

*Indigenous Resources
for Rural Development*

Indigenous Resources for Rural Development

*Agricultural Mechanisation and
Rural Industrialisation*

SURES CHANDRA JAIN



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About the Author

Before taking up a contractual assignment as Resident Consultant for one year with the N.P.I.U. for implementing the World Bank project under the Ministry of HRD, Government of India, **Dr. Sures Chandra Jain** had worked as Chief General Manager for nearly 20 years at M.P. Laghu Udyog Nigam (an undertaking of the Government of Madhya Pradesh) in Bhopal when he voluntarily retired in 2002. Dr. Jain had also worked for many multinational corporations like I.B.M., Massey-Ferguson, Atomic Energy of Canada Limited, and G.T.E. when he was in Canada and USA from 1970 to 1983. He was a visiting Fellow at UNESCO, Paris, France.

Dr. Jain obtained the degrees of Doctor of Education (Ph.D.) from Columbia University, New York, U.S.A. and B.I.S. from the University of Waterloo in Canada, Besides several research papers, Dr. Jain has written five books, two in Hindi and three in English, all of them published by Concept Publishing Company, New Delhi. He is either an author or co-author of many government reports which are not meant for general publication.

**INDIGENOUS RESOURCES
FOR
RURAL DEVELOPMENT**
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Rural Industrialisation

Dr. Sures Chandra Jain

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Preface

Whether a person in India and in developing countries below the poverty line or above it, varies substantially from source to source, from institution to institution, and from country to country. To my mind, a person is below the level of poverty line when he or she is not in a financial position to afford the following five basic requirements of dignified human life:

1. Sufficient food,
2. Minimum hygienic housing,
3. Adequate clothing,
4. Access to primary education, and
5. Basic health care.

Within the limits of these five constraints, it would be safe to state that over 60 per cent of the population in urban areas, and over 80 per cent of the population in rural areas in India live below the poverty line. Approximately 80 per cent of the total population of India, 843 million in 1991, live in rural areas. The situation of dealing with poverty is very precarious because of the following reasons:

1. A person is poor because he has no skill to secure a gainful employment or create his own facility for self-employment.
2. He has no skill because, being poor, he cannot afford even primary education; he ends up working as a child labour.

So there is a real paradox here. This book is an attempt towards indigenous resource-based economic development, with reference to an analysis of economic inequality between

urban centres and rural areas; evolution of a self-reliant, agro-industrial complex based on agricultural mechanisation, rural industrialisation, and utilisation of natural resources.

This book is an analysis of poverty *versus* polity, as it attempts to define the constraints and imperatives in the task of socio-economic transformation based on evolutionary, reformist and revolutionary strategies.

The Book is primarily designed as a general reference material for the layman who wishes to become familiar with the subject of agricultural mechanisation and rural industrialisation, as it relates with the overall socio-economic development of the country.

This book was originally written in 1982 when I was in Canada, updated and thoroughly revised ten years later in 1992, and now updated and revised again the same ten years later in 2002. As a result, some part of this book may in the first instance appear to be a bit disjointed but, in fact, analyses and arguments made 20 years ago and 10 year ago are even much more relevant today. This is precisely because poverty and rural development continue to be perennial problems and pressing issues facing India and other developing country. These problems of poverty and rural development have only gone from bad to worse in these last 20 years when the book was originally written.

I wish to express my appreciation to my wife, Dr. Krishna and our two little children, Nidhi and Amogh, who so gracefully provided me with what otherwise would have been their time.

Bhopal,
September 12, 2002

Sures Chandra Jain

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Introduction

Can an improvement in governance brought about by constitutional reform assist in the task of poverty alleviation, a task on which successive governments have failed to deliver for the last 53 years?... The lack of good governance according to me is an important reason behind persistent poverty. ...

—Dhiraj Nayyar¹, 2000

A poor man does not use money as a weapon. The major means of production are: the land, forests; mineral resources; water; oil and industry...upon which a large section of population depends for their living, or...which produce essential raw materials.

—Julius K. Nyerere², 1967

...Poor people are active agents in their lives, but are often powerless to influence the social and economic factors that determine their well-being. ...The world has deep poverty amid plenty. Of the world's 6 billion people (in the year 2000) 2.8 billion—almost half—live on less than \$2 a day, and 1.2 billion—a fifth—live on less than \$1 a day, with 44 per cent living in South Asia.

*The World Bank*³, 2000/2001

While living under the general affluence of the West from 1970 to 1983, I often used to wonder as to what could be the causes of grinding poverty in India and the Third World. I eventually realised that one of the fundamental causes of the continuing poverty in India is that our polity, largely dictated by vested interests, has so far been with an urban bias, during almost the half a century since Independence in 1947. The polity is, in a nutshell, also broadly based on western-style

modernisation, catering to the needs and aspirations of the upper strata of the society, and ignoring the genuine need for equality and social justice for nearly half of the population of the country, even after half-a-century-of-Independents which barely subsists either just at the poverty line or below it. The World Bank in its World Development Report 2000/2001 reported that:⁴

“...Poor people are active agents in their lives, but are often powerless to influence the social and economic factors that determine their well-being. ... The world has deep poverty amid plenty. Of the world's 6 billion people (in the year 2000) 2.8 billion—almost half—live on less than \$2 a day, and 1.2 billion—a fifth—live on less than \$1 a day, with 44 per cent living in South Asia.”

Approximately 80 per cent of 843 million people of India in 1991 live in more than half a million villages, most of them earning their livelihood at a bare subsistence level.

It is quite obvious that the task of nation-building in the post-Independence era since 1947 has, by and large, been wholly biased towards urban centres, with substantially based on foreign aid, debt and technology.⁵ The disparities concerning income, education, agricultural mechanisation, and rural industrialisation, the revival of self-dignity to off-set the British colonial dehumanisation, degradation and enforced servility and flunkeyism, all amount to the near total neglect, deliberate in most cases, of rural areas. The main beneficiaries of the fruits of Independence have been approximately 10 per cent of the people, most of them in urban centres. The statistical analyses of the data in various chapters clearly prove these facts.

Lack of primary education⁶ and poverty logically feed each other. In an attempt to remove poverty, the attack therefore has to be on both the fronts simultaneously. In this book, I am concerned with the programmes of action for the removal of poverty only for rural development, as it relates with agricultural mechanisation and rural industrialisation.

There are six chapters in this book:

Chapter 1: The Problem: People below the Poverty Line

This chapter is an analysis of the problem of poverty in India and the Third World. There is no point in saying that there has been less and less percentage of people below the poverty line in nearly half a century since Independence in 1947. To my mind, the fact is that a person is below the level of poverty line when he or she is not in a financial position to afford the following five basic requirements of dignified human life:

1. Sufficient food,
2. Minimum hygienic housing,
3. Adequate clothing,
4. Access to primary education, and
5. Basic health care.

The figures for the population living below the poverty line in India vary substantially from source to source, from institution to institution, and from economist to economist. But this concept of defining the poverty line is, "by any consideration, highly arbitrary", Vasant Sathe⁷ said in 1988 when he was a Cabinet Minister. Sathe felt that over 80 per cent in rural areas and over 60 per cent of the population in urban centres live below the poverty line. Various official and other estimates of people below the poverty line are given in chapter 1 in the text.

The real beneficiaries of production and productivity in the post-Independence era have been approximately 10 per cent of the people; most of them in urban centres, while over 80 per cent of the population subsist in rural areas. The data are provided in tabular format, and analyzed for India and the Third World.

Chapter 2: The Formation of an Agro-Industrial Complex

In this chapter, I have attempted to devise a model of the sequences of change, which would lead to a relatively smooth

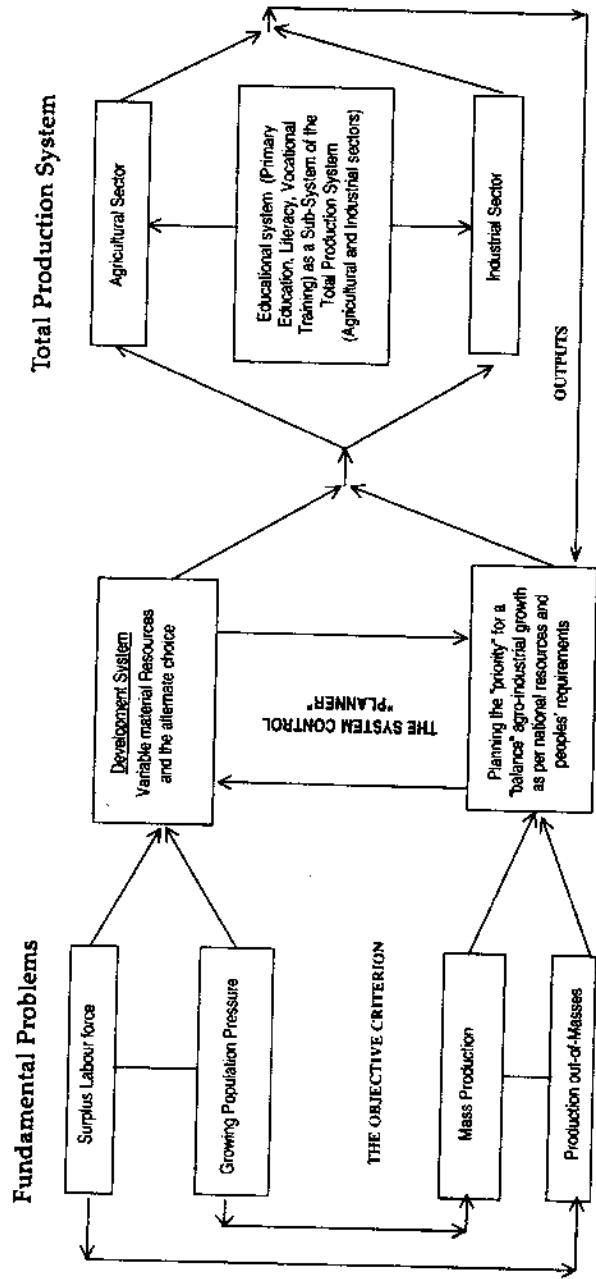
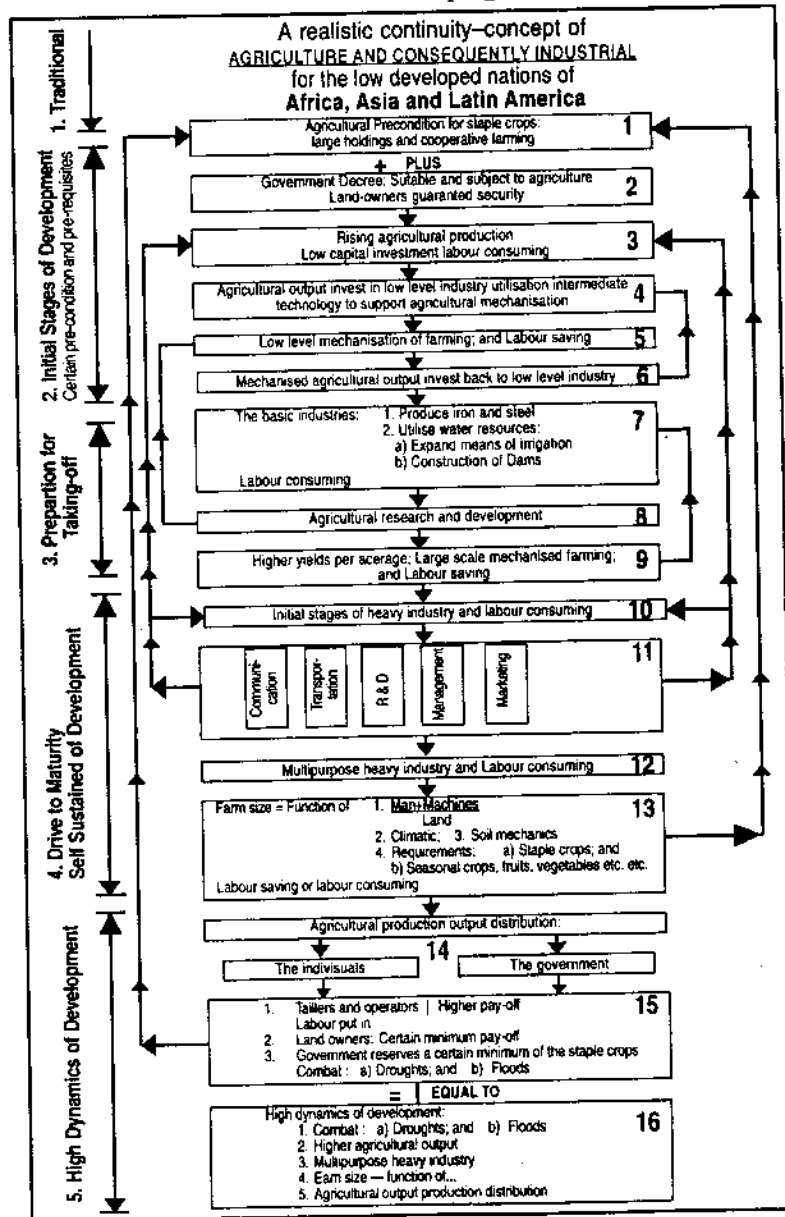
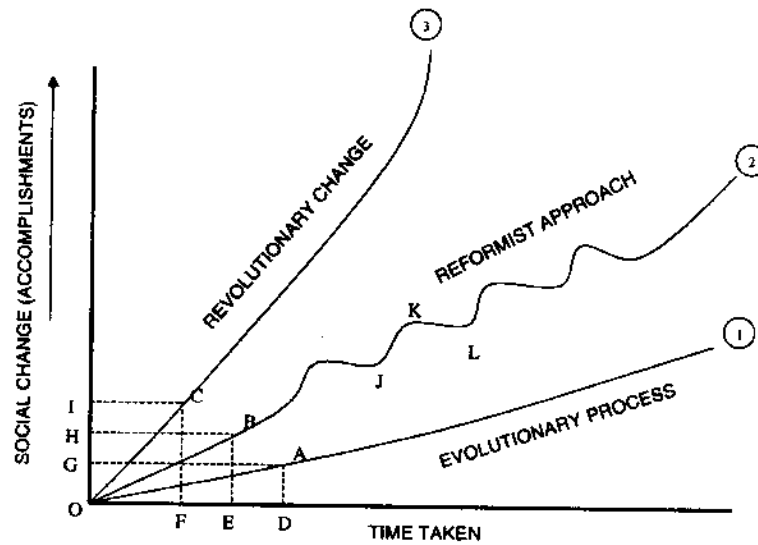


Diagram 1
Decision-making Variables for Agricultural Mechanisation and Rural Industrialisation

Flow Chart 1
 Linking Agricultural Mechanisation and Rural Industrialisation
 for a Generalized Developing Economy





modernisation of agriculture and the subsequent emergence of industrialisation for rural development. In this model, I am particularly concerned with 'mass-production' on the one hand and the 'production-out-of-masses' on the other.

This model is based on certain policy assumptions related with:

1. Rural development: land owners and tillers.
2. Labour-intensive small-scale industries.

According to Mahatma Gandhi (1936)*:

Real socialism has been handed down to us by our ancestors who taught: "All land belongs to Gopal, where then is the boundary line? Man is the maker of the line and he can therefore unmake it". Gopal literally means shepherd; it also means God. In modern language it means the State, *i.e.*, the people. That the land today does not belong to people is too true. But the fault is not in the teaching. It is in us who have not lived up to it.

In my attempt towards the formation of an agro-industrial complex for agricultural-mechanisation and rural industrialisation, I have made the following provisions in the model:

1. Tillers and operators with the highest pay-off in proportion of output, compared with the amount of labour input.
2. Land owners with a guaranteed security for their land and a certain minimum pay-off.
3. Incentives to both land owners and landless peasantry for their land and for their labour input, respectively.
4. Avoidance of social unrest and frustration among the masses arising out of certain radical land reforms.
5. The government should reserve a certain minimum amount of crops to combat (a) droughts, (b) floods.

Given the socio-economic conditions prevailing in India today, *i.e.* resources crunch and massive unemployment, the trend must change in favour of small-scale industries based on low-cost, labour-intensive and, as far as possible, on indigenously developed appropriate technology, particularly suited for agro-based industries essential for agricultural mechanisation and rural industrialisation.

In our policy formulation for revitalising the rural economy, it should be borne in mind that we, in fact, are strengthening the industrial base itself. Most of the essential inputs into the modern agricultural production system are, in fact, industrial products such as pesticides, farm machinery, various cultivating equipments, pipelines, electric motors, etc.

Chapter 3: Land Reforms: A Structural Problem in the Formation of the Agro-Industrial Complex; the State of Bihar

The analysis of poverty and polity in India in the post-Independence era since 1947, in order to be consistent and coherent, must take into account (a) the policy of the British

The countries that have succeeded in modernising their economies all began with far-reaching land reform. In our country... The major obstacle in the way of meaningful land reform has been the lack of firm political will at the highest levels.

Chapter 4: Mobilisation of Human Resource

The then President of Tanzania, Julius K. Nyerere¹², said in 1967:

People, not money, bring about the development of a country. Money, and the wealth it represents, is the result and not the basis of development.

Most of the population of the abundantly populated developing countries such as India dwells predominantly in rural areas. The ignorance and illiteracy of the villagers remain major hindrances in the fuller implementation of many developmental projects. The elimination of illiteracy and the spread of awareness are bound to make the over-population emerge as an asset in development planning, which otherwise remains a liability.

So what is needed is an approach to solve the problems of ignorance and illiteracy, *i.e.* to transform what on surface appears to be a liability into an asset.

When eventually in power in 1947 after the Independence, the leaders of free India virtually set aside the ideas and aspirations of Mahatma Gandhi, the Father of the Nation. What Mahatma Gandhi¹³ realised and advocated in 1939, even before Independence, remains to be achieved even after nearly half a century of Independence:

In the case of the Indian villager an age-old culture is hidden under an encrustment of crudeness. Take away the encrustation, remove his chronic poverty and his illiteracy, and you have the finest specimen of what a cultured, cultivated, free citizen should be.

The attempt in India since Independence has by and large, aimed at solving the problem of population, without first

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The attempt in India since Independence has by and large, aimed at solving the problem of population, without first

attacking the problem of the people, *i.e.* illiteracy and poverty. Unless we solve these 'problem of the people', the 'population problem' can at best be scratched at the surface only. So, is there 'population problem' or the 'problems of the people'? In the case of India, it is the latter that feeds the former while both, in fact, are the serious problems. It is analyzed in the text that the development planning of the country has got to be linked with the population planning, or else we can have no effective control over population planning.

The World Population Forum for the 21st Century¹⁴, organised in November, 1989, in Amsterdam by the United Nations in cooperation with the Government of Netherlands, recommended that the "population strategy ... must link population programmes to programmes on health, education, housing, and employment, among others."

The policy planners in India appear to have been so thoroughly influenced by the Western concepts of population policies and problems that they virtually ignore the fact that the Western policies simply do not apply to countries like India. Mao tse Tung¹⁵, while refuting "the absurd arguments of Western bourgeois economists like Malthus that increases in food production cannot keep pace with the increases in population, said that the solution to the big population problem "is production".

Chapter 5: Utilisation of Natural Resources

This chapter largely deals with the planning of developmental projects such that the necessary variable inputs are abundantly available in India. These variable inputs are people, land, water, forests, minerals, alternate sources of energy such as solar energy, fisheries, and other aquatic resources, low-cost labour-intensive projects with as much as possible indigenously developed technology, etc. Julius K. Nyerere, former President of Tanzania, had said¹⁶:

A poor man does not use money as a weapon. The major means of production are: the land, forests; mineral resources; water; oil and industry...upon which a large

policies were to plunder the nation, and this was their sole purpose.

Hence during the British period, no changes in rural areas were initiated, and if somewhere they were necessary to effectively plunder the countryside these changes were the undesired by-products. I do not intend to document this plunder by British imperialism any further, as I am primarily concerned in this book with an analysis of poverty *versus* policy in the post-Independence era.

After the end of colonialism in the aftermath of Second World War in 1945, the World Bank and the IMF stood as *saviour* to provide loans and formulate programmes of socio-economic development in the developing countries, *i.e.* countries which were the colonies of the western countries before the Second World War. To maintain *status quo*, *i.e.* the poor countries continue to remain poor, and the hegemony of western powers remains unchallenged and unquestioned, in the former colonies, the World Bank and IMF prescribed "*solutions*" for the removal of poverty in developing countries. The World Development Report 2000-2001 of the World Bank has prescribed solutions which are nothing but to perpetuate *status quo* (Detail in Chapter 6).

Commenting on the World Bank's World Development Report 2000/2001 which is full of prescription for poverty reduction programmes, an Editorial in the *Times of India*¹⁹ stated that:

But it seems that an organisation which has supported statism in the developing world since its inception—the World Bank is an architect of failed policy is loath to admit it.

2. Reformist approach: Opportunism in the post-Independence era since 1947

In order to get power, the leaders struggling against the British colonialism in India promised many social changes after Independence to remove the grinding poverty of the people.

Jawaharlal Nehru, the first Prime Minister whose 17-year rule was unopposed and unchallenged, clearly implied so by publishing his *Discovery of India* in 1946.

These leaders after the Independence began to indulge in pursuits of their selfish ends, personal glory, and ego-gratification. Corruption, malpractice, and administrative inefficiency became rather "acceptable" traits of our socio-economic institutions, particularly from 1970s to 1990s. Vasant Sathe²⁰, Cabinet Minister from 1980 to 1989, gleefully admitted in 1988 that "the most popular films and stories are those which caricature and depict men in authority, including judges as being utterly corrupt and without any character."

Under the banner of socialist phraseology, the socio-economic development of the nation in the post-Independence era has been largely based on the Western style urban based modernisation.

While reviewing the book by Sundeep Waslekar, "*South Asian Drama: Travails of Misgovernance*", Professor K.L. Kamal²¹ wrote that:

"...in all South Asian Countries, governance by personal rule has led to subjugation of the institutions of state to certain individuals and their coteries at different levels. As a result, the ability of the state to govern has grossly declined."

This is what precisely has been hallmark of achievements of more than half-a-century of Independence in this reformist approach aimed at poverty alleviation in all South Asian Countries.

3. Revolutionary change: The plight of the poor and exploited

In a revolutionary change towards the development of a nation, particularly the economic development and the eradication of poverty and rural reconstruction, it takes much less time to accomplish the much-needed social changes on a momentous and unprecedented scale.

Although we in India ever since we freed ourselves from the British colonial yoke have always had the officially declared policy of socialism to carry out the task of nation-building, but the fact remains that despite a somewhat decline in the percentage of people below the poverty line, we have absolutely failed to remove poverty. R. Venkataraman, President of India, while addressing the nation on the eve of Independence Day on August 15, 1990 admitted the following²²:

One-thirds of the population of India still lives at the subsistence level. The contrast between rich and poor, urbanite and villager, educated and illiterate, urban street-child and the girl-child in particular, suffers from painful disabilities.

The vast mass of our people has remained outside the periphery of our progress.

So before the genuine transformation of rural areas and the removal of poverty is practically possible, we will have to what Bhanu Pratap Singh²³ says, "tear down the existing apparatus of politico-economic feudalism", or else, "a social upheaval cannot be averted." To avoid this inevitable social upheaval, the following policies now to be immediately adopted and implemented:

1. India lives in her villages. A sizeable investment, more than 50 per cent in any case of the investment outlay, should be channelled to the rural areas with sincere implementation of land reforms which have been the backbone of continuing wretchedness in rural areas, for there is no land which the people can call their own.
2. Small-scale and cottage industries should be promoted and protected in rural areas, with a policy that what can be conveniently manufactured in the small-scale sector will not be encouraged in the large-scale sector, with an emphasis on low-cost labour-intensive industries with self-reliant and indigenous technology.

If the above policy alternatives are honestly translated into action, it would certainly remove poverty, which we have not been able to do so in India for nearly the last five decades since Independence in 1947.

The data analysed in this book are mainly from India, South Asian countries, China, and developing countries as a whole. The analysis in the book is applicable to India and South Asian countries in particular, and to the Third World in general.

The nations in the South Asian region, particularly Bangladesh, India, Pakistan, and Sri Lanka, share the same colonial heritage. These nations in South Asia, with somewhat different political systems of governance, have the potential to form a common single unit, economically and culturally. All these nations are the classical victims of:

1. The divide-and-rule policy of the British colonial domination, and
2. The socio-economic neo-colonialisation being practiced by the Western countries after direct political colonialism.

Since we have now been free from colonialism for over four decades, there is a little point in putting the blame on these former colonizers, for it is we ourselves who form our own polity and developmental policies with an urban bias, largely based on western style.

The so-called economic reforms and liberalisation of the economy that began in 1991 have not at all benefited the ordinary citizen among the teeming millions in India, and in any of the South Asian Countries. The two polls carried out by the *Times of India* and the *Economic Times* reflect the opinion of a section of the society who is net users, who overwhelmingly felt that the reforms did not benefit ordinary citizen:

(a) Times of India²⁴:

Poll Results:

Question: Has economic liberalisation failed to bridge the rich-poor gap in India?

Yes = 71%, No = 25%, Can't say = 4%

8215 Votes in all

The poll reflects the opinions of Net users who chose to participate, and not necessarily of the general public.

(b) Economic Times²⁵:

Poll Results:

Question: Has the Government lived up to the expectations of the common man in the last 10 years of reforms ?

Yes = 21%, No = 75%, Can't say = 4%

This poll reflects the opinion of only those internet users who have chosen to participate.

As far as the interest of the poverty stricken mass are concerned, an eminent journalist of India, Prabhas Joshi²⁶ wrote about the outcome of the reforms:

There has been manyfold increase in the capital of the big industrial houses, and all of them have formed partnership with foreign companies. Some percentage of middle class and upper middle class got consumer goods much easily. The role of peasants, the artisans, and the small scale entrepreneurs has been marginalized in these nine years of globalisation.

For the various programmes of rural development for alleviating poverty, the Government of India allotted:

Rs. 7,517 crore in 1999-2000,

Rs. 6,760 crore in 2000-2001,

Rs. 8,197 crore in 2001-2002,

Rs. 7,973 crore in 2002-2003.

As reviewed and analysed in chapter 1, despite plethora of these multi-dimensional programmes of rural development on the one hand, and large sums being spent to implement them on the other, poverty still remains as perennial a problem as ever before. So what is required is a revolutionary approach, a paradigm shift from:

- (a) The evolutionary approach of the World Bank and the IMF in the post-Independence era who dictate the

policies of the developing countries for removing poverty (or of the British Colonial approach which was in any case, not designed to do any good for the country, except to plunder it effectively), and

- (b) The reformist approach being practiced in the last half-a-century since Independence, which has ended up in what K.L. Kamal²⁷ wrote that:

...“in all South Asian Countries, governance by personal rule has led to subjugation of the institutions of state to certain individuals and their coteries at different levels. As a result, the ability of the state to govern has grossly declined.”

The political question in this revolutionary approach in alleviating poverty is simple and brutal. To quote K.L. Kamal²⁸ again:

“Who will lead the masses, how shall they get organised, how shall they fight the custodians of power who have all the resources at their command, what would be the nature of the institutions and structures that could be envisaged, what institutional restraints would be imposed on the future leaders of the society ?”

NOTES

1. Dhiraj Nayyar, *Alleviating Poverty: Role of Good Governance and Constitutional Reform*, *Economic and Political Weekly*, Mumbai, October 14, 2000, pp. 3739-3742.
2. Julius K. Nyerere, *Freedom and Socialism* (Dar-es-Salaam: Oxford University Press, 1968), p. 235.
3. The World Bank, *World Development Report 2000/2001*, Oxford University Press, New York, 2000, p. 3.
4. *Ibid.*
5. For an analysis of the pitfalls associated with foreign debt, aid and technology, see the author's other book, *Globalisation*.
6. For programmes of education for skill development, see the author's other book, *Education for Economic Development*.

7. Vasanth Sathe, "Refusal to Think: An Act of Cowardice", in *Yojana Magazine*, New Delhi, 26-1-1988; p. 9.
8. Mahatma Gandhi (1936), *Collected Works*, Vol. 64, Ministry of I&B, New Delhi, 1976; p. 192.
9. J.D. Sethi, *The Times of India*, New Delhi, March 23, 1988; p. 3.
10. Editorial, *The Hindustan Times*, New Delhi, 19-8-1988; p. 11.
11. *The Hindustan Times*, New Delhi, 16-3-1992, p. 13.
12. Julius K. Nyerere, *Freedom and Socialism* (Dar-es-Salaam: The Oxford University Press, 1968); p. 243.
13. Mahatma Gandhi (1939), *Collected Works*, Vol. 68, Ministry of I&B, New Delhi, 1977; p. 266.
14. *The Economic Times*, New Delhi, 3-12-1989; p. 11.
15. Mao tse Tung (1949), *Selected Works*, Vol. IV, Foreign Languages Press, Peking, 1961; pp. 453-59 (22n).
16. Julius K. Nyerere, *Freedom and Socialism* (Dar-es-Salaam: The Oxford University Press, 1968); p. 235.
17. See the author's other book, *Revival of Cultural Identity*.
18. Karl Marx and F. Engels, *On Colonialism* (New York: International Publishers, 1972); p. 83.
19. Editorial, Go Home World Bank, *The Economic Times*, New Delhi, September 29, 2000, p. 12.
20. Vasant Sathe, "Refusal to Think: An Act of Cowardice", in *Yojana Magazine*, 26-1-1988; p. 12.
21. Sundeep Waslekar, "South Asian Drama: Travails of Misgovernance", Konark Publishers, Delhi, 1997. Book Review by Professor K.L. Kamal in *Administrative Change*, Jaipur, Vol. XXV, No. 1, July-December, 1997, p. 80.
22. *The Hindustan Times*, New Delhi, 15-8-1990; p. 4.
23. *The Times of India*, New Delhi, 20-3-1989; p. 3.
24. *Times of India*, New Delhi, 16-11-2000, p. 1.
25. *Economic Times*, New Delhi, 24-2-2000, p. 1.
26. प्रभाष जोशी, *जनसत्ता*, 20-5-2000, पृ. 6.

The above passage is translated from the original in Hindi:

भूमण्डलीकरण एवं उदारीकरण के 1991 से पिछले 10 वर्षों में 2000 तक निम्नलिखित परिणाम सामने हैं:

1. बड़े औद्योगिक घराने की सम्पत्तियों में बेतहाशा वृद्धि हुई और इन सबने विदेशी कंपनियों से गठजोड़ कर लिये,
2. मध्यम वर्ग के कुछ अंश एवं उच्च मध्यम वर्ग को उपभोक्ता सामग्री आसानी से प्राप्त हुई, एवं
3. "9 बरस से भूमण्डलीकरण में देश के किसानों, कारीगरों और छोटे-छोटे उद्योग चलाने वालों को किनारे लगा दिया है। औरतों और दलितों की हलत और बिगड़ी है।"

27. Sundeep Waslekar, *South Asian Drama: Travails of Misgovernance*, Konark Publishers, Delhi, 1997. Book Review by Professor K.L. Kamal in *Administrative Change*, Jaipur, Vol. XXV, No. 1, July-December, 1997, p. 80.
28. *Ibid.*, p. 81.