by company. These sentiment analyses are of great value to the customer who is planning to purchase the product from the market. We have gathered three months reviews of customers who have purchased the mobile and have provided feedback related to the product. The result shows a positive trend towards purchase of Motorola G Plus mobile phone.

Keywords—Electronics Commerce, Sentiment Analysis, Social Media.

INTRODUCTION

With the proliferation of Internet and its utility being exploited in every aspect of life is beyond imagination. People are not only using Internet for work but also for entertainment, cooking, shopping, doctor consultation, future prediction by astrologers, numerologists etc. With the usage of Internet for shopping has changed the scenario how people use to shop decades ago. Now people look forward for some offers, discounts linked with shopping. Today large E-Commerce organization has expanded their dimensions and penetrated not only in fashion and clothing but also for consumable goods and services which are now available online. These companies utilize every other opportunity like festivals, New Year Eve, children vacation time to put forward specific business strategies to lure online customers. According to study online shoppers have increased from 20 million in 2013 to 40 million in 2016, as an additional 200 million Indians will access the Internet in the next three years, with majority of them coming online through smartphones, indicates a new joint study by ASSOCHAM and Grant Thornton¹

Since more and more customers prefer to go online for shopping. Large E-Commerce

Company's takes feedback from customers and show the previous review of customers related to the product. These reviews are of importance if customer is planning to purchase new product. Since, abundance of reviews is available and based on reviews star rating is provided for the product. These reviews can be analyzed to provide sentiment analysis of customer feedback. It can also be used for summarizing the reviews and presenting graphical representation of sentiment analysis along with star rating for the customer.

According to definition "Sentiment Analysis is the process of computationally identifying and categorizing opinions expressed in a piece of text, especially in order to determine whether the writer's attitude towards a particular topic, product, etc. is positive, negative, or neutral". According to Wikipedia² Sentiment analysis aims to determine the attitude of a speaker, writer, or other subject with respect to some topic or the overall contextual polarity or emotional reaction to a document, interaction, or event. Today E-Commerce companies must learn to use the power of social media and sentiment analysis to improve their product, better understand their customers and formulate new marketing strategies based on feedback. In this

paper, we explored the possibility to use sentiment analysis of the customer reviews to better understand and rate the product. In this study we have taken the review comments for newly launched mobile phone Moto G Plus from http://www.gsmarena.com/motorola_moto_g5_plus-reviews-453.php website.³ We have collected customer reviews for the period of three months from 20 July 2017 to 5 Sep 2017. There were 129 web pages of reviews related to Motorola G Plus mobile phone giving total 1500 reviews of customers. The reviews available from website <http://gadgets.ndtv.com/mobiles/reviews/moto-g5-plus-review-1669331>⁴ related to Moto G Plus mobile phone is also collected. Total 1560 reviews are collected for study. As the number of review increases it become difficult to summarize them manually. These reviews are gathered, cleaned and processed for finding sentiment analysis of the customer reviews. We designed few R programming module to perform data cleaning, processing and sentiment analysis.

This paper is organized as follows, Section II presents the current research work done in this area, Section III proposes the methodology adopted in this study, Section IV presents the results and discussion. Section V present the conclusion and future directions.

II. RELATED RESEARCH WORK

Sentiment Analysis of Social Media data has been widely used by researchers to study people behavior towards certain event. Song H. et. al.⁵ in their paper proposes a new approach to extract opinion about a product using customer blogs. Yadav, M. P., et al⁶ in their paper explained customer behavior for E-commerce companies using K Mean clustering technique to categorize customer feedback. Consumers mostly prefer to choose among millions of ones in an online store to satisfy their demands instead to choose from a superstore. It shows that consumers have taken interest on e-commerce site to engage in international trade. Singh P.K. et al⁷ in their paper collected reviews of customer on the basis of their

geographical location. They gathered millions of reviews on social networking sites and provided the end user (business/manufacturer) summarized data about the expressed sentiments in way of intuitive and easy to understand graphs, charts and other visualization. Yu C et. al.⁸ in their paper discussed that online purchase has been increased as compared to window shopping as it provides millions of ranges. As, companies are able to attract most of the customers because ecommerce is not just buying and selling over internet but it also act as to get advantage on big giants of market. For this purpose data mining also know as knowledge discovery can be used by these E-Commerce companies for increasing their sales and customer satisfaction. Hu and Liu⁹ summarized a list of positive words and a list of negative words, respectively, based on customer reviews. The positive list contains 2006 words and the negative list has 4783 words. Both lists also include some misspelled words that are frequently present in social media content. Sentiment categorization is essentially a classification problem, where features that contain opinions or sentiment information should be identified before the classification. For feature selection, Pang and Lee¹⁰ suggested to remove objective sentences by extracting subjective ones. They proposed a text-categorization technique that is able to identify subjective content using minimum cut. Gann et al.¹¹ selected 6,799 tokens based on Twitter data, where each token is assigned a sentiment score, namely TSI (Total Sentiment Index), featuring itself as a positive token or a negative token. Specifically, a TSI for a certain token is computed as:

$$TSI = \frac{p - \frac{tp}{tn} * n}{p + \frac{tp}{tn} * n} \quad (1)$$

where p is the number of times a token appears in positive tweets and n is the number of times a token appears in negative tweets. $\frac{tp}{tn}$ is the ratio of total number of positive tweets over total number of negative tweets.

III. METHODOLOGY USED

In this research the following methodology has been adopted and it is shown in the Figure1. It comprises of four phases.

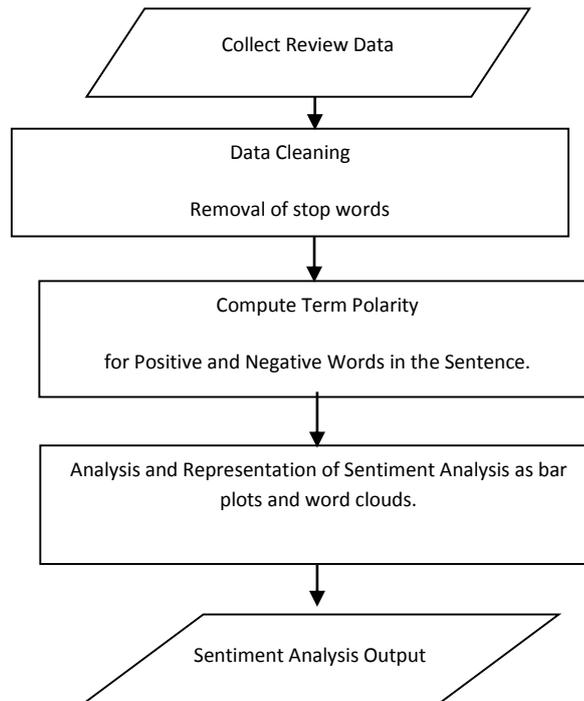


Figure 1: Methodology used in the research

Step 1:

In our study the customer reviews for Motorola G Plus newly launched mobile phone is collected for the period of 20 July 2017 to 5 Sep 2017 from the following website:- http://www.gsmarena.com/motorola_moto_g5_plus-reviews-8453.php and reviews available on the website <http://gadgets.ndtv.com/mobiles/reviews/moto-g5-plus-review-1669331> is collected. The primary data comprises of total 1560 customer reviews which is used further to perform sentiment analysis

Step 2:

The dataset of 1560 reviews comprises of 18720 words. In the second step dataset is cleaned before further processing. Using library functions stop words like a, the, is, are etc and non-meaningful words are removed before these words are processed for sentiment analysis. We have designed a module in R language that utilizes different library functions available in tm package to clean the dataset. The output is 12840 words obtained after performing cleaning process. These words are used further to obtain sentiment of the Motorola G Plus mobile phone.

Step 3:

In this step 12840 words are processed for sentiment analysis. We have designed a module in R language using library package `syuzhet` and `get_nrc_sentiment` function is used to calculate the presence of eight different emotions and their corresponding valence in a word corpus.

Step 4: In the final presentation step the term frequency of each sentiment group are plotted as bar plots using R library function and word cloud of review comments is plotted. In this module we have used some of the R language packages viz. `ggplot2`, `scales`, `reshape2`, `dplyr` to facilitate understanding of emotions and plotting the same.

RESULTS AND DISCUSSIONS

The customer reviews are collected for three months period July to Sep 2017 for newly launched Motorola G Plus mobile phone. All the reviews after cleaning have been analyzed from following perspective:

- Word cloud generation
- Sentiment analysis

It is well observed fact that people with negative experiences are more prone to write as compared with people those are satisfied or happy with the product usage and services provided. Keeping in view the customer reviews related to mobile phone, its feature and

their experiences are analyzed for sentiment analysis. Sentiment analysis of Customer reviews for Motorola G Plus mobile phone has been plotted in Figure 2. It shows 62% of the people have positive emotions, joy and trust towards the Motorola G Plus Phone. Only 38% have sentiments in terms of negative emotion, sadness, fear and surprise.

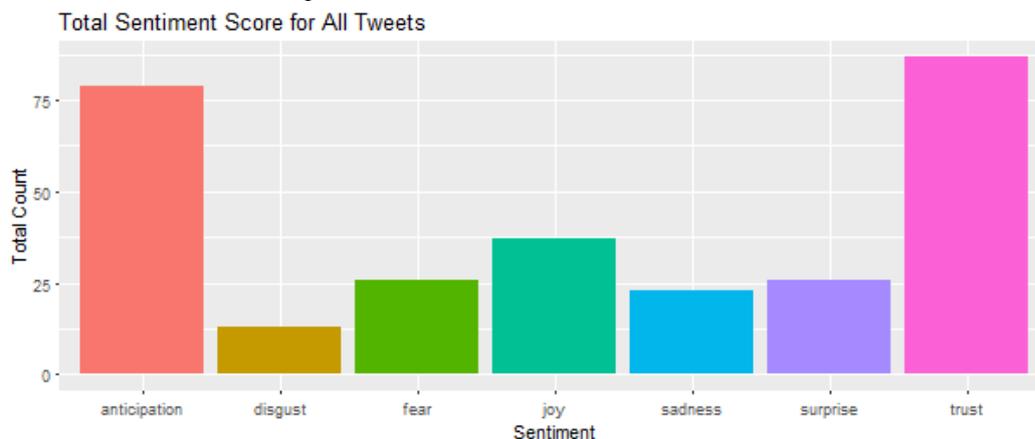


Figure 2: Sentiment Analysis of Customer Reviews for Motorola G Plus

On analyzing the word cloud for Customer Review for Motorola G Plus as shown Figure 3 reflects that most talked terms amongst people

are moto, phone, plus, good, time, update, battery etc. They have also talked about ram, Chinese, want etc.

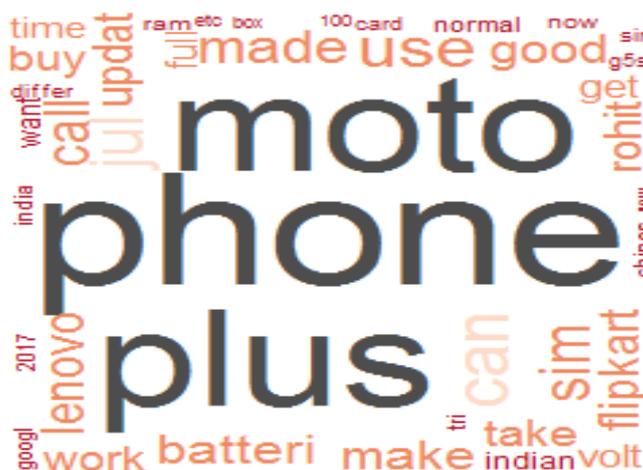


Figure 3: Word Cloud of Customer Reviews for Motorola G Plus

CONCLUSIONS AND FUTURE DIRECTIONS

It can be concluded that E-Commerce organization can use the customer reviews for their future planning and strategizing. This study focuses on the question that whether the data from customer reviews can be utilized in better way to predict sentiment analysis of customer towards any product. In the present study we analyzed over 1560 reviews of customers for the newly launched Motorola G Plus mobile phone. It has been concluded that

social media is a powerful and reliable source of public opinion as far as trust and faith of people toward any product.

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FOREIGN DIRECT INVESTMENT IN RETAIL SECTOR IN INDIA: AN OVERVIEW

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Abstract

Retail sector of India has tremendous potential for development as most of the business players are of unorganized sector, especially related to family and sole proprietorship. This sector is the second largest source of employment after agriculture in India.

In this situation, FDI can make a crucial role in enhancing the economic growth as well as in the development of the country.. The significant growth in FDI is undoubtedly related to the globalization of the world economy. In Indian retail sector, foreign direct investment as a source of capital has increased significantly over the decade. In recent years, we experienced a considerable growth in organised retailing business and it is expected for much faster growth in the near future. Big Indian business houses have entered in the retail sector and have announced their future expansion plans. Multinational corporations are already entered in the retail sector in India and set up retail chains in collaboration with big Indian companies. This paper attempts to find out the prospects of Foreign Direct Investment in retail sector and at the same time highlights the benefits and demerits of FDI in India.

Key Words: Retail, FDI, Organised retail

Introduction:

Retail sector is one of the fast-growing sectors in India. However, Indian retail industry is dominated by the unorganised business players. There is a huge scope of growth of organised retail market in India. Many big business houses are keen to penetrate in this sector and some of them like Reliance, Bharti are already put their marks in it. Foreign multinationals are also keen to make their in the sector and set up retail chains with the reputed Indian companies. FDI plays a crucial role in enhancing the economic growth and development of the country and the growth of FDI turn to be a positive catalyst in different sectors including retail. As a signatory to World Trade Organization's General Agreement on Trade in Services, India had to open up the retail trade sector to foreign investment. Taking a long time for decision, Government of India has allowed Foreign Direct Investment (FDI) in retail sector in 1997 where 100% FDI in cash and carry with prior government approval. 51% investment in a single brand retail outlet was permitted in 2006. Department of Industrial Policy and Promotion (DIPP) releases a discussion paper inviting public opinion regarding FDI in multi-brand retail. DIPP prepares a draft framework and forward the same to the Committee of Secretaries proposing FDI in multi-brand retail

upto 50% in phases. In 2012, Government has allowed FDI upto 51% in multi-brand retail trade.

Meaning of FDI and retail:

FDI as defined in Dictionary of Economics (Graham Bannock et.al) is investment in a foreign country through the acquisition of a local company or the establishment there of an operation on a new (Greenfield) site. In 2004, The High Court of Delhi defined the term 'retail' as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale). In other words, we can say that it is a process of sale to the ultimate consumer and the transaction between the producer and the individual consumer buying for personal consumption. Although the word 'single brand' has not been defined, it implies that companies of foreign countries carrying business in India would be allowed to sell goods under a 'single brand', viz., Philips, Samsung, and Nike. FDI in 'Single brand' retail means that a retail store with foreign investment can only sell one brand. The government has also not defined the term Multi Brand. FDI in Multi Brand retail implies that a retail outlet having a foreign investment can sell goods of multiple brands in that store.

Present Scenario of Indian Retail Market:

Retail market in India is considered as one of the major five retail market in the world (Dikshit Anand). It also makes a significant contribution about 32-35% of GDP to the Indian economy and marked the growth rate of more than 40% in the last 5 years (Rajiv kumar). The Indian Retail Industry is the 5th largest retail destination and the second most attractive market for investment in the globe after Vietnam as reported by AT Kearney's seventh annual Globe Retail Development Index (GRDI), in 2008. Indian retail industry is mainly classified into two groups:

Organised: In this type of retailing, retailers who are registered under the Income tax Act, Sales Tax Act, VAT etc. carrying out their businesses. Retail chain, supermarkets, large retail businesses are examples of organised retailing. Now, the retails can take the facility of one indirect tax regime- GST.

- I. Unorganised: Retailers are not registered by any Act and often maintain their accounts according to their own convenience. These types of Traditional businesses are small in size, based on consumer relation with bargaining power. Local *kirana* shops, general stores owned by individuals, convenience stores etc are the examples of unorganised retailing. However, 94% of the total businesses are being carried by the unorganised retailers.

Table 1: Scenario of Indian retail sector:

	2011	2016	2021	2026
Retail Consumption (USD Billion)	479	962	1550	2496
Traditional Retail (USD Billion)	453	876	1364	2182
Modern Retail (USD Billion)	26	86	186	314
Share of Modern Retail to Total Retail (%)	5.4	8.9	12.0	12.6

Source: Technopak research, 2011

Table 2: Reported FDI Inflows to India and their Main Components (As per International Best Practices) (US \$ million)

Financial Year (April-March)	Equity inflows (FIPB, Automatic & Acquisition Routes)	Equity capital of unincorporated bodies	Re-invested earnings	Other capital	Total FDI inflows
2000-01	2,339	61	1,350	279	4,029
2001-02	3,904	191	1,645	390	6,130
2002-03	2,574	190	1,833	438	5,035
2003-04	2,197	32	1,460	633	4,322
2004-05	3,250	528	1,904	369	6,051
2005-06	5,540	435	2,760	226	8,961
2006-07	15,585	896	5,828	517	22,826
2007-08	24,573	2,291	7,679	292	34,835
2008-09	31,364	702	9,032	776	41,867
2009-10	25,609	1,540	8,669	1,945	37,763
2010-11	21,326	874	11,939	658	34,847
2011-12	34,833	1,022	8,206	2,495	46,556
2012-13	21,825	1,059	11,025	2,951	36,860
2013-14	24,299	975	8,978	1,794	36,046
2014-15	30,933	978	9,988	3,249	45,148
2015-16	40,001	1,111	10,413	4,034	55,559
2016-17	43,478	1,227	12,176	3,201	60,082

From 2000-01 to 2016-17, US 988.56 million dollar has been invested in retail sector. *Source:* Based on DIPP, "Fact Sheet on Foreign Direct Investment (FDI)", April, 2017

Arguments in favour of FDI in retail in India:

- Demand of branded goods is on a large scale
- Evolution of new consumption class: Consumer class expected to grow from approx 50 million at present to

583 million by 2025. Organised retail will grow much faster rate than traditional retail.

- E-retailers increasing the presence
- Favourable demographic profile to consume new and modern products the growth of population.

Table: 3 Demographic Profile

Age in years	Distribution of population (%)
0-14	29.7
15-35	44.9
36-64	19.9
65 and above	5.5

Source: CIA World Fact book, 2011

Current FDI policy in Indian Retail Sector:

- i. FDI up to 100% for cash and carry wholesale trading and export trading allowed under the automatic route.
- ii. FDI up to 51% with prior Government approval for retail trade of ‘Single Brand’ products. (now 100% allowed vide notification dated 11/Jan/2012).
- iii. FDI is not permitted in Multi Brand Retailing in India. In November, 2011, Ministry of Commerce, releases a press note specifying the major tenants of proposed FDI policy in multi-brand retail and in September, 2012, Union Cabinet passes and enacts the new policy allowing upto 51% FDI in multi-brand retail sector.
- iv. Multi-brand retail trading through e-commerce is not permissible for the companies with FDI. However, Indian retailers can exercise the option of e-trading for another route of sales.

than 10 lakhs. Out of approximately 7935 towns and cities in India, 53 qualify such criteria.

- e) Multi-brand retailers must bring minimum investment of US\$ 100 million. Half of this must be invested to build infrastructure facilities such as cold chains, refrigeration, transportation, packaging etc. to reduce post-harvest losses and provide remunerative prices to farmers.

Advantages:

- a. Tackle the evil of the inflation: Foreign big retail players such as Walmart, Carrefour, Metro and other global retail companies are already have operations in many countries for over 30 years. They run their businesses according to the business ethics and principles and they have managed to keep a check on the food inflation through their healthy competitive practices (<http://www.indiaretailbiz.com/blog/2009/07/02>).
- b. Transparency: The intermediaries operating as per traditional business practices do not have transparency in their pricing. According to some of the reports, an average Indian farmer realise only one-third of the price, which a final consumer pays.
- c. Benefit of the farmers and producers: The prices of the commodities will be automatically checked. The business giants collect food grains; vegetables etc directly from the farmers and sell quality

Recent Changes in FDI Policy for Retail Sector in India:

- a) In multi-brand sector 51% of FDI is allowed,
- b) The retailers (both single and multi-brand) have to collect at least 30% of their goods from small and medium sized Indian suppliers.
- c) The opening of retail competition (policy) will be within parameters of state laws and regulations.
- d) Retail stores can open up their outlets only in those areas having a population of more

products to the buyers comparatively at low price and fresh than the traditional retail systems. As per the FDI policy, 30% of the total purchases by these mega giant retailers has to be made from the small retailers. Existing cash and carry model in Punjab is one of the examples of this policy.

- d. Minimization of wastage. Due to lack of proper organization of the sector, 40% of the production does not reach the ultimate consumer. According to a report published in the Times of India, 42% of the children below the age group of 5 are malnourished. Food often gets rot in farm, in-transit and in antiquated state-run warehouses. Cost-cautious and highly competitive retailers will try to avoid such wastage and looses and they will try to make the products available at lowest prices, hence making food available to the weakest and poorest segment of Indian society.
- e. Development of infrastructure: India is already operating in the budgetary deficit. Neither the Government of India nor the Indian domestic investors are capable to satisfy the growing needs (schools, hospitals, transport, and infrastructure) of the ever growing Indian Population. Hence foreign capital inflow will enable us to create a heavy capital base.
- f. Increase in Foreign currency reserves: As per Government's proposal in increasing the FDI in retail the each retail giant is required to invest a minimum of 100 million dollars. Each retail giant is expected to open at least 15 stores across India and to open each store it may require 10- 15 million dollars which can total in billions of dollars in Forex reserves.
- g. Growth of other sectors: Growth of retail sector in India has been beneficial for the allied industries such as logistics and air conditioning. Foreign and Indian companies working in sectors such as airlines, air conditioning, logistics, smart card makers are all tied up with retailers to be a part of the growth.
- h. Create the employment opportunity: Organized retail will need workers. In USA, the 80% of the retail sector is organised and it employs 13-16% of the work-force of that country. In China, the employment in both retail and wholesale

trade increased from 4% in 1992 to about 7% in 2001, post reforms and innovative competition in the retail sector in that country. In India, retail industry contributes more or less 14% of GDP and provides 7% of the total workforce in the country (Gupta Rupali, 2012).

Disadvantages:

- a. Shortage of trained employees and professionals: India has enormous labour power but they do not have required knowledge to work at the organised manner. In India, the retail trade business is not considered as a reputed profession and it is mostly carried-out by the family members). Such people are generally not academically and professionally qualified.
- b. Low productivity: A study conducted by McKinsey shows that the retail productivity in India is very low as compared to its international giants.
- c. Unhealthy Competition: Foreign Multinationals can afford to lower the prices in initial stages in order to knock-out the competition and become a monopoly and later on raise the prices. This kind of phenomenon was evident earlier in the case of soft-drinks. Eviction of Campa Cola by Pepsi and Coca Cola is one such example.
- d. Dominant market share of unorganised sector: The unorganised portion of total retails sector is 97% in India as compared to US, which is only 20%.
- e. Risk of job loss: The operations in big stores are highly automated and employ very less work-force and they can sell products at low cost and the small, independent stores will be compelled to close, leading to massive job losses.

Conclusion:

From the above discussion, we can say that although unorganised sector covers the large portion of the total retail trade on India, share of the organised sector is increasing in that industry and will play an important role in the future. Government should support the retail sector not only by strengthen the Indian companies but also allow the international companies to take participation in this sector. Under the age of 35 are factors that encourage a foreign player to establish outlets in India

(Kalathur 2009). India thus continues to be among the most attractive countries for global retailers. Foreign direct investment (FDI) inflows between April 2000 and April 2010, in single-brand retail trading, stood at US\$ 194.69 million, according to the Department of Industrial Policy and Promotion (DIPP). The emerging market of India is an attractive destination for multinational companies. With second largest population in the world and huge countryside is certainly making the place even more attractive. Small retailers will not be crowded out, but would strengthen market positions with the innovative strategies rather their traditional business plans. Growing economy and increasing purchasing power would more than compensate for the loss of market share of the unorganised sector retailers. Farmers would benefit significantly from the option of direct sales to organized retailers. Farmers will get another opportunity of direct marketing and hence get better return, subject to the creation of adequate security measures and practice of business ethics by the multinationals. Consumers would certainly gain from competition, better quality; accurate quantity and proof of purchase i.e. cash memos. The benefits brought by modern retailers must be acknowledged and not unduly hindered. While it is true that some dislocation of traditional retailers will be felt, time will prove that the hardship brought will not be substantial. Keeping in view the above benefits it is true to say that if we delay these reforms then there will be a loss not only for the Indian economy but for the general people (consumers), farmers and Indian corporates. Healthy competition is always improves the

growth rate and bring in innovative ideas. But Government should provide aids to small retailers to bring everyone on the same level field, where small retailers can also survive the competition and bring in new ideas

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REVIVAL OF BOKARO STEEL PLANT: KEY STRATEGIES

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Abstract

Bokaro Steel Plant (BSP) is located in the Bokaro district of Jharkhand. It is the fourth integrated public sector steel plant in India built with Soviet help. It was incorporated as a limited company in 1964. It was later merged with the state-owned Steel Authority of India Limited (SAIL). Currently it houses five blast furnaces with a total capacity to produce 4.5 MT of liquid steel. The plant is undergoing a mass modernization drive after which its output capacity is expected to cross 10 MT.

For last one decade performance of BSP has not been satisfactory. Since the financial year 2012-13, the plant is frequently making losses. The presented paper argues that lack of managerial excellence and organizational ineffectiveness are the root causes of poor performance of BSP in last one decade. BSP has taken many initiatives for modernization of the plant. But, results show that technological interventions have not been so far very effective. The paper argues that without organizational excellence, effective human resource management and appropriate leadership style modernisation will not give the desired result. Required primary data for the study was collected personally by the author through interview with top officials of the company and Steel Industry experts. Secondary data used for the study has been collected from the books, research articles, internet sites and official website of SAIL and Bokaro Steel. A fair amount of information has also been gathered from the monthly and annual publications of BSP and SAIL.

Key Words: Bokaro Steel Plant (BSP), SAIL, Falling performance, High cost, Organizational effectiveness, BCG, SAIL Uday

Abbreviation BSP- Bokaro Steel Plant

Introduction

Bokaro Steel Plant - the fourth integrated plant in the Public Sector - started taking shape in 1965 in collaboration with the Soviet Union. It was originally incorporated as a limited company on 29th January 1964, and was later merged with SAIL, first as a subsidiary and then as a unit, through the Public Sector Iron & Steel Companies (Restructuring & Miscellaneous Provisions) Act 1978. The construction work started on 6th April 1968. The Bokaro Steel Plant is designed to produce a wide range of flat products:

- Hot rolled coils
- Hot rolled plates
- Hot rolled sheets
- Cold rolled coils (CRM)
- Cold rolled sheets
- Tin mill black plates (tmbp)
- Galvanised plain and corrugated (gp/gc) sheets
- Oxygen Gas Produced in Oxygen Plant.
- Hydrogen Gas
- Coke Oven byproducts

The Plant is hailed as the country's first Swadeshi steel plant, built with maximum indigenous content in terms of equipment, material and know-how. Its first Blast Furnace started on 2 October 1972 and the first phase of 1.7 MT ingot steel was completed on 26 February 1978 with the commissioning of the third Blast Furnace. All units of 4 MT stage have already been commissioned and the 90s' modernisation has further upgraded this to 4.5 MT of liquid steel. The new features added in modernisation of SMS-II include two twin-strand slab casters along with a Steel Refining Unit. The Steel Refining Unit was inaugurated on 19 September 1997 and the Continuous Casting Machine on 25 April 1998. Modernisation work in various departments is in progress.

Key Problem

Till 1991, Bokaro Steel plant was strongly positioned in the domestic steel market. But after 1991, Bokaro Steel Plant began to lose its

glamor and profits both, and gradually turned into lose making unit. In 2014, Bokaro steel plant reported a loss of ₹152 crore in the first half of the last fiscal year. Over the last few years, BSP’s profit has been declining — from ₹2,085 core in 2009-10 to ₹308 crore in 2012-13.

Modernisation identified as the only solution:

The company concluded that the main reasons behind fall-out is the falling performance of several units of the steel plant, which dates back to the 1970s.¹

SAIL initiated a major overhaul of the plant, including value addition and capacity expansion, in 2012-13. Among the renovations were the repair of coke oven battery No 4 and 5 for higher coke availability and lower outsourcing. Capital repairs of all the sinter machines for increasing productivity and stemmed outflow on outsourcing of sinter and pellets. Repairs of the stove of blast furnace-4 improved productivity and cut costs, while removal of bottlenecks in hot-strip and the cold rolling mills (CRM) also brought in results. Commercial production from the new, 1.2-million-tonne CRM-3 unit began in June 2013. The ₹6,300-crore package, which also included de-bottlenecking at steel melting shop-2 and blast furnace-2, was expected to help recapture certain value-added market segments and increase profitability.

Result was not satisfactory

But financial reports were not looked very positive in 2015-16. It means, although the organization thrived for modernization, it failed to achieve the desired level of organizational effectiveness. The most disappointing part for the BSP has been that, these initiatives hugely failed to generate desired results and SAIL suffered a huge loss of Rs 4,137 crore in the last financial year (Financial Year 2015-16. Its standalone net loss widen to ₹ 801.38 core for the June quarter of 2017 owing to higher expenses. The steelmaker had clocked a net loss after tax of ₹ 535.52 crore in the corresponding quarter of 2016—17. According to the company reports, total expenses rose by 27.03 % to ₹ 14,349.89 crore in the quarter under the same year .Clearly it was not only the obsolete technology but there were some other problems also lie behind the financial sickness of Bokaro Steel Plant.

My study indentified some critical areas responsible for high cost of production in BSP. These areas are directly/indirectly linked with lack of organizational excellence. Appropriate the **cost control process** in a steel plant like BSP is a multivariate system which is subjected to a large number of inter-influencing variables affecting the cost performance of the steel plant. Major variables affecting the cost performance of the steel plant are discussed below.

TABLE 1: REASONS FOR HIGH COST IN BSP

Problems	Analysis
Many units of the BSP Cold rolling mills and Blast furnesh are not functional	It is the specific rate of production. Lower is the productivity of the units of a steel plant, higher will be the cost of production. Higher productivity results in better utilization of plant and machinery.
Scarcity of Raw materials	Iron ore is now not easily available in Jharkhand. Many iron ore lease renewals are yet to be done. In the present day scenario, raw materials contribute to major cost of production. Hence specific consumption of the raw material should not be more than what is required by the technology employed. Any wastage of raw materials and their deterioration during storage should be totally avoided. Further raw material quality plays very important role in cost control. Lower quality raw materials though cheaper per ton results into higher consumption of not only of its own but also of other raw materials as well as higher consumption of fuel and energy. Hence there is a big effect on the cost of the product.
Expensive traditional fuel	Traditional fuel like coal is quite expensive now. Coal also causes high pollution. Many coal mines in Jharia and Dhanbad are closed and declared to be dangerous. Fuel – All metallurgical processes in a steel plant takes place at high temperatures and hence they are fuel intensive. Further cost of fuel is always on the increase. Hence specific consumption of the fuel should be controlled within the limits as

	needed by the employed technology. Further technologies upgradation in this area should be given priority so that specific consumption of the fuel can be reduced. Pay back periods of such upgradations will not be long hence capital expenditure should be carried out on such modifications without any hesitation.
Unavailability of alternative Energy	Besides fuel, there are other forms of energy that are used in a steel plant. Out of these, electrical energy has a substantial contribution to the cost of production. The quality of electrical power (power factor) is very important since it has a big contribution on the energy consumption and hence to the cost. To reduce electrical consumption there should be correct motor ratings. The idle running of the motors is also to be controlled. Further modifications are required to be carried out wherever feasible to switch over to hydraulic drives and variable frequency drive motors for reduction in specific power consumptions. Another area where usually large potential of power saving is available is in the area of lighting. Many units of Damodar Valley Corporation(DVC)
Surplus Manpower	In order to increase employment opportunities Public sector companies like BSP go for labour intensive technologies since these technologies are normally low in capital costs. Plants constructed with such philosophies falls into trap of higher production costs after a lapse of time. Further higher dependence on human means more probability of errors and hence lesser reliability of the processes and equipment. Further in the labour intensive technologies, motivation of work force is very important for the output. Any drop in motivation means lower production and hence higher cost. Investments in automation level of the plant contribute a lot towards the cost reduction.
Poor Maintenance	Timely and proper maintenance of plant and equipment has long been overlooked in BSP, amounts to breakdowns and unplanned disturbances of the processes. Process disturbance has caused lower output as well as product quality fluctuations. This has big cost implications. Hence saving on maintenance is always counter-productive and should not be practiced if the aim is to reduce overall costs.
High Inventory	–Due to low market demand of steel large inventories have been accumulated in the company resulting blocked working capital and interest on this capital increases the cost.
Outdated Technology	BSP now under modernization phase Upgraded Technology is another area where maximum attention is needed if the cost of production is to be kept low. All those technologies which reduces consumption of raw materials, fuel, energy and utilities and improve the quality of products are to be selected for adoption even if they are having higher capital cost. The increase in the capital cost will be paid off in a short time but the advantages gained by lower consumption and improved product quality will remain for the life time of the plant.
Unsatisfactory Recycling of waste	Most of the processes in a steel plant generates a large amount of solid (dust, sludge, scale, scrap and slag etc.) or liquid wastes. These wastes if recycled reduce the consumption of raw materials, fuel and water. Investments needed for recycling these waste materials has very low pay back periods. Hence for cost control these investments are to be made with priority.
No Recovery of waste energy	Recovery of waste energy has a major contribution in the cost reduction. Waste gases from the processes are usually at very high temperatures and contain a lot of energy in them. This energy can also be in the form of chemical energy. Letting out these waste gases in the air amounts to throwing valuables in a river. Recovery of these energies results into lower consumption of fuel and hence results not only into lower specific energy consumption but also results into lower emissions of CO ₂ .
Safety	Safe working of the processes and equipments aids to the cost management. The unsafe working can cause process disturbances, equipment breakdowns and injuries to the operators. This in turn means loss of production and increase in the costs. Further any injuries to the working persons bring down the morale and efficiency of the work force which again results into production loss.

Current Cost control initiatives BSP- Emphasis on Organisational excellence and focus on Human resource

In order to ensure cost control in all departments, Bokaro Steel Plant (BSP) is making all possible efforts to make a turnaround this financial year after incurring losses in the past few years. Now the steel major has joined hands with consultants who have come up with action plans, awareness and approach for its revival. An initiative for transformation called 'SAIL Uday' has been launched by SAIL with the intent of creating and implementing a sustainable turnaround strategy in all its units. Boston Consulting Group (BCG), which is a leading global management consultancy, has also been roped in for the purpose. In order to increase the level of managerial excellence The 'SAIL Uday' workshop was organized witnessed the participation of executive directors, general managers and other senior officers. The purpose of the workshop was to familiarise all senior officers with the objectives, approach and timeline for the project. During the workshop, the participants were asked to identify a set of quick win initiatives that will help capture value quickly for both SAIL and BSP. Now the BSP management also joined hands with consultant Louis Alen International have been discussed.

In a highly price sensitive global steel market, cost control is vital. And solution lies in high level of managerial excellence. Managerial excellence has major influence over all activities in the organization, organizational climate and labour productivity. **The need for a proper management style** in Bokaro Steel Plant is one of the most important factors need to be focused upon for gaining advantage on the market. The success of the Steel Maker will largely depend on the search for, discovery and efficient use of talented leaders, respectively of those imaginative people, full of curiosity, perseverance, hard-working, focused on ideas, qualified, capable of encouraging diversity, attention to environmental challenges, with permanent availability to turn vision into reality.

In the states like Jharkhand, where local issues are very important, considering the mines located in remote areas. Managers will have to exercising their functions, the role they have in work management and organization, training and stimulating subordinates to meet

objectives in a very tensile environment. The knowledge and assessment of local issues in particular are becoming more important to leadership effectiveness. Expansion plan of many steel giants failed in Jharkhand due to local protests, hence psychosocial factors like sociability, Sociological factors are on focus in the region that managers have to deal with.

Currently, Bokaro Steel plant is not built with large numbers of hierarchical levels in which the supervisor knew almost each moment. Increasingly, to minimize the labor cost, the BSP has reduced the workforce. As a result the organization is more flat than before and its vertical command structures are reduced. In these circumstances, the heads no longer closely follow each other. Generally, leadership is the process by which a person, a leader, through the use of interpersonal relations, one or more people acts in order to achieve the objectives set out, on the basis of a strong and attractive scheme.

My study shows that it is one of the major challenges today faced by the managers at BSP with key positions. Also, **the amount of information that circulates within the company and beyond is so large** that it is absolutely a necessity to involve an increasing number of employees to face "the avalanche of information" and to take full advantage of content. With growing competition in steel market, the manager role is more complex. Now they need to act more as a facilitator and as a mediator that will enable the manifestation of personality, knowledge of workers and on this basis, they can take the best course of action.

Now the top and middle leaders must therefore ensure an appropriate organizational framework for the Steel Giant's employees to show their skills and initiative to capitalize knowledge levels as high as possible without the need for any supervision or build rigid or sophisticated control systems. There needs a well-articulated leadership style that can significantly proliferate the efficiency and team cohesion, especially in critical situations when steel making cost is growing high and market is becoming extremely compataative. Tecnological breakthroughs are impossible without organizational excellence.

Adopting an appropriate management style is a tough task. The management styles can be classified as visionary style, advisory style, and team style, democratic style,

An appropriate leadership style and managerial excellence lead to organizational effectiveness. In different business environments, managers need to adopt different leadership styles for organizational effectiveness. Cultural aspects are extremely important. Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Organizational Effectiveness groups in organizations directly concern themselves with several key areas. They are talent management, leadership development, organization design and structure, design of measurements and scorecards, implementation of change and transformation, deploying smart processes and smart technology to manage the firms' human capital and the formulation of the broader Human Resources agenda.

Rapid advances in social sciences and technology aided by clever experimentation and observation is bringing several truths to the light of society. There are several disciplines of social sciences that help the OE Practitioner of BSP. Four of these are outlined below

- i. **Decision Making** - Ways in which real people make decisions, enabling them real time to make good decisions, improving quality of decisions by leveraging adjacent disciplines (for example- Behavioral economics) and replicating relevant experiments, creating new ones and implementing their results to make organizations effective
- ii. **Change & Learning** – Ways in which real people learn, change, adopt and align, get “affected” by dynamics in the environment and leveraging this knowledge to create effective organizations that are pioneers of change and learning
- iii. **Group Effectiveness** – Ways in which real people work well together, especially in bringing new ideas and innovation, working of people to people protocols, impact of digitization and virtualization in organizations on these protocols
- iv. **Self-Organizing & Adaptive Systems**– Ways in which self-organizing systems and highly networked systems work, learnings from them and the tangible ways by which they can be put to play to make organizations more effective

According to Richard et al. (2009) organizational effectiveness captures

organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

Conclusion:

My study suggests that poor organizational effectiveness is the root cause of the problem, followed by technological laggardness. Hence managers need to improve their competencies to deal with the internal and external problems of BSP. Modernization of the plants is mandatory for the operational excellence. But, BSP should not forget that HR excellence are the key for technological excellence. And, both must move together.

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