



# **ORISSA ECONOMIC JOURNAL**

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# **ORISSA ECONOMIC JOURNAL**

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**ORISSA ECONOMICS ASSOCIATION**  
**BHUBANESWAR**

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**XV ANNUAL CONFERENCE  
ORISSA ECONOMICS ASSOCIATION  
MUNICIPAL COLLEGE, ROURKELA**

**6th & 7th March, 1982**

**SECRETARY'S REPORT**

I deem it a unique privilege in welcoming you all to this XV Annual Conference of the Orissa Economics Association. We are singularly fortunate to have in our midst today, Professor P. R. Brahmananda, the doyen of Indian economists, a patron member and ex-President of the Indian Economic Association, as our Chief Guest. Prof. Brahmananda stands as a bright luminary in the galaxy of economists of the country. His contribution to the study and research in Economics is par excellence. He is, at present, the Director in the Department of Economics, Bombay University. I, on behalf of the members of the Orissa Economics Association, extend to you Sir, a hearty and cordial welcome to this conference. I express my deep sense of gratitude to you for readily accepting our invitation to come over here and to inaugurate the conference.

This conference would not have been possible but for the benign attitude & invaluable assistance rendered by the Chairman, Reception Committee, Mr. Harmohan Patnaik, the Collector of the District, the enthusiastic endeavour of the local Secretary, Mr. K. N. Mohapatra, the untiring efforts of the members of the Organising Committee, members of the staff of Municipal College, Teachers in Economics of the local Colleges and above all the unstinted cooperation of the Rourkella Steel Plant authorities. I, on your behalf, express my sincere thanks to all of them.

The Orissa Economics Association was formed in 1968 as a vanguard of a host of other Associations in the State. It has been nurtured and nourished by the blessings of senior economists of the State, and has thrived through these years with the goodwill of the administrators, planners and above all the love and affection of its members. Incidentally, Dr. Sadasiv Misra, our great grand teacher, an eminent economist of the country and ex-President of the Indian Economic Association was the first President of this Association.



The Association is one of its kind in holding the Annual Conferences regularly and publishing two issues of the Orissa Economic Journal annually, for the last fourteen years. This Association stands in a distinctly separate footing as it makes an humble attempt to improve the economic landscape of the State through deliberations on various pressing problems, the suggestive solutions of which may be helpful to the policy makers. Other noble objectives of the Association, viz : imparting training to the teachers in the subject through seminars, symposia, refresher courses, work shops etc. in order to enhance the efficiency of the teachers and providing facilities for research, have not been attained for paucity of funds.

#### *Friends,*

During the last three decades, all efforts have been geared to remove poverty through economic development. In spite of the system of decentralised planning, poverty has increased in its dimension and magnitude and the common man in the society has developed a sense of despondency. In such context, it becomes imperative to locate the pockets of poverty and then adopt requisite measures to cater to the needs of the area. In the studies of development, usually a partial and segregated approach is made by taking capital as the strategic variable, oblivious of the crucial significance of the social inputs, the non-economic factors. It is, indeed, warranted that to study the problems of development a holistic approach be made. As development is a human problem, for the removal of poverty in a particular area, not only capital investment but a package of socio-political and cultural inputs would be required and one in the absence of the other would prove to be meaningless and ineffective. Keeping in view these operative forces, the delegates in this conference would shed some light on the significance of "Social Inputs in Area Development."

The other subject chosen for discussion in this conference is related to the problem of Transport. Transport is an important area and it serves as a lubricant to accelerate the pace of economic development. In recent times its management has posed serious challenge to the government. The deliberations on the subject, I am sure, would help in effectively tackling this serious issue. Since economic development has not been adequately 'fruit-bearing' for the masses, we have organised a symposium on "Appropriate Socio-economic Framework for Economic Development."

The Association received a sum of Rs. 4000/- and Rs. 3998/- as grants-in-aid during 1980-81 from the State Youth Welfare Board and the D. P. I. ( H. E. ), Orissa, respectively. I take this opportunity to express my

thanks to Dr. Baidyanath Misra, Joint Secretary, S. Y. B. and Dr. K. M. Patnaik, D. P. I. ( H. E. ), for their benign attitude and kind gesture shown to the Association.

I am thankful to Dr. Sadasiv Misra, Dr. D. C. Misra, Dr. Baidyanath Misra and Dr. K. M. Patnaik for their august presence. Their participation in the proceedings of the conference would be a source of encouragement for all of us to carry on the activities of the Association. I am thankful to our President, Dr. Bibekananda Das, for his able and effective guidance in all matters of the Association. I am immensely indebted to Prof. Dayanidhi Mohapatra, Prof. & Head, Deptt. of Applied Economics, U. U. and Sri Benudhar Misra, Vice-President of the Association for their ungrudging help in many ways for the publication of the journal. My thanks are due to Dr. Gokulananda Dash, Asst. Examiner cum Under Secretary to Govt. Local Fund Audit and his Staff for auditing the accounts of the Association without taking any fee. Dr. Dash is a member of the Executive Body of the Association. I am thankful to the authorities of Forest Corporation for the advertisement given in our journal for Rs. 1000/-. I am especially thankful to Smt. Manorama Mohapatra, member of the Executive Body for collecting the advertisement and for giving publicity to all news regarding Association. Indeed, I owe my gratitude to each member of the Executive Body for their genuine support and continuous cooperation in all matters of the Association. Last but not the least, I am thankful to you all, ladies and gentlemen, for giving me a patient hearing.

Thank you.

**B. P. Dash**  
Secretary.



## THE NEW MACROECONOMIC WAVE IN ECONOMICS

P. R. Brahmananda

I am indeed very much beholden to the Orissa Economic Association for having asked me to inaugurate this year's Annual Conference. As you are aware, I am a rather controversial economist whose views, standpoints and writings invite often very opposite reactions, not excluding sometimes even ridicule. Over the years, I have survived and even in a measure made my own noises on the subject ! Nothing more can be greater proof of how lucky I have been. I have a habit of reading, brooding and musing. In the process, my mind continuously fills itself with huge 'quantities' of material about economics. Sometimes I become so excited that I go on haranguing others. When I get hold of some 'revolutionary' ideas in the subject, I go on writing about the implications of the same. Surprisingly, what was once thought of by some as hallucinations has often turned out to be substantive ideas; the people have forgotten the original 'hallucination' stage, which kinder people have termed as a 'romantic phase'. In the latter case, the romance is confined to abstract ideas.

The above prelude is to warn you that I am going to holdforth today on what I consider as a major revolutionary change that is currently taking place in economics. I have referred to it two or three times and have written about it in some context during the last two years. I want to use this occasion today to harp on the same theme though now with a little more coherence, I hope.

I am referring to a set of vaguely related ideas which together have been brought under the epithet 'New Classical Economics'. Nearly two decades ago, a structural change in our understanding of Theory of Value took place; our knowledge of production, prices, choice of techniques, international trade, distribution, etc. was substantially altered by the avalanche of ideas that came out then. What is currently happening is a similar wave of ideas sweeping macroeconomics, the sphere connected with national income, money, price level, public finance, international trade and monetary relations, employment, growth etc. A new vision of economic policy is emerging in the process. At the same time, a new macroeconomic



paradigm is taking the place of the old. It will take sometime before economic teachers economic practitioners realise the full significance of the changes that are taking place. I cannot but resist drawing attention to all this in a meeting primarily of scholars.

As you are aware, Classical economics, particularly Ricardian economics, was supposed to have derived theorems or conclusions or propositions as regards the effects of exogenous changes or disturbances upon the assumed dependent variables. No doubt they distinguished between market reaction and permanent reactions but seem to have emphasised the latter almost to the exclusion of the former. Certain responses would take place in the wake of changes in the stimuli or in the disturbing factor but no effort was made to work out the *process* as to how the new situation would settle down. The new situation was somehow supposed to be a settled affair and the classicists jumped from one equilibrium state to another equilibrium state without spending much time upon the process of the transition. Not that they were aware of the leads, lags, reaction times, etc. but they shortcircuited their analysis by jumping to the final ultimate positions. Another interesting methodological procedure of the Classical economists was the adoption of the homogeneity postulate; this enabled them to transit from individuals to groups and classes and there was no question of any inconsistency in the different aspects of the behaviours of individuals or groups. There were no questions of macro-economic paradoxes at all for them. In other words, consistency with respect to the consequence of the pursuit of self-interest in different aspects of behaviours, whether as individuals or members of groups was taken for granted. Further, the economic agents were supposed to be fully informed about the effects of alternative courses of action and such information was supposed to be widespread.

If we postulate that information is available, that members are consistent in their separate decisions and reactions, that the full implications of alternative courses of action and of the enduring consequences of different actions are understood and absorbed and that both as separate individuals and as members of the group or classes, the same sets of ideas are held, we get a paradigm in which we can close the gap between theoretical economic analysis and the actual behaviour of economic constituents. The economic constituents are deemed to be as rational as the analysts are. It is as if the former are able to perceive everything which the latter do. Normally in economic analysis we were accustomed to begin with optimal, or ultimate, solutions or setting positions. We conducted our analysis on the procedure

that optimal states would be reached after some lag; we therefore got bogged down to the study of traverses, processes and transitions. We imagine non-perfect or second best positions as emerging at least momentarily. The new economics breaks from all this.

In this situation, we can get rid of traverses, market transitions, the need for tatonnement, the importance of disequilibrium situations, lags, even frictions, etc. We are concerned with a given equilibrium situation. We know the nature of the disturbance or the shock and we jump to the new settled state. The process analysis with which we are made familiar by the Swedish School, by Hicks, Robertson and many others, evaporates. Time is simply not brought into the discussion at all.

As a consequence of all this, we begin to place emphasis primarily upon what may be considered as permanently enduring equilibrium states. The notion of equilibrium here may be different from that to which we are accustomed. For example, the concept of equilibrium values in Classical economics, often known as prices of production, is a different fish from the values with which we are concerned in say Walrasian or Hicks-Samuelsonian frames.

In recent years, a considerable amount of attention has been paid to channels of intervention particularly in the sphere of money and public finance. The whole approach seem to be not required in terms of the new methodological wave.

In any given initial case, we have now to distinguish between those sorts of reactions that would accrue from the agents on the assumption that a given intervention or a given state, is not an enduring phenomenon; and those sorts of reactions and responses which treat a given change in the conjecture as an enduring change. Similarly in any initial case, in a going situation, there will be some readjustments which will not be affected by the agents' permanent alternatives.

What I would like to emphasise is that in this sort of economics we are concerned with movement from one stock position to another stock position, from one settled position to another settled position, from one equilibrium state to another equilibrium state. We have been accustomed in economics to think of a collective result as emerging due to the separate adjustments by numerous parties constituting the collectivity. Often, there would be opposite reactions amongst these parties. I am referring to the wellknown phenomenon of juxtaposition of supply and demand schedules.



It is wellknown that the Classical economists would not have thought in terms of the supply-demand apparatus. They were concerned with macro-phenomena and they just transited to the new equilibrium states as a result of disturbances.

Look, for example, why do we need the apparatus of velocity to move from money supply changes or price level changes? Why do we need the apparatus of divergence between ex-ante and ex-post magnitudes? How can we reconcile excess capacity with a situation of unemployment? Such a state cannot be a permanent state. Nor can the situation of excess ratio of stocks to sales be an enduring phenomenon; nor can production decisions be taken on the basis of alterations in what are known as market or short-period prices. Further, permanent output decisions will not be taken on the basis of transient short-period shifts in demands. How can there be an enduring phenomenon of speculative liquidity preference? If we have to analyse the price situations, one higher and one lower, why do we worry about the income effect? Is not the real cash balance effect also a transitory phenomenon? How can we uphold the concept of a positive multiplier? How do we justify the concept of money illusion? What is the basis for the distinction between behaviour patterns based on nominal magnitudes and real magnitudes? How do we justify the Marshallian four-period value analysis? Marshall's *partial* equilibrium approach has also to be questioned. I can go on in this manner, but you will realise that in terms of the perspective of Classical economics, it will be difficult to justify most of the above tools and procedures. In a community characterised by rational expectations, individuals and classes will conform to the homogeneity postulate and will be in a position to distinguish between nominal and real magnitudes and between transient and enduring changes. We cannot have even concepts like myopia, time preference, impatience, etc. The entire psychological basis for the Keynesian theory seems to be subject to question. Can devaluation really benefit a community; will it not be difficult to get a *real* devaluation? As I pointed out earlier even 'second best' logic gets into trouble.

Interestingly, the new revolution is strongly founded on empirical grounds. We seem to be throwing out not merely the process or period analysis but also the notions of short-period or temporary equilibrium. In other words, the paradigms based on Neo-Classical, Keynesian and Friedmanian contributions to macroeconomics seem to be in jeopardy. As I said, the new revolution is a basic methodological change. It questions the



postulate of economists in treating the constituents of an economy as non-rational human beings who are forced to become rational primarily because of parametric pressures. We begin by treating individuals and classes as almost rational human beings who may not necessarily require the market instrumentality of an invisible hand to lead to certain results. What economists think normative is actually the positive, and for each of the constituents. As is clear, in the theory of public finance, the new view has a tremendous significance. Conceptions of forced savings and tax illusions do not seem to be enduring notions.

In fact, even voluntary exchange theory of public finance seems to be subject to question. The new model is as if every individual is advised by an economic consultant. In effect, this is not necessary because individual decisions occur in a framework of and through institutions where the group effects of courses are subject to the benefits of consultancy. A depositor or a saver may not have a consultant but the institutions have. So also in regard to individual workers. It is not only the Government that can take the benefit of economic advice firms and association of firms do get such benefits.

There is a profound methodological conclusion. Often we pursue an analysis in which the long period goes against the short period. Often individuals and firms were supposed to act irrationally in the short period. The hiatus seems to be now subject to question.

I can go on giving illustrations of the implications of the new viewpoint, but ultimately they all take us to Classical thinking and classical methodology. Say's Law, Quantity Theory of Money, the concept of Production Prices, the central role of Capital Stock, the absence of a difference between individual and class behaviour, the role of social classes and of conventions, all these become part of the centre of analysis. Economic policy here does not, and cannot, try to take benefit out of the supposed inertia, illusion, lags, reactions, etc. of human beings. In other words, the constituents of economic activity and the agents are not fools. They are as intelligible and as wise as economists are, or at least think they are.

I hope I have at least vaguely communicated to you the nature of the basic change in perspective that is taking place in the analysis of macro-economic problems. Part of the reason for the disquiet with the existing state of economics is due to the inability of economists, and of economic policy, to come to grips with what is known as stagflation- the co-existence

of high unemployment with inflation. This phenomenon has persisted over a number of years, and Keynesian policies and Neo-Classical policies based on the grand synthesis have not been able to tackle stagflation. It is now being realised that Friedman's approach too is one variant of the demand approach to economics. Both Keynes and Friedman place their faith upon output being limited by demand in the short period. The erosion of the trade-off notion between the rate of variation in prices and the ratio of unemployment to labour force and the realisation that there exists something like a natural rate of unemployment which cannot be rectified by demand-boosting measures of one sort or the other has led to disenchantment with this sort of analysis. Though the Nobel Prize Committee awarded the Nobel Prize to Lawrence Klein and James Tobin, both Keynesians, in actual practice, contemporary economics has moved away and out of the groves in which these thinkers have been operating. Economies like the United States and the United Kingdom are seeking out a new system of macro-economics. In this quest, the new wave to which I have made a reference, which is returning us to Classical analysis but in the light of the new institutional background, is of very profound significance in analysis and policy.

Capital stock becomes central in the determination of real national income. The rate of return to capital or the rate of profit becomes the most important magnitude in determining output decisions. Larger employment is associated with lower money wage rates or lower rates of change in money, or a higher ratio of employment to labour force with a lower rate of rise in money wages in relation to rate of productivity change. Capital stock itself is determined by the propensity to accumulate whose value Keynes undermined so much. For a country like the United States, the pursuit of consumption at the cost of savings seems to have been a powerful liability just as the pursuit of production of capital goods at the cost of consumption goods has been a liability for the USSR. Money not merely does not affect output positively in the short period but even has a negative effect. Governments cannot permanently force people to save larger amounts than they are willing to do so, and this affects taxation policy as well. Similarly, the indirect tax instrument cannot really make people reduce their real consumption, nor can that instrument obtain more from the producers since price adjustments seem to follow immediately and workers are able to get a rise in their money wage rates! Nor can we persist in nominal rates of interest which are unadjusted to the expected rate of inflation. The growing internationalisation of different economic systems makes the pressure towards Classical solutions more and more powerful.

I submit that after nearly five decades of experiments away from the mainstream of Classical thinking, we are returning to the central fold of ideas with newer and better insights. I have no doubt that, at some stage, Western economists will realise the interconnection between the new ideas that are sweeping journals and the earlier revolution that took place around the sixties. In fact, we might reach out to a new unit in economics in the understanding of the problems of developed as well as less-developed countries. That of course is a consummation which I would particularly cherish in as much as there is some possibility that, in course of time, at least people in India will pay attention to what some of us have been writing and raving about for quite some years.

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Capital stock becomes central in the determination of real national income. The rate of return to capital or the rate of profit becomes the most important magnitude in determining output decisions. Labor employment is associated with lower money wage rates or lower rates of change in money, or a higher ratio of employment to labor force with a lower rate of change in money wages in relation to rate of productivity change. Capital stock itself is determined by the propensity to accumulate whose value varies undetermined in time. For a country like the United States the propensity of consumption at the cost of savings seems to have been a powerful influence just as the propensity of production of capital goods at the cost of consumption goods has been a liability for the USSR. Money and money wage rate effect output positively in the short period but even has a negative effect. Governments cannot permanently force people to save larger amounts than they are willing to do so, and this affects taxation policy as well. Similarly, the budget tax instrument cannot really make people reduce their real consumption, nor can that instrument obtain more from the producers since prices and wages seem to follow immediately and workers are able to get more in their money wage rates. How can we protect in nominal rates of interest which are undistorted in the expected rate of inflation. The growing institutionalisation of different economic systems makes the pressure towards Classical solutions more and more powerful.



## PRESIDENTIAL ADDRESS

### MAJOR TRENDS IN ECONOMIC THINKING AND THEIR IMPLICATIONS FOR THE ORISSA ECONOMICS ASSOCIATION

Bibekananda Das

*Esteemed members of the Orissa Economics Association,  
Ladies and gentlemen.*

A year ago you reposed your faith in me by electing me as the President of the association. To-day as I stand to acquit myself as such, I sincerely and profoundly thank you for the honour you have bestowed on me.

My address has three parts. The first part is a canter over the current thinking in Economics. The second part is a self-appraisal. Where do we as members of the association stand now in the matters of acquisition, use of economic knowledge and contribution to the corpus of this science? Have we fared well or ill? The last part of my lecture is prescriptive in character. It charts out a course of action for us all as individuals, as groups and as a corporate body so that we can keep ourselves abreast of the ever changing events and theories which explain them.

Let me grapple with the first problem. To give a comprehensive overview of the recent developments in Economics is a formidable task. It may not be possible; it may be beyond one's competence. Furthermore one's views may be coloured by his personal bias. Mine however is a time attempt; I am selective and purposive. I tear open those developments in Economics which, in my opinion, matter most, academically and otherwise.

#### The whole of Economics :

There was a time perhaps before the First World War when Economics was a single edifice. It was considered as a piece by itself with all the principles incorporated in it. Then the subject fragmented itself. There are today pure economics, applied economics, agricultural economics, urban economics, regional economics, labour economics, international trade, public

finance and many such things. Each sub-branch has started splitting into narrow divisions like consumer theory, monopoly theory and game theory etc. Many feel askance at it; they get utterly lost in their isolated areas of specialisation and ever growing refined literature. Many say that the subject has disintegrated beyond recognition. There is Economics no more.

My contention is that such has been the case with the subject always. At different periods of its life history Economics experienced disturbances which were responsible for its resilience and growth. Pressing social events and the visions of the theorist who looked at the events in their own ways greatly shaped its character and content.

Adam Smith's *magnum opus*-An Inquiry into the Nature and Cause of the Wealth of Nations emphasised on wealth and production in society. Ricardo drew attention to distribution. Thereafter Economics proceeded along two separate directions. One was led by Marx; the other was pioneered by Walras, Menger and Jevons. Marx, unlike Ricardo, treated distribution of wealth for its own sake. Marx took queue from J. S. Mill who at a later stage of his life, was acutely conscious of the evils of maldistribution of wealth and income of the maturing industrial society. The other group brought about a marginalist revolution. The basic theme which they harped on is exchange. Exchange is the hard core of capitalist economy. The microeconomics which the neoclassical marginalists began shaping was perfected by many outstanding contributors like Pareto, Hicks, Samuelson and others. Following the classical and neo-classical tradition yet hewing a new and different line persons like Pigou shifted their emphasis from wealth to welfare. The human and wealth sides of economics were integrated by L. Robbins in scarcity and choice. With Robbins positive and normative economics received their distinguishing traits. Arrival of J. M. Keynes caused an upheaval in the domain of economic science. Macro economics, the traces of which were found earlier, was born. Macrostatics, macro-comparative statics and macro-dynamics enlarged the scope and subject matter of the discipline. Harrod and Domar's contribution to economic growth and the spate of literature that has grown in connection with economic backwardness and development are Keynesian. The thrusts in monetary economics by M. Friedman, Don Patinkin, Tobin and others are also Keynesian in tone and temper if not in substance. The ultra-new supply-side economics developed by Arthur Laffer is swing back to traditional thinking.

The short account brings to the fore the fact that the development of economics over the years has been marked by many minor and major revolutions. Opposing schools developed which contributed to the subject matter of the discipline. At all times there have been economists who attempted to integrate disparate strands of thoughts into one whole. Prof. Kenneth Boulding's "A Reconstruction of Economic Science" in 1950, Prof. Koopmans' famous discourse on 'Three Essays on the State of Economic Science' and Adolph Lowe's work. On Economic Knowledge' are the recent outstanding examples in this regard. In Economics ideas do not grow old and outdated. Concepts, ideas and theories thought of long ago continue to animate us. Smith's wealth, Pigou's welfare, and Robbin's choice continue to mix in a variety of ways. Despite revolutions and counter revolutions and all the finer developments notwithstanding, economics still remains the study of the allocation, augmentation and utilisation of scarce means in an ever changing historical time to satisfy individual wants and fulfil social ends. The fear that the basic structure of Economics has crumbled down is unfounded. On the contrary it has grown both in depth and width.

**Interaction between Economic and other sciences :**

Recently two tendencies are noticed. First, there is a growing incursion of the other subjects into economics. This gives some a kind of uneasy feeling. Others welcome it as healthy and inevitable. Second, it is believed that Economics has not invaded the other branches of learning as much. Take the first question. Economics is one of the many sciences that study mankind. History, political science, sociology and psychology establish propositions which economics can ill afford to neglect. All these disciplines have overlapping areas and they all interact. The recent tendency is to integrate the sciences of man through interdisciplinary study and research. I shall only touch on a few cases where economics and other subjects are intimately interwoven. Take the case of economics and psychology. Economic activities are manifestations of human behaviour. Spending, saving investing and consuming are greatly influenced by learning, thinking, attitudes, motives and perceptions etc. The understanding of economic processes is greatly helped by unvailing the psychological foundations which underlie such processes. The consumer behaviour and the business behaviour are explained more fully by modern psychology. The influence of attitudes on prosperity and depression and the psychological factors which govern poverty, backwardness and development are well known now. Sociology is a mother science ; it deals with the social system which is a complex of many things : individuals,



groups, families, castes, classes, religion, culture, science etc. economic system is a part of the social system. Their interaction is intense and intimate. Likewise history and economics, political science and economics act and interact on each other in known and subtle ways. Economics has been greatly enriched from the contribution of the sister sciences.

The inroad of mathematics and statistics into economics creates an impact of different kind. From the very beginning the subject has had bias for measurement and quantification. This has taken different directions. There has been increasing mathematisation of economic theory. The wide use of calculus, difference and differential equation and probability theory, the theory of games, the theory of decision making, cybernetics, matrix algebra helped economics to build rational and logical structure and models. Thoughts are expressed purposefully and precisely. Considerable headway has been made in respect of optimisation techniques. Linear and dynamic programming have been applied to design optimum plan for nations. Application of descriptive and inductive statistics in micro and macro economics has been a success. Econometricians attempt to test the interdependence of two or more variables. The use of computers in processing vast amount of data creates enormous opportunity for quantification in the subject. Simulation technique which the computer helps us to perfect is a close substitute for laboratory experiment. The temptation to use computer by economists has been very great indeed. There has been some sinister tendencies noticed in the process of methematisation. When the data and concepts are imperfect, computer results are misleading. Statistical trends may not help us if wrong categories are made to collect data. Mathematics may render simple reasoning complicated, and incomprehensible. All these apart, mathematics does have salutary effect on economics and it holds great promise for us.

Let us now turn to the second question. It is believed that the forays Economics has made into other disciplines are not impressive. It is difficult to discard or defend this contention. My feeling is that the subject has affected many other branches of learning pronouncedly and perceptibly. The primacy of economic factors in the explanation of social phenomena has been amply emphasised by Karl Marx and his followers. The books 'Men and Economics' by Robert A. Mundell and 'The new world of Economics' by Richard B. McKenzie and Gordon Tullok are successful attempt to apply economic reasoning to unconventional areas. According to Mundell, 'Economics seems to apply to every nook and cranny of human experience'. ... There is an economics of money and trade, of

production and consumption ... There is also an economics of welfare, manners, language, ... music, and art. There is an economics of war and an economics of power. There is even an economics of love'. McKenzie and Tullock have tried to go out of the traditional domain of economics. They used economics to explain the behaviour of animals. Economic methods have been used to explore sexual behaviour, marriage, divorce, child production, crime, dishonesty, cheating, lying, politics, bureaucracy, riots, picnic, learning, pollution and what not. As has been said already economics continuously expanded itself. At first it was confined to commerce, trade, industry, money and all such things connected with production, consumption, distribution and exchange of wealth. Subsequently its boundaries shifted outward. It now encroaches upon areas which belong legitimately to other social sciences. Economics has become a point of view- a way of looking at things. There is always an economic aspect to everything. Not that economics can explain fully or completely all social events but its point of view is an element in understanding and explaining them. Thus the mutual interaction of economics and other branches of knowledge is healthy and advantageous. The subject has gained much; it also has contributed and is contributing much to other disciplines.

#### **Research Methodology in Economics :**

Teachers and students and also scholars pay scant attention to methodology in economics. But every now and then theorists have debated on methods, tools and techniques they apply to explain economic phenomenon. It is my wish to briefly touch on the methodological view points which have gained currency in our discipline. There are apparently four such view points.

1. As a methodological approach to economics, apriorism comes first to mind. According to this economic theory is a system based on logical deductions from a set of assumptions which are taken as self-evident, or given or accepted as such. Such postulates are not exposed to empirical verification. Some go to the extent of not checking them up with their objective experience. Von Mises, L. Robbins are the exponents of this approach. Mises considers economics as a part of praxiology- a general theory of human action. Nearly all the fundamental presuppositions of the neo-classical micro-economics are taken as ultimate axioms. This is the rationalistic approach in economics. Much of our economic knowledge is built up through the application of this radical apriorism.

2. In contrast to this there is the second approach known as ultra-empiricism. It refuses to accept assumptions that cannot be independently verified. It begins with facts, not with postulates. Tautologies and identities are either discarded or pushed to the background. It follows the scientific procedure step by step.

At first the economists from his bare observation of phenomenon starts with an insight. He intuitively suggests some thing to himself which he supposes would explain events. This is formally stated as a hypothesis. Then it is tested with reference to evidence. Some times through a long chain of reasoning implications of hypothesis are found out and then these implications are put to test. Through the process of testing a hypothesis is rejected, modified, or improved upon. May be alternatives are suggested. Sometimes the testing procedure is recast to make sure that there are no procedural mistakes. Keynes' consumption function is one example to show how Duesenberry, Madigliani and others introduced extensions and refinements in it.

3. The third approach is known as conventionalism introduced first by Pareto. "The same facts" he says, may be explained by an infinity of theories, equally true, because they all reproduce the facts to be explained.' In the forties and fifties Machulp and Friedman gave more substance to this approach. Friedman says that realism of assumptions is not necessary. If the theory has predictive value, it can be accepted as correct. One can discern elements of apriorism present in this approach.
4. Recently Lakatos has advanced a new approach under the caption MSRP- The Methodology of Scientific Research Programmes. It is said that a research programme is not a single hypothesis or a set of hypotheses. It is one whole with hardcore and flexible parts. It is intended to investigate a problem area. It is meaningful to say that one kind of MSRP is preferable to another type.

There are numerous variations in the above four types. Frequently there are mixes of these types. One variant of the empirical approach suggests that only facts should be connected in a network and described as such. Explanation need not be offered. All such methods already indicated do have limitations. Some times testing is inherently not possible. Positivism may not always be the basis of our work. We can rely on introspection. One's own knowledge of human behaviour can be relevant



at times. In normative economics where prescription of policy matters most our ethical judgements colour our work.

It is to be pointed out here that these methodological approaches are applied to examine the functioning of the economy, its growth and socio-economic development. In the process a vast array of tools, techniques and sub-approaches are developed and applied. Systems approach, cost-benefit analysis, factor analysis, equilibrium technique, forecasting methods, mathematical and statistical tool of various types are well known to us.

#### Some unsolved issues

Economists face today problem which defy solution. Let me state a few of them. One certainly relates to factors and conditions of growth and development are partial. Their explanatory power is limited and the remedies those suggest give problems subsequently. Growth is basically conceived in macro-dynamic terms. Lately it is supplemented with micro thinking. It is now realise that market and plan are not opposites. They supplement each other. How they are to be mixed is still debated and experimented in the European countries. The age old problem of income distribution is as much alive as it was with Ricardo or Marx. The personal, functional and macro distribution theories continue to be revised. All these call for probably new approaches, new methodological devices or rigorous testing and theorisation. Are we as members of the Orissa Economics Association prepared for this ? Are we properly equipped ?

#### II

Now I enter upon the second part of my discourse. Our association has two categories of members. The overwhelming majority are university and college teachers whose first business is to browse on text books and parrot-like convey the contents to their students. The syllabi at intermediate, graduate and post graduate levels are replete with repetitions. The revision does not cope with changes in economic knowledge. R. G. D. Allen published his book 'Mathematical Analysis for Economists in 1938 but we could not be able to learn it even in late fifties. Linear programming and input-output analysis did not find place in our teaching assignments for long. During the last ten years, things have been otherwise. The courses of studies have been modernised but not always up to one's satisfaction. By repeating the same, at times outdated knowledge, year in and year out, most teachers grow stale. In the absence of incentives and opportunities

they lose interest in teaching, learning and research. They shrink to communicate with young bouyant teachers who take legitimate pride in their up-to-date knowledge of methods and techniques. The few teachers who climbed to the top are either inaccessible or otherwise overworked. Consequently the average performance of our community is not very encouraging.

The other members of our association, who are not many, are the professionals. They are government economists, experts serving banks and other institutions of repute. The burden of planned economic development is on them. Some of them get trained in research institutes in and outside India regarding plan formulation, implementation and monitoring etc. They are always exposed to varied situations of social and community life. In their administrative, advisory and expert capacities, they take numerous decisions and revise them to carry the economy forward. They not only collect and collate data but have easy access to vast amount of up-to-date information stored in various departmental files, publications etc. As a result they have definite edge over the academic economists who vainly try to theorise on scanty information. In the last year's conference one of our learned professional economists became critical of many papers presented by our colleagues precisely on the ground that the latter were not aware of the findings and recommendations of certain commissions and committees.

There exists a hiatus between the two groups of our association which adversely affects all of us. The academic economists relying on books and journals become theoretical. Exposed to fields and live situations the professional economists tend to be more pragmatic. A cleavage between theory and practice arises. In truth they are not different from each other. If theory cannot explain facts it has to change. Facts by themselves are inane. They have meaning within the framework of a theory. Both the academic economists and professional experts lose- one by not assimilating facts, the other by shunning theory. In my opinion we for one reason or the other, are not very effective. We shall have to carve out policy and ensure that we are sound theoreticians, policy makers and advisers.

### III

The Orissa Economics Association in my opinion shall have to take a few definite steps.

1. One of the central problem in the Indian education is to enhance the quality of teachers through teacher-training programmes. The Associa-

tion besides organising annual conference, must conduct seminar, workshop courses on research methodology etc. at regular intervals. It should take the lead in indicating revisions in the courses of study in our universities. It shall do all that is necessary so that transfer of knowledge from books and teachers to students becomes smooth and easy.

2. Research is a production activity. If certain people devote themselves to the pursuit of knowledge on a full-time basis greater intellectual output per unit of effort is possible. Our universities have little scope for full-time research. Staffing pattern, teaching load extra- and co-curricular activities do not permit teachers to take up research as their central activity. To the extent research is possible, it shall be done in universities.

Basic and applied research can be more fruitfully conducted in research institutes. The Orissa Economics Association should impress upon the government that like any other key industry, it is also a basic activity of society which can be neglected only at incalculable loss. A social sciences research institute in Orissa which provides interaction has become a felt need. Some pioneering individuals have made effort to establish such ventures, but the danger is that sooner or later they will languish and perish. I hope our Association which realises the importance of research should do something in this regard.

In order to fulfil these goals the association's organisational structure shall have to undergo a change. There is no off-hand solution to it.

A committee may look into it and offer recommendations.

While closing my address let me thank you most sincerely for having heard me patiently and intently.

Thanking you again.



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## **ECONOMIC GROWTH AND SOCIAL JUSTICE**

### **Experiences of last thirty years**

**Dr. Baidyanath Misra**

DURING the last 30 years, there has been tremendous improvement in the economy of India. We can consider the improvement from different angles, rate of growth, increase in production, modernisation, etc. Let us see the rate of growth.

#### **RATE OF GROWTH :**

The trend rate of growth of national income between 1950-51 to 1980-81 was on an average about 3.5 percent per year. Agricultural production grew at a trend rate of about 2.7 percent and industrial production at about 6.1 percent during the period. Though the growth performance has varied from year to year and from plan to plan, the change shows that the economy has been lifted from the prolonged stagnation period of the colonial regime.

The change is not ofcourse spectacular. Except for the first plan, we have never been successful in achieving our targets. Instability in agricultural production has been a major set back for the economy. The increase in capital-output ratio has also deteriorated the trend rate of industrial growth. On the one side, we have not been able to mobilise adequate resources for public investment. Gross fixed investment in the public sector as a percentage of gross domestic product rose from 2.3 percent in 1950-51 to 8.5 percent by 1965-66. Then there was some decline and it is only in recent years that it has reached 9.2 percent (1978-79). Public investment in irrigation, power supply, transport, etc., is essential for the transformation of the economy. Lack of inadequate investment has decelerated the rate of growth.

On the other, intersectoral imbalances have created idle capacity leading to shortfall in achievements. Though plans have been prepared on intersectoral consistency exercises, in actual implementation, there has been a big gap between the two. Power shortage, transport deficiency, managerial inefficiency, labour troubles, delay in project implementation and a host

of other factors have stood in the way of quick progress. All the same, the economy has started moving and that itself can be taken as a happy augury.

#### MODERNISATION OF THE ECONOMY :

Another sphere in which there has been considerable change in the economy is modernisation. Modernisation can be considered from different aspects. One is the problem of diversification. Till about 1950-51, India was mainly an agricultural country. The share of agriculture and allied sectors in the gross domestic product was about 60% in 1950-51. It has now come down to about 40%. This is a significant achievement. However, this has not reflected in employment pattern. Though the structure of output has been diversified, there is no change in the structure of employment. The percentage of working force dependent on agriculture is as high now as it was in 1911 (about 74%).

The extent of diversification in industries is substantial. The role of traditional industries in producing food products and textiles came down from 62.7% in 1956 to 31% in 1970. The public sector has spearheaded the growth of non-traditional industries. The share of public sector in the value added in organised manufacturing has risen from 0.1% in 1960-61 to about 24% in 1978-79. In the private sector also, there is considerable improvement in manufacturing of new products and emergence of a vast army of new entrepreneurs, small and medium along with the big ones. Not that this diversification has always been beneficial to the country. Producing all kinds of goods and installing all kinds of plants, sometimes with outdated technology, have involved heavy costs. But in the process of industrialisation, the traditional industrial structure has changed.

There has also been great change in the diversification of foreign trade. In 1950-51, nearly a quarter of India's foreign trade was with the U. K. India could not influence the pattern or terms of trade. During the last thirty years, a large number of new markets have been opened. Great Britain does not now dominate our foreign trade. Further, with the change of India's production structure, there is a change in the range of exports and imports. In 1950-51, the traditional export commodities — tea, jute and cotton textiles accounted for nearly half of our exports. Their share has now come down to about 15%. A large number of new and sophisticated commodities are now exported. In the field of imports, there has been



substantial change. Instead of importing foodgrains, raw materials and machinery, our imports of petroleum, fertilisers and fertiliser raw materials have substantially increased. The import bill of petroleum products has created a destabilising effect. This is an arena of international politics which India cannot probably influence. However, we are now spending huge amount of money in oil exploration which may help to change the character of foreign trade in future. The other sphere in which further effort is necessary is to develop a not work of trade with developing countries (other than oil exporting countries) to improve the process of diversification.

In the agricultural sector, the modern technology has brought about a remarkable change in the cropping pattern. Expansion of irrigation facility, extension of rural electrification, improvement in seed fertiliser technology, etc., have almost doubled the wheat yields and increased rice yields by about 30 to 40%. Over 70% of the wheat area and 40% of the rice area are now under HYV's. Our food production has increased from about 55 million tonnes in 1950-51 to more than 130 million tonnes in 1981-82. This is a significant achievement. We have almost become self-sufficient in foodgrains. This does not mean that technological change is complete. The untapped yield potential is quite high even with the existing technology. More than half of the irrigation potential is yet to be tapped. Not only there is great variation in productivity between one region and another, there is also considerable amount of instability in agricultural production between one year and another. However, the process of modernisation is on and gathering momentum.

Another component of modernisation is the improvement of science and technology. India has, during the last thirty years or so, made tremendous improvement in science and technology. We have established several institutions, universities, colleges and polytechnics during this period. It is estimated that about 150,000 qualified scientific and technical personnel are produced every year. The total stock of scientific and technical manpower comes to about 2.5 million, which is the third largest complement of such manpower in the world. In addition, there are several research laboratories and institutes doing very upto-date and sophisticated research. At the central level, the activities of research organisations are coordinated by agencies like I. C. A. R., C. S. I. R., I. C. M. R., etc. These agencies have become powerful instruments of scientific and technological change. India is now spending about 0.6 percent of the GNP on science

and technology. This is a marvellous achievement. However, our scientific and technological research is mostly oriented on western lines. We have to go a long way in developing and applying indigenous technology in different lines of activity.

We have also brought about considerable amount of improvement in regard to supply of credit and marketing of commodities. An integrated institutional infrastructure has been developed in respect of credit and marketing. The nationalisation of commercial banks, flow of credit to neglected sectors like agriculture and retail trade, nationalisation of life and general insurance, establishment of a number of national and state banking organisations to cater to the needs of industries, improvement in cooperative organisation for marketing, etc. all these have monetised the traditional economy and thus paved the way for modernisation. Though our success in the field of distribution of goods and services has been much less compared to the supply of credit, the active agents of modernisation are operative to bring about changes in social and economic life.

#### **SAVING AND INVESTMENT :**

By about 1950-51, our saving and investment were hardly 5% of gross national product. There was heavy dependence on foreign aid not only for developing the economy, but also to meet the deficit of balance of payments. The extent to which net aid contributed to plan finance was staggering. Net aid as a percentage of plan expenditure rose from 9.1% in the Annual Plan period — (1966-67 to 1968-69). In the Sixth Plan it has been estimated at about 10%. The saving and investment in India have increased to more than 20% of GNP — a significant change in the economic structure of the country.

The balance of payment difficulties arising from heavy imports of petroleum products has, however, created a serious problem. Our adverse balance of payment has come to about 6000 crores of rupees. This will necessitate heavy foreign aid. In the meantime however our interaction with the world economy has been considerably diversified. We do not depend on one country for foreign assistance. Both in respect of transfer of technology and flow of foreign assistance, we are making contract with various countries and international agencies. The loan agreement with the IMF is one of its kind. At the same time, vigorous efforts are made to build up domestic capabilities to reduce our dependence on foreign countries.

**SOCIAL JUSTICE :**

However, the major set back in Indian planning has been in the sphere of social justice. Indian planning from the very beginning has emphasised economic growth with social justice. We have achieved certain amount of growth as has been analysed earlier. We have also made some improvement in the field of education, control of communicable diseases, extension of health care facilities, provision of water supply and such other facilities which have provided some benefit for the poor. But by and large, our efforts have not been adequate to abolish poverty, squalor and unemployment or to reduce inequality of income and wealth. For example, per capita consumption has increased at a modest rate of 1.1 percent per annum over the plan period. At the end of Fifth Plan, it was estimated that as much as 51 percent of the rural population and 38 percent of the urban population lived below the poverty line.

Abolition of poverty depends on two factors : distribution of ownership of assets and creation of employment opportunities. Equitable distribution of assets reduces inequality of income and wealth and creation of additional employment opportunities provides income to the poor. In both spheres, our performance has been far from satisfactory. The Government of India has taken three important measures to banish poverty. The first is the change in the structure of the economy. This has been done through the expansion of public sector and structural changes in the pattern of land relations. The second measure refers to the economic control to influence the allocation of resources. The third measure refers to special programmes to help the weaker sections of the community. All these measures have failed to achieve the desired objectives.

**Structural Change :**

The expansion of the public sector in the beginning was conceived as a countervailing power to the private sector. But later on, the emphasis was shifted to equity. But the public sector did not serve as a countervailing power nor did it ensure equity. The public sector produced goods like steel, heavy machine building equipments, power generation, railways, ship buildings, etc. These require heavy investments having long gestation period. They have also external economies. Private sector does not generally make investment in such industries. Public investment in such industries as a matter of fact helped the private sector to grow and prosper. The latter secured the necessary infrastructure for growing ahead with their investment. It can, therefore, be said that the expansion of the public sector instead of altering the basic structure of the economy reinforced the existing structure.



The financial institutions created by the Government to provide finance and credit also facilitated the growth of private sector, particularly the bigger ones. The Mahalanobis Committee recorded that 'the growth of the private sector in industry and especially of the big companies has been facilitated by the financial assistance rendered by the public institutions like IFC, NIDC, etc. The Dutt Committee also came to the conclusion that 'in the whole system of financial assistance for the private sector, there is a built-in mechanism which favours the large industrial sector'. In fact, it is seen that L.I.C, Unit Trust of India, and the publicly owned banks have been biased in favour of the larger units in their financing policies. The conclusion that we derive from the experience of Indian economy is that in a predominantly privately owned and private-operated economy, the expansion of public sector cannot serve any social purpose. On the other hand, as has been pointed out by Prof. Kurien, the public sector not only provides income to the private sector even the principle of accumulation becomes similar to that in the private sector. In consequence, public sector confers special benefit to a selected number of individuals and groups, increase production for their sake and enable them to augment their hold over resources and thus to exercises greater economic power over others.

In respect of structural change in land relations, the only successful element is abolition of intermediaries. It changed the predominantly feudal character of land relationship in the rural areas and some 20 million tenants were brought into direct contact with state. But it did not bring about any significant change in property ownership. As have been said by Dandekar and Rath, the abolition of intermediaries was basically a reform of revenue administration rather a measure of land redistribution. The heavy compensation that was paid to landlords in most states only brought about a change in the composition of the property of the erstwhile owners without any change in property ownership. Since their property became more liquid because of the payment of compensation, their control over resources became more effective. Further, because of the right for retention of land for personal cultivation, they could keep quite a lot of land for their own personal cultivation.

Other measures of land reform like tenancy reform to provide security of tenure to tenants-at-will, fixation of ceiling, distribution of surplus land, consolidation of holdings, etc. have only partially implemented. They have not changed the structural relationship. On the otherhand, the dynamics of agricultural development on the basis of 'seed- fertiliser' technology has tightened the grip of a few land owners on the agricultural front.

According to the all-India debt and investment survey, more than half the assets in rural areas are owned by only 10 percent of the population and at least over the sixties, there has been no equalising tendency. In 1976-77, 26.3 percent of the land was in holdings of more than 10 hectares owned by the top 3 percent of the landholders. About 73 percent of the land owners are small and marginal farmers with less than 2 ha. of land who between them held 23.5 percent of the total land available.

#### **Economic Control :**

The measures taken to influence the working of the economy are licensing and control. In case of U.S.S.R. socialisation of the means of production has given effective control to the government over the I-C mechanism. In case of India, I-C mechanism is being influenced through economic controls which help to influence allocation of resources to different sectors and regions. But unfortunately these controls have created more perversion than improvement in structural change. The Monopolies Inquiry Commission, the Hazari Committee, the Dutt Committee have all come to the conclusion that the system of controls in the shape of industrial licensing has restricted the freedom of entry into industry and thus helped to produce concentration of economic power. Since the big firms have greater advantage in organisation and expertise, in access to capital market and ability to secure foreign collaboration, etc., they manage to get more licenses in starting industries than smaller ones. The policy of industrialisation and rapid economic development thus ensures concentration of economic power in a few hands.

Further, price control and rationing in a scarce economy obviously lead to black market. Those who get permits for controlled cement, steel or sugar sell out a part of their quota in black market at a higher price. There are many beneficiaries in this blackmarket—persons who determine the policy, persons who implement the policy and persons who secure the permit and manage to sell it in the blackmarket. There is a host of intermediaries at each level. In fact, there is a powerful vested-interest-group to perpetuate controls and rationing in order to secure private gain. Black markets obviously lead to black money, and in case of black market and black money, you cannot maintain a semblance of social priorities.

Apart from economic controls, the policy of boosting production through tax concessions, subsidies, etc., and resource mobilisation through deficit financing help those who have substantial control over resources. In other words, economic control, industrial policy and fiscal mechanism



in India have improved the regime of private property and reduced the trend towards social justice.

**Special Measures for the Weaker Section :**

A number of measures have been taken by the Government to assist the weaker sections of the community. In the fifties and sixties, it was assumed that economic growth is all that is necessary not only to increase income and output but also to reduce poverty and income inequality. But the experiences of the first two decades indicated that economic growth is not socially neutral. It is a necessary condition, but not a sufficient condition to promote social justice. Therefore, a number of specific institutions were set up in the Fourth Plan period- like SFDA, MFAL, TDA, etc., to directly assist the poor and unemployed. These institutions provided some benefit to the weaker section, but did not reduce mass poverty since there was no structural change in the economy. The rich with the help of their subordinates and even servants could manage to get a chunk of these subsidies for their benefit.

The limited success in redistributive assets could have been offset to some extent had there been some improvement in employment opportunities. But because of increase in population and limited growth in income and output, the pace of generation of employment opportunities lagged far behind the growth of labour force. For example, while labour force is increasing by about 6 million per year, the organised industry is absorbing only about 0.5 to 0.6 million per year. The rest are being absorbed in agriculture, small scale industry and service activities whose absorptive capacity is low and where the wage rate is close to subsistence level. Thus poverty continues unabated.

**ALTERNATIVE AGENDA :**

The conclusion that we derive from the foregoing analysis is that mass poverty in India is basically a social problem, not just an aberration of the economy. As has been said by Prof. Kurien taking into account the pattern of ownership of resources (means of production) and the working arrangement of the economy (whereby resources are utilised primarily to satisfy the growing wants of those who have command over resources and to further increase their command over resources through private accumulation), the system can only ensure the growing affluence of the few and continuing misery of the many. We cannot therefore solve the problem of mass poverty without a radical restructuring of the economy. We can offer the following few suggestions for changing the socio-economic framework of the Indian economy.



We do not think it is possible or desirable in India to socialise all the means of production so as to regulate the economy for the interest of the community. Democracy and socialisation of all the means of production cannot go together. By means of socialism or communism, we may control or influence individual preferences and regulate economic activity so as to prevent private accumulation of wealth and income. But we cannot prevent concentration of economic power in the hands of the State. And concentration of economic power in the hands of the state is no less dangerous than concentration of economic power in the hands of a few individuals. The basic principle of a want-based economy is accumulation. Instead of an individual accumulating, the state accumulates in case of a socialist or communist state. The state decides what to produce, how much to produce and for whom to produce. This is a limitation on the choice of individuals. But the state tries to augment the surplus and increase accumulation. Instead of consumer goods, more defence-goods are produced.

Nor can we accept the basic feature of a capitalist economy. It is a want-based economy and oriented for generation of more surplus and more accumulation. In such an economy, what is produced is what maximises profit. In other words, in capitalist economy, profitability determines wants. If a handful of people having sufficient control over the resources think that production of guns will maximise profit, guns are produced and they become the wants of the system. Because, in a want-based economy, 'it is resources, and not people that make the decisions'. In consequence, in such a system, those who have more property to begin with will come to have still more; those who have less will have it taken away from them.

Therefore, in place of want-based economy, we would have to emphasise need-based economy. In a need-based economy, economic activity is geared to the production of goods for use, not commodities for exchange. But how to do it? At the philosophical level, it is easy to say that we should have need-based economy. But at the operational level, we cannot just order the economy to produce goods for use, not commodities for exchange. Further, it is a reversion of the entire process of dynamics of development. However, a few guidelines can be offered to change the direction of the economy.

First, equi-distribution or equitable distribution of assets is necessary to change the character of the economy. We cannot do away with private

property. We have not come to a stage where abolition of private property will improve the operational efficiency of the economic system. The communist countries are slowly encouraging the restoration of private property in land, retail trade, etc. We should, therefore, aim at redistributing assets so as to minimise the wants of each household and thus improve the basic character of the economic system. This will not only change the production pattern, but also the power balance of economic system.

In order to improve the operational efficiency of the planning system, it is imperative to bring about some fundamental change in the planning technique. In Indian planning, there is an over emphasis on macro economic planning. Macro-planning has a tendency to concentrate investment on big projects. It has two major difficulties. First, concentration of investment in a few big projects may divert attention from ways of better utilisation of existing plant and equipment. Second, it may distort the direction of investible resources. Since we are emphasising a need-based economy, we may have to shift our attention from macro-planning to micro-planning both from the point of view of proper utilisation of existing resources and directing investment to produce social goods. We admit that it is not easy to change the character of the economy in a short period. But if equi-distribution of assets is associated with micro-planning, we may go a long way in changing the nature of the economy.

Another suggestion that can be offered is that planning must be a guide to action. It should not be diagnostic studies, nor expressions of hope. The plans should be formulated to be implemented. Formulation and implementation should not move as under. Those who are in charge of formulation must take the responsibility of implementation. In that case there will be a sense of involvement. In fact, planning from below implies that there is a close correlation between planning units and implementing agencies.

We have gone a long way in the opposite direction, in the process of growth, in the pattern of growth, in the method of accumulation and in the technique of planning. It is not easy to reverse the direction. But the experiences of the last 30 years show that the present pattern of growth cannot secure social justice, though it can improve the base of the economy. If our goal is economic growth with social justice, we must reverse the gear.

## ASPECTS OF SOCIAL INPUTS FOR CHILD DEVELOPMENT : HISTORY AND CASE HISTORY

Dr. K. Nana Buchi

( I )

The National policy for children recognises that the nation's children are a "supremely important asset."<sup>1</sup> Therefore, the organisation of early childhood services are regarded "as an investment in the future economic and social progress of the country."<sup>2</sup> In 1972 the Minister of Planning had suggested a scheme for integrated child services for implementation in all States. Basing on the recommendations of eight inter-ministerial study teams and the Steering Group set up by Planning Commission the scheme was included in the Plan in the Social Welfare sector to give a definite focus to the development of services for early childhood.<sup>3</sup> The programme has been classified as a centrally sponsored programme and will be implemented through the State Government with 100% financial assistance from the central government.<sup>4</sup> The project area for the implementation of the programme will be Community Development Block for a rural project, a Tribal Development Block for a tribal project and a ward or slum or a group of slums having population of 1 lakh for an urban project.<sup>5</sup> The Integrated Child Development Service project had made its modest beginning in 1975 in the country. The main objectives<sup>6</sup> of the programme are :

- (i) to improve the nutritional and health status of children in the age group 0-6 years;
- (ii) to lay the foundations for proper psychological and social development of the child;
- (iii) to reduce the incidence of mortality; morbidity, malnutrition and school drop-out;
- (iv) to achieve effectively coordination of policy and implementation amongst the various departments to promote child development; and
- (v) to enhance the capability of the mother to look after the normal health nutritional needs of the child through proper nutrition and health education.



The scheme provides the following package of services to the beneficiaries – (1) Supplementary nutrition, (2) Immunisation, (3) Health check up, (4) Referral Services, (5) Nutrition and Health education, and (6) Non-formal education.

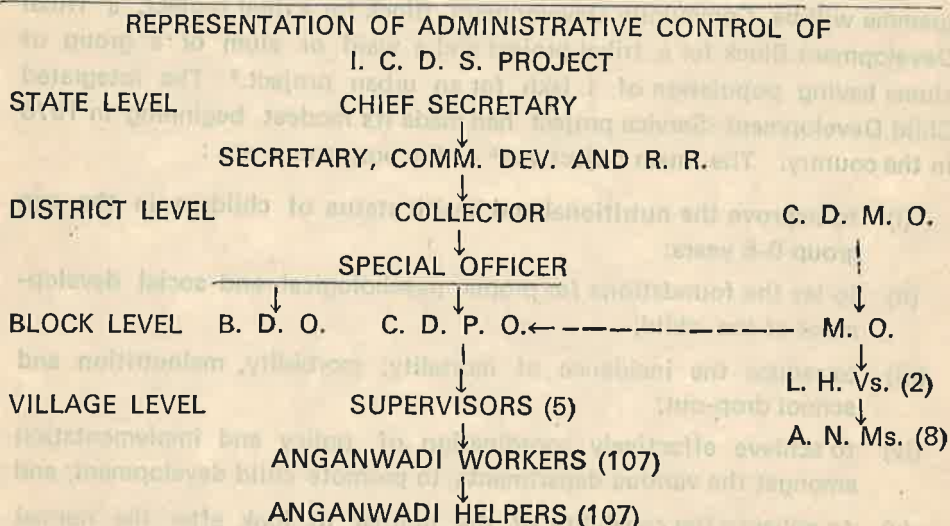
The cost of the nutrition component of the project is borne by the State Government, and the expenditure on other components are reimbursed by the Government of India. The UNICEF has shown great interest in the Integrated Child Development Service (I. C. D. S.) project and has provided the inputs like training and orientation cost of I. C. D. S. staff, equipments for the training institutions, P. H. Cs. / sub-centres, immunisation kits for health workers, weighing scales, paper for printing health and nutrition cards, vehicles, refrigerators for P. H. Cs. (if necessary) etc.

( II )

At present the Integrated Child Development Service project is in operation in all the districts of the State of Orissa. In the district of Ganjam, the project is functioning in Khallikote Block. The I. C. D. S. project has started its operation in September, 1978. The total area of the Block is 245.18 K. Ms., and total population is 95 thousand. It has 11 gram-panchayats and 149 villages.

Diagram-I shows the administrative set up of the project in Khallikote Block.

DIAGRAM-I



COMM. DEV. & R. R.- Community Development and Rural Reconstruction. C. D. M. O.- Chief District Medical Officer. B. D. O.- Block Development Officer. C. D. P. O.- Child Development Project Officer. M. O.- Medical Officer. L. H. Vs.- Lady Health Visitors. A. N. Ms.- Auxiliary Nurse Midwives.

The focal point for delivery of services under this project is the "a court-yard of a house where children and mothers assemble to receive supplementary nutrition and non-formal education. Anganwadis thus form the basic institutions for mother and child. These are the focal points of nutrition care and may be seen as 'growth centres', that is, the designated places which radiate their influences to the dependent populations in the hinterland villages around.<sup>8</sup>" Thus the performance of the proper implementation of the project : she ( Anganwadi Worker ) has to shoulder<sup>9</sup> the following responsibilities :

1. organising pre-school activities ;
2. organising supplementary nutrition feeding ;
3. giving health and nutrition education to mothers ;
4. making home visits for educating parents ;
5. eliciting community support and participation in running the programme ;
6. assisting the P. H. C. staff in the implementation of the health components of I. C. D. S. ;
7. maintaining routine files and records to enable measurement of the impact of the services ; and
8. maintaining liaison with other institutions in the village which have relevance to project's functions.

The beneficiaries of the Anganwadi centre are selected basing a graph chart which is maintained in the centre. The graph depicts 4 curves— I, II, III, IV. These curves show the relationship between the age of the child and his weight. An average well-fed healthy child is above the curve-I. Children whose weights lie between I & II are slightly under-nourished and require health and nutrition education of mother and supplementary feeding at home. All those children whose weights fall between curve II and III are to be enlisted for feeding at Anganwadi. Children whose weights fall between curves III and IV are severely malnourished and in their cases the doctor should be consulted whether they need therapeutic approach in the hospital or can be continued on supplementary nutrition in Anganwadi. Children whose weights fall below curve-IV should be hospitalised immediately.<sup>10</sup> Table-I depicts the age and approximate weight ( in Kgs ). of the child as shown in the graph chart.

TABLE-I  
RELATIONSHIP BETWEEN AGE AND WEIGHTS.

Age in years.	GRADES ( according to weight )			
	I	II	III	IV
1	8	7	6	5
2	11	9	8	6½
3	12	10½	9	7½
4	14	12	10½	8
5	15	13	11	9½

Table-II shows the total expenditure incurred for the project at Khallikote since its inception.

TABLE-II:  
EXPENDITURE INCURRED FROM 1978-79 TO 1981-82  
( Rupees in lakhs )

Year	Expenditure on			Total
	Food component.	Other component.		
		Establishment.	Health.	
1978-79	N. A.	2.7	N. A.	2.7
1979-80	1.6	2.9	0.9	5.4
1980-81	2.8	3.3	0.7*	6.8
1981-82	4.1**	2.4***	N. A.	6.5
TOTAL	8.5	11.3	1.6	21.4

Source : C. D. P. O., Khallikote ( figures compiled ).

\*Expenditure upto Jan. 81.

\*\*Expenditure upto Dec. 81.

\*\*\*Expenditure upto Jan. 82.

With an expenditure of Rs. 21.4 lakhs the following are the achievements of the I. C. D. S. Project, Khallikote. ( Tables III and IV ).



TABLE-III  
Total Number of Beneficiaries of I. C. D. S., Khallikote.

Year	Age group.		Mal-nourished children.	Total
	6 month to 3 years.	3 years to 6 years		
1978-80	5132	6144	1514	12790
1980-81	6192	6867	1375	14434
1981-82*	6766	7101	1534	15401
Total	18090	20112	4423	42625

Source : C. D. P. O., Khallikote.

\* upto January, 1982.

TABLE-IV  
Health Activities of I. C. D. S. Khallikote since Inception upto January, 1981

Vaccines.	1st dose	2nd dose	3rd dose	Booster dose.
D. P. T,	3175	2935	2356	288
D. T.	4909	4112	—	1511
Polio	1460	1282	1066	96
T. A. B.	1398	200	—	—
B. C. G.	6142	—	—	—
T. T.	1445	1139	714	23
Small pox	P. V. 2063	—	R. V. 3258	—

Source : S. D. P. O., Khallikote.

( III )

In this section an attempt has been made to assess the child development (out-put) taking only one aspect- organisation as social input. For this purpose village "Nutan Gurunthi" has been selected. One Anganwadi Centre is functioning in that village. The total population of the village is 659, of which male - 308 female-234 and children 117. The total beneficiaries of the centre is 54 (Grade I-27, Grade-II-15, Grade III-4, Grade IV-1 and Normal-1). Certain indicators like height, weight, head measurement, nails, eyes, smartness and cleanliness are taken to assess the development of the controlled group. A comparison is made with the children of the same age-group (non-controlled group) of another village "Humuri" of Chatrapur Block. The measurements in respect of height and head measurements of 37 children of each of both

the groups were taken and computed. (Table-v). It is seen that the children of non-controlled group are more developed than the beneficiaries of I.C.D.S. feeding centre (Anganwadi Centre).

TABLE-V  
Selected Indicators of Child Development

Infantage group (in years).	No. of children in the age group.	Feeding Centre			Non-controlled group		
		Height (in ft)	Weight (in Kgs)	Head measure ment (in ft).	Height in ft.	Weight in Kgs	Head measure ment in ft.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1-2	3	—	—	—	2.2	6.5	16
2-3	7	2.5	9.5	17.3	2.5	8.0	16
3-4	12	2.4	10.5	17.5	2.10½	11.0	18.5
4-5	12	2.10	11.5	18.5	3.2	13.5	17.6
5-6	3	3.2	12.0	18.0	3.4	14.5	18.5

In respect of general cleanliness it is observed that the beneficiaries of the Anganwadi centre are not clean. Their head and body are not clean. Some are undressed, where as to some extent the children of the village (Humari) are better. All these apparently show that the project has failed in achieving its objectives at the study centre. But the weight charts maintained at the Anganwadi Centre of the study village reveal that prior to the introduction of the scheme children were not healthy. They gained weight after taking supplementary nutrition food at the centre. All these show that prior to the establishment of the I. C. D. S. Centre at the study village, due to lack of initiative, resources and organisation of the villagers, the children were unnourished/undernourished. The problem of child development could not be tackled in a coordinated manner. This organisational gap is filled through the I.C.D.S. But the only lacuna which causes uncleanness of the children is that there is lack of enthusiastic cooperation and involvement of the village women. They are sending the babies only to take food at the centre without attaching any importance to cleanliness. It shows that though the project provides social input, there is lack of within-input (involvement of the village women) of the study village.

#### CONCLUSION :

- (1) It appears that the village is well chosen for the implementation of the scheme and the money spent on is justified.

(2) The village women should be educated specially on nutrition and health. Till now, the villagers are not well aware of the 'Referral Services' provided by the I.C.D.S. scheme. Whenever their children suffer from any disease they go to a village quack instead of approaching the Anganwadi worker or the doctor.

(3) Therapeutic food is to be given to the mal-nourished children. But, the State Government advised to provide double quantity of food supplied for normal feeding to the malnourished children twice in a day in place of therapeutic food.<sup>11</sup> It seems that the mal-nourished children are not in a position to digest the double quantity of food easily due to their bad condition of health and lack of digestive power. Therefore some easy digestible food is to be supplied to the mal-nourished children at the Anganwadi Centres.

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## ATTITUDE FOR SAVING FOR AREA DEVELOPMENT

Dr. H. K. Dasgupta

Dr. B. Bhuyan

### Introduction :

The rural economy of Orissa has changed a great deal over the last two decades. It can no longer be characterised as static. The successive five year plans have strengthened and improved the infrastructure for rural development. In recent years, the farmers have taken increasingly to new inputs and improved production techniques. A number of institutional changes have been initiated and implemented. The progress that has thus been achieved in raising agricultural productivity and improving the levels of living in the rural areas can rightly be regarded as significant, both in itself and as an indicator of further potential for growth. The rural economy is poised for more rapid advance in coming years. The land tax is no longer an oppressive burden on the farmer. The situation in this respect has undergone a seachange. Land tax forms only a small proportion of agricultural incomes. From agricultural income tax, the revenue comes to about rupees six crores. The incidence of indirect taxes, custom duties, excises and sales taxes fall heavily on urban classes. With the rise in agricultural output and in the prices of foodgrains and agricultural raw materials, the middle and the large farmers are distinctly better off. This additional taxable capacity has not been adequately tapped. The marginal rate of taxation for the rural sector, that is the proportion of the increased incomes taken away by taxation has been smaller than for the urban areas. It is proper that as development proceeds, the agricultural sector contributes a large share to the investible pool of resources. The potential for taxation and saving has grown with development of rural economy. The saving has not been satisfactory. There has not been any study to find out to what extent the attitude for saving has increased though the capacity has increased. With the spread of a number of rural banks it is not known whether the savings have gone up. This study is an attempt in this direction.

### Objectives :

The study aims at the following objectives :

- (i) To find out the motivations for saving by farmers in irrigated and non-irrigated villages in financial assets.

- (ii) To find out the forms and institutions for investment and the reasons for investment.

**Area covered and Methods of sampling :**

The study covers the Baliana Block of Puri District. The villages of the Block have been classified into irrigated and non-irrigated. Two villages from each of the two classes have been selected at random with probability proportional to cultivating population. The farms have been stratified into three classes according to their sizes, viz. 0-4, 4-8 and above 8 acres. From each of the sample villages and from each of the size groups twenty farmers have been selected for the purpose of study.

Gross saving is defined as excess of disposable income over consumption expenditure. It is obtained by deducting consumption expenditure from disposable income, *i. e.*

$$Y_d - C = G_s$$

Where,  $Y_d$  = Disposable Income

$C$  = Level of consumption spending

$G_s$  = Gross saving.

Gross saving is divided into three components such as repayment of past loans, acquisition of physical capital assets and financial capital assets. The components of savings are symbolically represented by

$$FCA = G_s - RPL - I.CA$$

Where  $FCA$  = Financial capital assets.

$RPL$  = Repayment of past loan.

$I.CA$  = Investment in Capital assets.

Data have been collected by survey method from the sample farmers for all the transactions. The limitations of survey method have been safeguarded by frequent contacts and cross questioning.

**Results and Discussion :**

- (a) Effect of village types and farm size on motivation to save.

It has been observed that the ability of the farmers to save with facilities for irrigation and large farms is greater. But individual motivations for investment in financial assets are different. While farmers with greater surplus may save for meeting expenses connected with dowry and wedding of their sons and daughters, their counterparts in the unirrigated villages may prefer to invest in farming to increase their level of income or for emergency. It is therefore necessary to test the above hypothesis. The data have been tabulated according to frequency of different reasons reported by the sample farmers.

TABLE - I

**Frequency distribution of sample farmers reporting different reasons for investment in financial assets.**

(Figures within parentheses are percentage to the total sample)

Sl. No.	Reasons for saving	Irrigated villages		Unirrigated villages	
1.	Emergency	60	(100.00)	60	(100.00)
2.	For wedding	54	(90.00)	39	(65.00)
3.	Education of children	50	(83.33)	50	(83.33)
4.	Improve farm business	40	(66.67)	41	(68.33)
5.	For old age	27	(45.00)	44	(73.33)
6.	Building houses	29	(48.33)	39	(65.00)
7.	Other reasons	47	(78.33)	76	(125.00)

Saving to provide for emergency is the most important reason. All the sample farmers are unanimous in their views of saving for this reason. The farmers of unirrigated villages are uncertain about the weather condition which may cause drastic fall in production. Other causes are sickness and necessities arising from social obligations. Education of children is the next factor behind saving among the farmers. Third comes the wedding expenditure. Importance of farm business closely follows the motivations for saving. The other reasons are habit of the person, improvement of social status and desire to leave an estate for children which account for 47 in irrigated villages and 75 in unirrigated villages. A glance at the table reveals that the number of farmers giving reasons such as saving for emergency, education and to improve farm business are equal in both the village categories. Individual data of the two village types are analysed in the table below with farms classified by sizes.

TABLE-2

**Motivations of sample farmers belonging to different farm sizes of both irrigated and non-irrigated villages for investment in financial assets.**

Motivations	Irrigated villages			Un Irrigated village		
	Size in acres			Size in acres		
	0-4	4-8	8 and above	0-4	4-8	8 and above
Emergency	20	20	20	20	20	20
Dowry and wedding	18	19	17	10	11	18
Education	13	19	18	13	16	19
For improving farm business	13	13	14	13	15	13
For old age	2	8	17	16	15	13
Building houses	9	9	11	14	12	13
For other reasons	2	1	44	20	22	33



Among the various motivations, saving for emergency is the first priority among all the farm sizes both in irrigated or unirrigated conditions. Saving for dowry and wedding expenses does not reveal significant difference in the frequencies between farm sizes of irrigated villages but there is perceptible difference between small and large farms of the unirrigated villages. It appears that farmers with surplus can only aspire for saving for dowry and wedding. Similar is the case with regard to education for children. Saving for improvement of farm business is not dependent on farm sizes. Farms with large and distinct surplus can think of saving for old age. It can be concluded that all motivations to save are not independent of farm sizes.

**Preferences for different farms and institutions for investment :-**

The farmers generally want to keep the amount in liquid form required for emergency purposes. The rest amount he prefers to keep in savings account. Those who want to save for purposes such as, old age, construction of houses, dowry and wedding purposes keep their available funds in long term securities. They might have preferences for specific institutions like banks and post offices. Their motivations are backed by certain reasons. An effort to find out different forms and institutions will help in initiating appropriate strategies to mobilise savings. The sample farmers have been asked to report the reasons for their preference for a particular institution of farm of investment. The data analysed show more than one preference. The table displays the situation.

TABLE - 3

**Distribution of farmers belonging to different farm sizes report their preferences for different institutions and forms of financial investment.**

Forms and institutions for investment.	Irrigated Villages				Un-Irrigated Villages			
	0-4 acres	4-8 acres	8 acres above	Total	0-4 acres	4-8 acres	8, acres above	Total
Long term securities	7	13	16	36	4	10	12	26
Personal savings								
Bank	13	19	20	52	12	18	19	40
Deposit with post offices	16	19	19	54	5	16	18	39
Co-operative Societies	1	3	5	9	1	3	3	7
Deposit with Banks.	7	14	18	39	1	6	10	17
Loan to Co-Villagers	1	2	4	7	1	4	11	16

The table provides evidences of the farmers having first priority for investment in personal savings bank in both the village types. This is followed by preferences for investment in long term securities. The farmers with preference for long term investment are greater in irrigated villages. The farmers' preferences for deposit in both the villages are almost identical. The first preference goes to deposits with post offices, followed by banks. Because of locational advantage the farmers are now well acquainted with the working of post offices. Co-operatives have not been successful yet to inspire confidence to the extent that they will be able to attract deposits. Farmers' preference to save in co-operative is minimum. Reasons attributed to preferences for saving in different forms and institutions :-

The farmers are asked to report on their preferences for different forms and institutions for financial investment. Though there was more than one reason by each individual respondent it was limited to the first preferential reason. The data as per being analysed are presented in the table below :

TABLE-4  
Distribution of farmers reporting various reasons for their preferences to save in long term securities in the two villages.

Sl. No.	Reasons	Irrigated village	Unirrigated village	Total
1.	Higher rates of interest.	26	20	46
2.	Safety facility.	8	4	12
3.	Purchase of land.	2	2	4
Total		36	26	62

The table shows that higher rate of interest is the most important factor for long term investment in both irrigated and unirrigated villages.

#### Conclusions :

The ability of the farmers to save with facilities for irrigation, by and large, is greater. But their individual motivation for saving in financial assets is different. The study reveals that all the farmers irrespective of the nature of villages save for emergency. Next in order of importance is the saving for education of children. This is followed by the provision for wedding, for improving farm business, for old age and finally for building houses. Large farmers have relatively greater motivation to save for educating their children. Similarly there are greater number of large farmers in the irrigated villages who report that they save for old age. Most of the other motivations however are independent of sizes.

## **ROLE OF POPULAR PARTICIPATION IN THE DEVELOPMENT OF GANJAM DISTRICT**

**S. Mukherjee**

The paper is divided into three parts. In the first part, an attempt has been made to indicate the role of popular participation in the economic development of an area. In the second part, district planning process has been analysed to find out the extent of popular participation in Ganjam district and in the third a few suggestions have been indicated to enhance popular participation.

One of the main objectives of the increasing emphasis given to the area planning in the Indian plans is to ensure active participation of people in the planning process of the country. The Draft five year plan for 1978-83 states, "To achieve the employment objectives of this plan, development programmes have to be made area specific to a much greater extent than in the past. Area planning implies close identification of activities suitable to a particular area and capable of absorbing local labour surpluses. Area planning also implies a much more intimate involvement of the people whom it is hoped to benefit, both in the formation and in the implementation of development plans."<sup>1</sup> There is no doubt that multilevel planning cannot claim to be an engine of social revolution. A sound multilevel plan process ensures greater efficiency within defined value frame and ensures a more open, more participative and, to a larger extent, faithful reflection of social forces and values. Indeed, there are many kinds of imperfection in any planning system and these can be attributed to a variety of factors. A sound multilevel planning system can avoid one set of imperfection— what are primarily termed as dangers of overcentralisation and lack of popular participation.<sup>2</sup>

It is true that popular participation cannot be substitute for physical inputs. But given the inputs, if popular participation is ensured in the development process, planning will be realistic, programming will cater to the felt needs and priorities of the people and implementation would evoke people's enthusiasm. Attention is normally concentrated on the physical and financial inputs. The greater the capacities at all levels to utilise this



available resources, the more will be the output of the plan. The development of the capacity of the people is the goal of the plan implementation. Popular participation has a crucial role here. The plan process is enriched by popular participation in several other ways. Firstly, it would enable checking the reliability of data on which the plans are formulated. Secondly, there will be a commitment of the people to the projects formulated. Thirdly, the technical and bureaucratic agencies will have to rationalise their proposals before the people accept them and, as such, will provide restriction on the vagaries of these agencies. Fourthly, once proposals themselves are made public the scope for unreasonable pressure through informal channels will be reduced. Fifthly, proposals will be based on the judgment of people who are affected by these proposals in the light of their experience in the past. This is a reliable corrective to irrelevant and unsuitable policies.<sup>3</sup> Thus politically speaking, popular participation is a process of democratic seed-drilling in the soil of a country, making an average citizen more conscious of his rights than before. Administratively speaking, it bridges the gulf between the bureaucratic elite and the people. Finally, looked at from the developmental angle, it helps rural people cultivate developmental psyche.<sup>4</sup>

## II

The basic issue relates to the way in which this participation can be obtained. In the context of multilevel planning the issue of popular participation becomes more important. One of the important purposes of identifying functions which can be carried out reasonably at a lower level is to bring the problems of local conditions into proper focus in the plan process. Naturally decision has also to be devolved to the lower level. Here comes the need for institutionalizing popular participation. Thus the objective of popular participation in planning is enmeshed with Panchayati Raj institutions as also with multilevel planning.<sup>5</sup>

The issue to be tackled is the level at which planning in the sense of decision-making should be undertaken. As a process of development of ideas of planning from below and multilevel planning, the Planning Commission issued a set of guidelines for the formulation of District Plans in September, 1969. While the thinking on this has been continuing, ( as manifested in the Report of the Working Group on Block Level Planning, July 1978 and Report of the Committee on Panchayati Raj Institutions, August, 1978 ) various states have started experimenting by giving positive

shape to district plan. Accordingly the Government of Orissa decided to experiment planning in three districts— Ganjam, Sambalpur and Cuttack in the beginning of the fifth plan.

Regarding Panchayati Raj Institutions Balwantray Mehta Committee feels that the rural local bodies are much more than units of local self government. They are essentially agencies of rural development. "Development cannot progress without responsibility and power. Unless the community understands its problems, realises its responsibility, exercises the necessary power through its chosen representatives and maintains a constant and intelligent vigilance real development will not be possible."\* Consequent on the recommendation of the Balwantray Mehta Committee, political bodies such as Panchayats, Panchayat Samitis and Zilla Parishads were formed in Orissa in all the districts which are co-terminers with village(s), Block and District. From November 1, 1968 Zilla Parishad were abolished in Orissa. The Panchayats and Panchayat Samities do play a role in institutionalizing popular participation in lower level planning process.

In order to indicate the extent of popular participation in the development of an area such as a district, an analysis of the process of formulation and implementation of district plan of Ganjam\* has been attempted.

To ensure public participation in lower level planning process Panchayati Raj Institutions have been organised. In the district of Ganjam for every village "Palli Sabha" has been constituted. In the Palli Sabha all the needs of the villages are discussed. The Palli Sabha sits once in every year in the month of February when a resolution containing recommendation relating to the development work and programmes to be taken up during the ensuing year is passed. The resolutions of all the Palli Sabhas of all the villages under a Gram Panchayat are sent to Gram Sabha for consideration in which the ward members, the Sarpanch and the Secretary are the members. The Gram Sabha has to meet twice a year in the month of February and June. In the February meeting the recommendations of the different Palli Sabhas are discussed and tentatively finalised on the basis of funds available at the panchayat level. In the June meeting the report of the programmes and works undertaken by

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*For the analysis of district planning process I owe heavily to Micro-planning and Economic Development in the District of Ganjam"— an unpublished Ph D. thesis by Dr. K Nana Buchi,*

the Panchayat and their progress during the preceding year are considered. In the Grama Sabha the budget of the Panchayat is also discussed. The recommendations of the Grama Sabha are sent to Panchayat Samiti for approval. After the approval of the Panchayat Samiti the Panchayat is eligible to take up the work. The Grama Panchayats are empowered to formulate and execute development work of simple nature in their respective areas. The Development work relating to implementation of agricultural production plans, drinking water, electrification, repairs and improvement of roads, primary education etc., are executed by the Gram Panchayats. These works are being executed by the Panchayats within the limits of their own internal income supplemented with the funds received from the Government in the shape of grants-in-aid or in the form of loans. If the funds are not sufficient they send proposals to the Panchayat Samiti. The Samiti in turn sends them to the Government for funds through the Collector of the district.

The Panchayat formulates and executes the development works in consultation with the Functional Committees. Every Panchayat has five such functional committees. They are—

- |   |                          |
|---|--------------------------|
| 1. Planning, finance and budget.  | Functional Committee-I   |
| 2. Agriculture, minor irrigation, co-operation, industry and other allied services. | Functional Committee-II  |
| 3. Education, Health and Sanitation including rural water supply.                   | Functional Committee-III |
| 4. Welfare of weaker section.   | Functional Committee-IV  |
| 5. Communication and works.   | Functional Committee-V   |

In each functional committee other than functional committee-IV, there are 5 members, Sarpanch is one. Two are nominated by the Grama Sabha and one outsider who is specially fitted to advise the committee. The Sarpanch is the ex-officio Chairman and the Secretary of the Gram Panchayat acts as the Secretary of the functional committees. The Extension Officer and the village level worker are official members who are without power to vote.

The Gram Panchayat has the power to prepare plan for development works upto Rs. 1,000/-. If estimate exceeds Rs. 1,000/- and within the limit of Rs. 7,500/- they are to be prepared by the Sub-Assistant Engineer but the administrative approval of the Block Development Officer becomes



mandatory. When the estimates remain within Rs. 7,500/- and Rs. 25,000/- the S. D. O. has to approve it. Beyond Rs. 25,000/- and upto Rs. 50,000/- the Collector has the authority to give approval.

Like the Gram Panchayat, the Panchayat Samiti the official counterpart of which is the block has no internal sources of income to carry out development works at the samiti level. It directly receives fund from the community development department and from other heads of the of the government. It executes the work through its subordinate staff at the block level. The chairman of the Panchayat Samiti is a non-official member and B. D. O. is the chief executive officer of the samiti. In the Panchayat Samiti meetings resolutions are made for the development of the Samiti area. They are sent to the Government after they are approved by the District Development Board. There were 398 Grama Panchayats and 29 Panchayat Samities in Ganjam district. Recently they have been suspended by the State Government and fresh elections are to be held soon.

This implies that there are two strands of planning process in the district. On the one hand, the state level administrative officers are present throughout the district even at the block and village level to execute plans and programmes framed at state level. There is on the other hand Panchayats and Panchayat Samities which formulate and execute plan programmes in villages and blocks. The two processes interact and get coordinated at the district level as a result of which the state administration dominates the planning process throughout the length and breadth of the district. Planning from below has only peeped through the superstructure of an elaborate administrative apparatus.

Prior to the establishment of Panchayati Raj all the works concerning the development of the district was performed by the District Board. The District Board was disbanded on January, 61. The Zilla Parishad came to existence in March, 61. It was superseded by the District Advisory Council. The District Advisory Council was merely an advisory body to advise the Government regarding developmental activities. The District Collector was to act as the convener of the District Advisory Council. The other members were the M. L. As, M. Ps of the district, Chairmen of the Panchayat Samities, Chairmen of Municipalities, Presidents of Central Co-operative Banks, Presidents of Land Mortgage Banks and such other members as were notified by the State Government. The District Advisory Council was superseded by the District Development Advisory Board and this Board was

similar to the District Advisory council. At present District Development Board is in existence in place of District Development Advisory Board. The Collector is the Chairman of the Board. The functions of the Board are (1) to advise government in the formulation of development programme at the district level, (2) to review the progress of developmental activities and to suggest measures for expeditious implementation of the various programmes, and (3) to assist district authorities in securing people's participation in the implementation of local development works. The Board has to meet not less than three times in a year.

In addition to the District Development Board there is District Development Committee to ensure co-ordination at the district level. The Committee consists of only district officials representing administrative departments of the state. The Collector and the District Development Officer of the district are the Chairman and member Secretary of the Committee respectively. The meeting of District Development Committee has to be held once in every two months. The proceedings of the meetings of the Committee are placed before the District Development Committee and placed before the District Development Board in which the members of District Development Committee are also members there.

The administrative arrangement for executing national, state and local plans appear to be elaborate in the district, subdivision and block headquarters. The Collector of the district is the head of administration and also leader of planning and development team, under whom all the developmental activities are unified. Three officers also assist the Collector. District Development Officer is responsible to execute both the state and central schemes at the district level. District Panchayat Officer is responsible for executing the panchayat schemes. District Welfare Officer is to execute the work relating to the upliftment of the backward people of the district. As the district of Ganjam is divided into four sub-divisions for administrative convenience, a Sub-divisional Officer is in charge of each subdivision. He is engaged in the development works in addition to his normal duties. At the subdivisional level also Additional District Welfare Officer and Subdivisional/Panchayat Officer are posted to assist the District Welfare Officer and the District Panchayat Officer in the execution of the schemes. At the block level, Community Development Programmes and the programmes concerning the other development departments are executed mostly through the Block Development Officer who is posted at the block level. The B. D. O.

is responsible for bringing about the co-ordination among the various departments to execute the programmes. At the Block level, the development programmes are executed through the Extension Officers of the various departments, village level workers, Village Agriculture Workers and through the Grama Panchayats. The Extension Officers are to render active assistance to Grama Panchayats in drawing up suitable work programme of local development and to indicate lacunae in the development. They are also to assist the Block Development Officer in the implementation of plan programmes at the block level. The last in the line of block administration are the village level worker and village agriculture worker. They are responsible to execute work at Grama Panchayat level and village level. Village level workers discharge multifarious functions excluding agriculture. The village agriculture worker is exclusively in charge of agriculture.

### III

#### Conclusions and Suggestions :

Role of popular participation as conceived by us for the development of a real unit *i. e.* a district is nearly non-existent in Ganjam. This is also true of all districts. This is mainly because from the Development Commissioner-cum-Chief Secretary down to the Village Agriculture Worker the state administration dominates the planning process throughout the length and breadth of the district, 'planning from below' has only peeped through the superstructure of an elaborate administrative apparatus.

Infrastructure for popular participation in planning for the district is present in village and block level in the form of Palli Sabha, Grama Sabha and Grama Panchayat and Panchayat Samiti. But they have not been assigned significant functions and development programmes are not channelled through them. Development being a dynamic process functions cannot remain static. Periodic adjustment would therefore have to be made in the functions devolved upon Panchayati Raj institutions to suit the changing requirements.<sup>7</sup> Although grass-root planning particularly at the panchayat level seems to be there in a slightly more pronounced form as the Gram Panchayats are empowered to formulate and execute development work of simple nature, the functions of the Grama Panchayats are still more or less civic in nature. Similarly the Panchayat Samities are entrusted with the function of controlling and supervising the Grama Panchayats besides some Municipal and developmental functions of minor nature. There is no scientific principle in the allocation of functions between Grama Panchayats



and Panchayat Samities. As the district is poised for a new thrust in the rural development front with the dynamics of development, it is necessary that a multi-pronged development drive should be initiated by these rural local bodies in order to remove unemployment and poverty. Their contribution towards improvement of agricultural production or supply of improved seeds, fertilisers or insecticides or their attempts for establishment of demonstration farms or their development efforts for minor irrigation projects are at present very negligible. They are also unable to develop well organised subsidiary occupations based on agriculture. So these rural local bodies should not only take positive steps to improve the productive capacity in agriculture but should also make serious attempts for setting up agro-based, forest-based, small-scale and cottage industries for optimum use of local resources and in order to create conditions to provide maximum employment opportunities.<sup>8</sup> With the growing emphasis on Block level planning in the country these local bodies would play a greater role in execution of developmental work and the State Government would have to decentralise adequate powers and functions and provide proportional financial resources at their disposal.

Two vital things are missing in the district planning process. The political counterpart of the district- zilla parishad which has been abolished. The second is the introduction of the District Planning Board. This shall be an expert body consisting of economists, statisticians, sociologists, etc. The administrators, the Zilla Parishad and the District Planning Board shall have to frame the district plan. Along with it microlevel block and village plan can be taken up.<sup>9</sup>

The Zilla Parishad should be reintroduced after Maharashtra model having independent executive functions and possessing separate financial resources of their own. In this connection a new experiment in district planning in Wardha district of Maharashtra which has been fairly successful may be mentioned. In this exercise the Zilla Parishad, government agencies and the Institute of Regional Development Planning joined hands in an attempt to concretise the notion of "planning from below." This was an operational partnership not only in plan formulation, but also in the entire planning process, seeking to ensure people's participation in planning, as well as a blending of the functions of management and organisation in the administrative function, and providing 'feed-back' for a process of replanning. The Wardha plan provided an "infrastructural frame" for the provision of socio-economic services, through a market centre plan combined with a "production plan" and sought to harness the work potential created

by the programmes of resource development and by the provision of socio-economic services to a systematic "employment plan" for unskilled landless labourers. Great emphasis was placed on the allocation of priorities to the various programmes, such priorities being based on an appreciation of the sequence of development, resource constraints, and the need to ensure that the benefits of development percolate to the lower strata of society. The Wardha experiment has major lessons to offer for future attempts at area planning development. It must be noted that the association of an experienced third party planner (The Institute of Regional Planning) is a major factor contributing to the success of the plan.<sup>10</sup>

The Zilla Parishad, when introduced, will play a crucial role in galvanising the lower tiers into activity and in sustaining the tempo of development but at the same time it is important to ensure that the powers of the Zilla Parishad are fairly well balanced with those of the Panchayat Samiti so that the Samiti is not turned into a feeble institution, starved of initiative and purposeful development.<sup>11</sup> It appears that the Government of Orissa is actively thinking to reintroduce the Zilla Parishad.

Despite the role played by Panchayati Raj Institutions in bringing the problems of local conditions into proper focus in the plan process the working of the Panchayati Raj, to-day, seems to be nowhere near the promised utopia. They are dominated by vested interests without having any popular base. That is why the Working Group on Block Level Planning headed by M.L. Dantwala states "that unless there is a conscious and deliberate effort to develop organisation of the poor, the whole exercise of growth with social justice becomes a mere platitude".<sup>12</sup> The working group in this connection advocates the establishment of institutions such as agricultural workers' organisation. Although the Working Group is entrusting the task of establishing such organisations of poor to the block level planners<sup>13</sup>, the role of such organisations in reflecting the needs of the poor and thereby becoming important institutions of popular participation cannot be minimised.

Various other groups such as co-operatives, voluntary organisations, youth clubs and Mahila Mandals should also be associated with the formulating of plan at the local level.

The mobilisation of local physical and financial resources (including free labour or shramdan) becomes easy only through the psychological involvement of the people of that area in the process of planning. When popular participation can bring complete psychological involvement it become a productive social input for area development.

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# **SOCIAL INPUTS IN AREA DEVELOPMENT**

## **The Role of Education and**

### **Socio-economic transformation of the tribal population in the "Scheduled Areas" of Orissa.**

**( With specific reference to Koraput District )**

#### **A REVIEW**

**Smt. Satyabhama Das**

#### **Operational approach to Area Development :**

In recent years, there is a notable shift in area development planning, particularly, in its approach and strategy of development for backward areas. The thrust on development implies two things. Primarily, the thrust on a specified area and the thrust on a specified group of people, the targeted groups, who are by passed during the planning process, and form the bottom most and weaker strata of the society. Since the tribal people, constitute such an element, the whole approach and strategy of area development apply to their case also.

#### **Need for a structural change :**

"In an underdeveloped region like the tribal region, the spatial articulation of the economy is very poor and the spatial interaction is very weak. This necessitates a careful engineering of the structural change in the tribal economy with its development of "nodes" and net works with the resulting flow of activities and interaction of space. Another aspect of change, is the structural transformation in society, manifested in the transformation of attitudes, behavioural patterns and social values of people. This will help in adoption of innovation and better technology etc which will lead ultimately to modernisation."

The problem is to choose a few selected centres, where we may concentrate. This target group approach, with its emphasis on "Capillary mechanism forms the corner stone of Area Development planning, to make

it more comprehensive, it requires an intergrated approach at all levels, micro, meso and macro levels, consolidating all the resources and tools, required for the whole gamut of development issues in that area.

**A Diagnosis of the "Scheduled Area" nature, problems, population distribution and the lines of development.**

The approach to tribal area development raises in the first instance, the basic issue of the delineation of the area to be planned. As per the "Task force" report it is necessary to grade the tribal areas for backwardness and identify the beneficiaries, so as to accord priority to these areas, while drawing up an integrated area development plan. The categorisation can be made on the basis of density of population, occupation position of literacy, forest resources and availability of infra-structure facilities like schooling, medical facilities, communication, transport, so on and so forth.

The area development planning is apt to vary, depending on the peculiarities of the area, the norms of development and spatial behaviour of the people. The development of tribes being uneven, it is an imperative need to identify the less developed communities, so as to channelise the benefits more successfully.

The development of the tribal communities is the avowed objective of Government of Orissa. 44.59 % of the total area of the state have been declared as Schedule areas, under the Constitution, largely inhabited by the tribal people. The scheduled areas order 1950 was revised and as per the revised order, 1977, some more areas were included under this category. "The scheduled area now included the "Sub-plan" area covering the following districts, tahsils and blocks.

(1) Koraput District, (2) Sundargarh District (3) Mayurbhanj District (4) Champua, Keonjhar sadar, Keonjhar District (5) Nilgiri Sub-Division- Block of Balasore District (6) Kuchinda Sub-Division of Sambalpur (7) Rampur and Lanjigarh blocks of Bhawanipatna, Sadar Sub-Division of Kalahandi District (8) Phulbani of Khondmal Sub-Division (9) Parlakhemundi Sub-Division of Ganjam District"

**Need for a Sub-plan on Tribal area :**

The scheduled areas are those of high tribal concentration. The total population of the Sub-Plan area is 68.58 percent of the State. Out of 314 blocks 118 blocks are included in the Tribal Sub-plan.

The programmes for the welfare and development of the tribal people so far have a very limited coverage. The conditions, the felt needs of the tribals demand a different approach. The sub-plan therefore aims at catering to the special needs of the areas, setting in motion, a development process, which will bridge the ever-widening gap between the advanced areas, and the tribal areas, economically lagging behind.

The tribal sub-plan is divided into 21 "Integrated tribal development agencies" for operational purpose. Table I gives the area, population composition of each of the I.T.D.A's. There are some pockets of primitive tribes which deserve special attention and special micro-projects and these have been formulated for their development.

Orissa is one of the most fascinating and ethnographic states of India, having as many as 62 tribal communities comprising 23.11 percent of the state's population. So far the distribution of tribes is concerned, there are 4 distinct geographical zones, in which, the tribes of Orissa have been distributed in an uneven proportion.

There are 15 major tribal communities, each numbering more than 1 lakh population. Nine of these are found exclusively in northern and western Orissa and six are confined to southern Orissa. So far the concentration of major tribes are concerned, the three Scheduled districts of Koraput, Sundargarh and Mahurbhanj occupy very important place. The "Paraja" and "Khonda" of Koraput district are considered to be too primitive from the point of view of their relative backwardness and low educational standard.

#### **Nature of the problem :**

Thus the problem of development of the tribal areas is mainly associated with the backwardness of these areas, the poverty of the people and lack of integration with the rest of the population.

For promoting their welfare, Article 275 of the Constitution provides for grants-in-aid to states for the implementation of various programmes. In addition to this Article 46 lays down a distinctive principle of state policy that the State should promote with much care, the educational and economic interests of the weaker sections.



TABLE-1  
Area population, ethnic composition of each of the I. T. D. A's

Sl. No.	I. T. D. A.	Area in Sq. Kms.	Total Population	Tribal Population.	Percentage to total Population.	Major primitive Tribes.
1	2	3	4	5	6	7
1.	Baripada	4119.8	619462	313686	53.6	Santal
2.	Rairangpur	1908.2	331173	211536	66.0	Santal, Ho
3.	Karanjia	3077.2	264738	167955	63.4	Santal, Ho
4.	Kaptipada	1239.4	218827	143046	65.3	Santal, Munda.
5.	Sundargarh	4615.7	444765	245722	61.0	Oraon, Kisan, Kunda, Khanda
6.	Panposh	1840.2	412019	143637	67.9	Munda, Oraon, Kharia, Kisan
7.	Bonai	3356.7	177064	115815	64.3	Bhuiya
8.	Koraput	5335.4	390292	133824	54.8	Bhuiya
9.	Jeypore	3302.4	358890	155582	55.5	Godaba, Paroja, Kandha
10.	Malkangiri	5936.0	268866	152624	58.4	Godaba, Paroja
11.	Nawarangpur	5148.0	521901	301931	57.7	Koya, Bonda, Paraja
12.	Champua	1585.4	242281	122103	50.39	Bhottada, Gond
13.	Nilgiri	223.0	70028	37628	53.7	Oraon, Bhuiya, Ho
14.	Kuchinda	2367.0	162989	87986	56.3	Khuria, Oraon, Munda, Kisan
15.	T. Rampur	1324.0	77054	39899	51.5	Kisan, Bhuiya
16.	Phulbani	1110.01	201768	59458	59.2	Kandha, Khond
17.	Raygada	3310.10	250311	121498	76.0	Kandha
18.	Keonjhar	4431.95	468028	256624	59.3	Kandha, Khond
19.	Parlakhemundi	2980.11	208872	144100	70.00	Juang, Bhuiyan
20.	Gunupur	2941.29	261022	257078	62.7	Saora
21.	Baliguda	6364.80	281656	157794	55.5	Kandha
	Total	66516.66	6231998	3369526	54.06	

Source :- Sub plan for Tribal areas of Orissa 1980-82, Harijan and Tribal Welfare Department, Govt. of Orissa.

Tribal community still rests on "barter". Almost all have a dual economy of agriculture on the one side and forests on the other. They are still plunged within the problems of primitive agriculture, shifting cultivation, and problems arising from the impact of industrialisation in these areas. The industrial complex has disrupted the traditional way of life, leading to great tension on account of population movement in these areas. In these perspective there is an essential role, which education, as a social input can play in arousing that consciousness, the new awareness, which will help the tribals, to come to the new streams of modernisation.

#### The Role of Education as an input for development :

The tribal communities have so far remained isolated from the world view. The small group of literates here is too tiny to become a catalytic agent to generate the new cultural force in these areas. Education therefore must be accorded a top priority in the tribal areas, so as to help the tribal communities to satisfactorily negotiate with the transitional phase of socioeconomic change. It is considered as a key parameter in the sense, in which it generates a new momentum, by disseminating the knowledge and information, by creating a new awareness amongst the people, for promoting change. In some areas like hinterlands and industrial complexes, the change is too fast so far the dimensions in economic programmes are concerned, but educational programmes lag behind. It is for this that the task of education is more crucial so far the survival of the tribal communities are concerned. A review of the percentage of literacy shows (as per 1971 census) that 11.30 percent of the total tribal population of India is literate, out of which 9.5 percent of the Tribal population of Orissa is literate. Poraja, a major tribe, shows a very low of literacy as 2.5 percent. This shows that population size is not the only factor which can have some influence over the percentage of literacy. Factors like inaccessibility and isolation, lack of adequate infra-structure, backwardness of the region, general apathy towards education may be playing a very vital role towards retarding the standard of education.

Table 2 which gives a literacy gradewise number of tribal communities in major tribal districts, reveals that Sambalpur, Sundargarh, Mayurbhanj and Koraput districts comprise large number of highly literate tribal communities. In case of Sambalpur and Sundargarh, more tribal communities show higher level of literacy, than in case of Koraput, where the literate tribal communities fall to lower level of literacy groups.

TABLE-2

Literacy gradewise number of tribal communities in major tribal districts.

Literacy grade	District			
	Koraput	Keonjhar	Mayurbhanj	Phulbani
1. Upto 3%	4	—	2	—
2. 3-6%	9	3	3	1
3. 6-9%	6	3	4	2
4. 9-12%	4	2	5	1
5. 12%	—	2	3	—

Source-Subplan for Tribal areas of Orissa 1980-85 1981-82

**Education and the lines of development:**

The Fourth Educational survey 1979 and the subsequent intensive educational survey which has been taken up, reveals that, there is a considerable progress in the educational expansion in course of the last decade especially during the sub-plan period. The number of institutions has grown up at primary, middle school, even at the College stage. The serious structural imbalance which was there in the school mix has been removed. Expansion has also taken place as regards the enrolment of children at different stage of education. The percentage of enrolment at the primary stage has risen to 66.3 in the age group of 6-11 in year 1973-74, at the middle school stage from 6.5 to nearly 10.4 and similar progress has been made at the secondary and higher education stage.

Yet the adequate response has not been reached. The general strategy of universalising primary education has not yielded the desired targets, in the remote tribal pockets of Koraput, Keonjhar, Kalahandi, Mayurbhanj and Phulbani and the tribal people are still remaining unaffected by the general sway of literacy programme.

To be specific on the issue, let us have a perusal over the educational profile of Koraput district, where out of the total population (as per 1971 census) 56.36 percent belong to the Scheduled tribes. There are six sub-divisions and 42 Blocks and all the blocks are tribal development blocks. 95.1 percent of the tribal population lives in rural areas and the remaining 4.9 percent lives in urban areas. The percentage of literacy is comparatively very low, nearly 10.6% of Koraput district. The over all literary percentage of major tribes is nearly 6.



The expenditure on education has enormously gone up. "Yet there are 1042 rural habitations in the district which do not send a single child to school even though the school exists within a distance of 1.5 Km."

It is therefore necessary that the priorities should be tailored to the felt needs of the communities, and a minute micro-level socio economic diagnosis of the schemes to be sought so as to make the expenditure channelised in a more fruitful way. So far as the primitive communities, are concerned, the area, the dimension of their social problems and the environmental constraints have largely been identified. Now therefore the primary task ahead, is to help the sub-marginal groups, to attain a reasonable level of educational development by the year 1985. The Minister of Home Affairs, Government of India have emphasised certain objectives and priorities in regard to educational development in consonance with the Planning Commissions working group 1978, which holds the view that education is the key to tribal development. The priority scheme suggested by the "Working group" takes following facts into account.

1. Certain innovative and institutional forms should be adopted in the special areas like elementary school complexes and residential schools in the sparsely populated areas.
2. School timings and vacations should be fixed up in response to the local conditions.
3. Non formal and adult education should be planned as complementary to formal education.
4. Removal of structural imbalance at the middle and higher secondary school.
5. Improving the equality of education should claim special attention.

Special schemes like residential schools, expansion of elementary school complex scheme, provision of teacher quarters, appointment of large number of women teachers, growing hostel facilities, attached to the existing high schools, current incentive schemes, will be taken up during the current plan process.

Equal emphasis also has been given on the expansion and improvement in secondary education. It is proposed to attach vocational streams to 48 selected high schools, work experience courses of socially useful productive work, relevant to the occupational patterns, in the tribal area will be introduced in all high schools.

In the field of university education, the objective is to attract a large number of S. T. and S. C. men and women to collegiate education. Adult literacy and other educational programmes will receive special emphasis. Physical education will be promoted in 400 High Schools. Local games and sports will be promoted along with the N. S. S. programme.

Further it is proposed to open non formal parttime classes for the benefit of the working class children.

Out of the total state plan outlay of Rs. 14.80 crores on the backward classes welfare sector, a sum of Rs. 9.20 crores is proposed to be spent on education. From this total educational outlay, a sum of Rs. 419.30 lakhs has been earmarked for expenditure in the sub-plan area. The continuing schemes of Residential Sevashram, Ashram Schools, free supply of uniforms, teaching of modern trades organisation of employment oriented training etc. should be continued.

Mere pumping of money on the lines of educational development, or building up a frame work or fixing up the targets will not mean true education at all, Education largely affects output through knowledge and the application of science and technology. It offers better job opportunities and brings a greater increase in wealth and income. But has it come true to the desired target, in the Tribal area specially? Is the yield so alluring to keep parity with the input applied? The employment position of Koraput reveal the fact, that, education still has failed to be a solution to the economic and employment problem of the people of the said district as the backlog of unemployed, still persists to be larger. The tribal people remain fully unemployed for nearly 65 days in a year and remain partly unemployed about 97 days. Roughly speaking they have no employment for nearly 3 to 4 months in a year. Unemployment among the educated people is still a serious problem in the district of establishing new factories and undertaking new development projects in the area. The industry only absorbs quite a large number of technically trained persons from outside.

The employment position amongst the educated Tribal people of the district is found to be more precarious as employment relates to jobs of a lower cadre. So a systematic and a vigorous dive to get every educated tribal employed, is very much necessary.

#### Conclusion :

"Any society, tribal or otherwise is comprise of organised groups of people, who have learned to live and work together, interacting in the pursuit of common goals. Each society has its own rules, tricks of trade



which help its people to define their relationship with one another and live and work together. Briefly, society means people and net work of interpersonal relationship and culture means behaviour of people, their echos, views and value system."

"It is therefore fundamental, to have a systematic study of the tribal community and its ecological setting with particular reference to local resources, techniques of production, indigenous institutions and the principles of international interaction and articulation and the nature of sources of affliction and the mechanism of redressing and re-affirming social values, echos and norms, because a knowledge about these matters helps in bringing about desired change in the tribal society." "Man power is the most precious resource. If man is equipped with the proper skills and tools and afforded real opportunities there is nothing in the world that a massive force of population cannot do if it puts its mind and muscles to it." So in a developing country, only skilled manpower is of vital importance for rapid economic growth and social progress. In this task, education plays a vital role. The link between education and development can be firmly established, only when the system of education is properly organised planned, oriented and geared to both from qualitative and quantitative point of view.

After the tribal sub-plan came into operation on the eve of fifth plan, there has been a shift in emphasis from more socio cultural aspects to socio-economic processes of change and development in tribal areas. As a result, the functions of the Tribal and Harijan Research cum training institute not widened and it is now associated with the study of economic and educational problems and other subjects related to tribal societies. Educational research at present in the tribal areas is closely linked up with examining the questions, as curriculum adjusted to tribal societies, language instructions, teaching methods, teaching on agriculture and animal husbandry, promoting traditional skills and craftsmanship which can be promoted for enterpreneurial development in tribal societies.

"A man power structure is conceived as a pyramid. At the intermediate level we have what is termed as "Middle level manpower, which is extremely important and is considered to be the most crucial, in the process of manpower planning. The burden of implementation of any programme of rapid development rests very much on the middle level man power. As against this accepted ideology it is found that wastage and stagnation are the greatest problems of education, particularly the school education, in the tribal areas and Koraput emerges as the worst victim.



Utilisation of educational facilities has not kept pace with the rapid expansion of the educational system, tending towards a lopsided, ill-balanced development on the total educational front.

Therefore it is concluded that the efforts at educational development must be related to well chosen perspective. Keeping in view, the special needs of the comparatively backward areas, recognising and identifying their constraints at micro regional level and steering ahead so as to help in ensuring a change in the attitude of millions of illiterates. Then only there can be a striking balance between the area development and coverage of individual beneficiaries, ensuring at least 50% of the tribal families above the poverty line by the end of the 6th plan period.

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## **SOCIAL INPUTS IN AREA DEVELOPMENT : THE ROLE OF RURAL INSTITUTIONS**

**Sandhyrani Mohanty**

In the context of balanced regional development, particularly for an overpopulated, traditional, agrarian economy, rural area development have, in recent years preoccupied the attention of the planners.

The balanced growth of a region refers to the appropriate location of development programmes, institutional facilities and other services so that a multi-sectoral, multi-level and multi-sectional development can take place encompassing the development of various categories of people such as small farmers, landless labourers, rural artisans, scheduled castes and scheduled tribes. The multilevel concept of area development thus view the development of the various sectors and sections as an integrated whole.

There is need for having a multidisciplinary approach because for understanding a given economic phenomenon, we need to take into account the complex interaction of economic, political and social factors at local levels, because a human being is an integrated person, on whom all other motivations and constraints in addition to the economic activities have their influence.

### **1. The need for Social Change in the Process of Area Development :**

Planning for area development means formulations of development plans for relatively small and homogeneous areas like districts or blocks. For the planner it is necessary to know the structure and components of micro-level rural economic systems. The average villages in India are full of poverty, malnutrition, poor health and sanitation, and low productivity.

In India the access of rural people to even the available economic opportunities is hampered by the caste barriers, illiteracy, inter group relation and other socioeconomic factors. In order to release the community from the strangle hold of such obscurantist and exploitative structures, attentions must be drawn to such crying problems of society such as regional development, cultural renewal, social inequality and mass poverty.

Rural development is a complex phenomena. "It is now well recognised that rural development nuance cannot be borrowed from else where, that rural development is not an easy as starting or expanding large organized industries, that it is far beyond the mere increase in agricultural productions, and that it is essentially a remodelling programme requiring the values and organisational structures which must generate and assimilate scientific temper and new technique".

This implies that any change in the rural areas requires structural changes in the socio-economic sphere. This calls for desired positive changes in all the elements like social, economic, technological and natural but such changes should take place in a mutually supporting relationship so as to generate organic optimum development. The area development should be so planned that each component in rural life changes in a desired direction and in sympathy with other components, so that the country is able to absorb changes in the field of technology, agriculture, non-environment relationship, population growth etc.

New techniques, to be economically effective may require additional capital changes in the scale of enterprise, they may even require a society which is willing and able to adjust to economic changes. In most societies, attitude and institutions are necessarily geared not to what is traditional.

## **II. Rural Institutions and Area Development :**

Area development is a gigantic task which calls for concerted effort of not only the Government, the units of various specialised agencies, but also the various rural institutions like the panchayat raj bodies, co-operative societies and voluntary agencies. An institution deals with that aspect of social life in which value-orientations and interest centering upon large and important social concerns, generate or are accompanied by distinctive modes of social interaction. These institutions are the agencies capable of guiding, facilitating and organising the rural communities in the attainment of their common goals as well as building a harmonious and viable modern rural community of tomorrow.

The rural institutions are concerned with a variety of aspects in any society. These are as follows :- (a) The institutions of group control is that every rural society has arranged for bringing up, discussing and deciding questions of importance to the entire group. (b) Every rural society



has arrangements for organising schools, classes informal instructions, providing amenities for the successful living of its members in the local environment. (c) There are also a variety of institutions dealing with religion and culture through which his most strongly-held feelings are expressed. They have the relevance to area development, population control etc.

### III. Building viable rural institutions for area development :

Institutions exist separately from individuals within the society and live beyond them. At first people work to shape the institutions, but once built, they shape the people in the task of an integrated approach for area development. The various institutions and organisations offer a scope for mobilisation of rural energy. It is the responsibility of the government to plan, oversee, guide and regulate the establishment of the basic institutions required within rural communities. As the tradition bound rural society to innovations in the field of agriculture, industry and organisation, there is a need for the reorientation and reshaping of the institutions within the government services. The Government Officers should act as change agents, find additional means to link themselves through local leaders to the individual members of the rural community, youth clubs, informal meetings. "This broad area of creating an effective consultant-client linkage between government charge-agents and local groups through their leaders to gain participation by the people" is a priority area in institution building.

There are several difficulties in planning and implementing the programmes of area development, many programmes failed in actually serving the people. This problem arises partly because there are insufficient resources available for carrying out extensive programmes of rural development and partly due to the orientation of the personnel who plan and administer them. Therefore it is almost an absolute necessity that when a new rural programme is launched and all rural areas are covered, there must be the minimum institutional framework for carrying out the programmes.

### IV. Mobilising the Viable Cluster of Village Communities :

The village, taken by itself is too small an area for planning the rural amenities, facilities and institutions. Hence there is need for building viable cluster of community.

According to V. K. R. V. Rao the scope of the rural sector should be fully exploited to promote intervillage channels of mobility, contacts and communications. If the channels were strengthened, it would bring

about increased integration in economic and social activities as the basic unit of micro-level planning. "Villages, like persons, pass through an identifiable life-cycle of change and adjustment and it may be that the villages in our clusters are at different stages in their life-cycle, much like members in a household but lacking the latter's unified entity deriving from family bonds. It would be interesting to try to discover this life cycles and with their help, probe into the large and exciting analytical questions of patterns and determinants of rural dynamics."

The cluster approach is important because it can not only promote inter village channels of mobility, contacts, and communications, but it can also formulate and implement the community action strategy. The community action strategy has four components, i. e. (i) target groups, (ii) change agents; (iii) developmental goals and (iv) developmental tactics. The target group include small farmers, marginal farmers, rural artisans, landless labourers, Schedule Caste and Scheduled Tribes. The change agents are the officials and non-officials of various categories such as political agents, administrative agents, professionals, social leaders who are responsible and accountable for planning and implementation of development programmes. The development goals are the results expected by the action system. The developmental tactics are various incentives offered.

#### V. The Panchayati Raj System :

The planning strategy and development programmes have assigned an important role to the panchayatiraj in order to create a real, local government responsible for discharging certain selected functions pertaining to development. It is not merely a state agency but a self-propelling institution which could mobilize its own resources, both human and material, so that development could be energized. The next tier in the Panchayatiraj system is the panchayat union council or panchayat samiti, whose sphere of operation is co-extensive with that of a block, and which has entrusted with responsibility of mobilization of local resources and implementation of various schemes. The Gandhian concept of self government envisaged a structure comprising vibrant communities of which the panchayat raj was to be the hub.

The Ashok Mehta committee which submitted its report on Aug. 1978 said that it would be wrong to think of panchayatiraj institutions as "God that failed."

In the sixth plan, the panchayat raj institutions have given a role in planning and execution of the special programmes like Integrated Rural Development, National Rural Employment Programme, Minimum Needs Programme.

Through the panchayat raj people learn administration by participating in it and at the same time it provides a forum for dialogue and make possible government at various levels. With poverty, destitution and illiteracy holding the rural masses in bondages, the working of the panchayat raj today, seems no where the promised utopia. The people must be made aware of what they want and how to get it, they must select their representatives to various bodies. In the process of decentralization, a clear-cut commitment of the rural people to the panchayat raj institutions may bring their resuscitation.

#### VI. Co-operatives :

Ever since the beginning of the planning era and particularly after the recommendations of the Rural Credit-Survey Report (1954), Co-operation has come to assume increasing importance in the rural development process. But despite its vast organisational network, the weaker sections of society whose need for their services is most urgent, have suffered most where these institutions failed, and did not stand to gain where they proved to be successful.

The reasons for their failure are to be found in the structural and organisational weaknesses such as meagre resources, lack of organisational talents and other reputed causes of failure but many with weaknesses of co-operative institutions can be traced back to the larger socio-economic environment in which they function which can be more easily rectified through right policies.

Our rural society, based on hereditary and traditional status with definite overtones of economic powers confined to a selected few, has failed to safeguard the interest of the less privileged sections, rather it serves as an institution of self aggrandisement. In view of these possibilities the Rural Credit Survey Report, while recommending a reorientation of the policies of the co-operatives had suggested that societies should be "so designed in their relation to the internal pattern of village leadership as to be for the advantage of the village as a whole and in particular for the protection and benefit of the weaker elements that so largely inhabit it."



## VII Voluntary Actions :

The rural poor made up of the landless, the marginal farmers, and the most under privileged sections of society are weak and unorganised. If they are to be uplifted then it is necessary to organise them and form a community of interest and encourage group action which can experiment with ideas, technologies, organisations or any thing else. In rural areas the voluntary action should be encouraged so that it can help in radical social change and economic transformation. It can be extended geographically and sectorally so that the rural people can be involved in area development. In agriculture, the voluntary agencies have an important role to play in assisting the extension agencies connected with the national demonstration programme, the farmers training and education programme and the functional literacy programme in organising and conducting them. They can also assist the entry of industrial houses in the field of area development by providing motivation, grassroots expertise and social leadership. But the strategy and approach to development generally pursued by voluntary organisations operating with local perspective are far from adequate to bring the rural people within the main stream of development.

## 9. Formal Organisations :

In rural areas the productivity of land labour is low because of unemployment and underemployment, illiteracy, the inability of the rural poor to take advantage of new technology, lack of resources and appropriate skills, inequality and social injustice, inadequacy in implementation of government programme etc. The root cause of poverty lies in lack of organisational capacity of the rural poor to fight against these maladies. The effective accomplishment of common task requires that men should organise themselves by establishing procedures for working together. In this connection the Sixth Plan document (1980-85) says that in a democratic society, planning for rapid economic and social development can succeed only if there is willing acceptance and involvement of the common people in the structural changes associated with a fast-changing economy.

The role of rural institutions are vital in strength the pace of economic growth in rural areas provided a more meaningful network is built on the basis of a scientific study of locations. In society of our size and complexity where caste, class and history are the warp and woof of our social fabric; political factionalism and the dominance of the economically and socially privileged sections tarnish the image of these institutions.

"The institutions should be saved from pitfalls and dangers but should not be stoped from growing. Thus coordination is the running thread that interwaves various levels together, and, thereby, is a grand vehicle for effecting functional equilibrium in the organisation as a whole."

#### IX. Political Awakening and Local Participation :—

The contribution of the poorer communities in terms of their knowledge, skills and experience in matters relating to socio-economic development would be invaluable not only for their own welfare but also for better planning at the top. We have to listen "to what that potter, weaver have to say about problems in marketing, credit and purchasing raw materials, and follow their advice with greater attention than we pay to the views of urban experts. For here is the very stuff that India, the heart of rural India, is made of and we cannot brush it aside and replace the wisdom of experience with the theoretical knowledge of outsiders the single most expensive mistake that Indian planners continue to make"

The area development plans now being prepared are generally a compilation or the schemes of individual departments without any long term perspective of development and also without any comprehension of the interaction between physical and socioeconomic variables and suffers from lack of coordination and proper implementation. The idea is to strengthen the bargaining position of the poor by creating a congenial environment and opportunity to let the poor take their own decision. "The elite are annoyed with the peasant for not making choice which they want him to make but they seem to be ignorant of the fact that choices are linked to structural, economic and cultural factors. This applies with particular force in a highly stratified and culturally diverse society such as India"

The politician have become adopt of pseudo- solutions : Reservation of seats and jobs to solve persisting backwardness; intermediate technology to reduce unemployment; rural industrial centres to step up the rate of industrialisation. But the problems are basically socio-economic; of hunger, poverty and unemployment, of crossing the animal existence to live human life with work and dignity, of inequality and injustice perpetuated by social and economic stagnancy.

In the village, all the schemes and subsidies and cooperative loans are monopolized by a group of vested interests. The administration is



identified with them. Under such circumstances, the participation of the rural poor is only in the form of receiving subsidies. The poor, villager is not told how to get the money, what forms have to be filled up, whose "no objection" certificate is necessary and under what schemes the grants were allocated. He is kept in the dark. It is in the interest of the sarpanch and of the village level, government functionary that he should remain ignorant about these things"

The blue print for people's participation in the Sixth plan document states that there is the need to mobilize and organise the poor, the need for communication to be self reliant, the need to make people aware of official scheme and opportunities available to them, the need to train the poor and give them the requisite knowledge, the tools and the skills to stand on their own feet; but inspite of all these, there is big gap between planning and implementation.

#### CONCLUSION :

In recent years substantial resources are allotted to special programmes like employment guarantee schemes, programmes to support artisans' activities, local resources exploitation and extension of amenities and minimum needs to rural areas. It is a question whether these programmes would ever acquire the thrust capable of spreading the benefits to backward areas and to target groups of rural poor.

In any society "producer is just one phase of each culture and can not be wholly separated from other aspects of it. Societies live and grow as a whole, technology and economic progress dependent upon politics, administrative standard, ducation and even fundamental beliefs and values".

Each stage of development has its own peculiar needs and problems. The institutional mix, their approach to development must view the villages and rural groups as inter related parts of the micro-level socio-economic system which needs to be understood well before policies are devised to promote development in the system. It is not possible to force the pace of social change and those who are inclined to look for dramatic results do understand that for such a moment to appear people might have to work for years.



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