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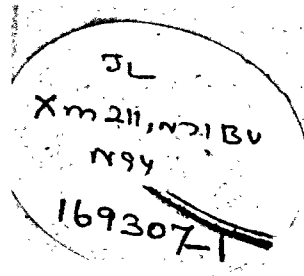
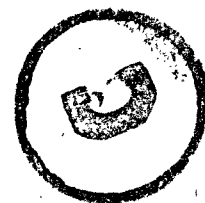
BULLETIN

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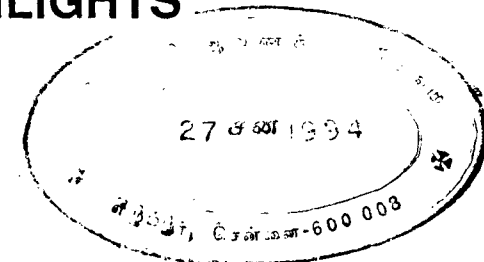
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Economic Perspectives in Planning and
Implementation of Total Literacy Campaign in
Tamil Nadu
Education as a Tool for Economic Change

EDITORIAL HIGHLIGHTS

Introduction



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THIS January editorial covers the main activities in the month of November. It starts as usual with the brief discussion of the formulation of the 1994 state plan by the State Planning Commission, highlighting its priorities and calling attention to the decentralisation of planning, still being a proposal programme. On water, the plentiful North East monsoon in November has particularly benefited Madras whose drinking water crisis should end as from December 1. On the basis of the two thirds full reservoirs, water supply is being resumed on alternative days. Brief reference to the slum situation in Madras which is characterised by the highest number of rent payers of the slums in the four metropolitan cities, and the effort of the government to meet its financial stringencies and the World Bank loan criteria by raising the bus fares both for the city and on mofussil routes. Agriculture is reviewed in positive terms because of the plentiful North East monsoon which with the completed South West monsoon has produced again a record agricultura output and increasing procurement. The industrial sector begins with the reference to the computerised background data on investment opportunities in the state followed by the problems faced by the Singapore-Madras Corridor. The railways responding to the industrial needs for quick long distance transport, the diversification and expansion of Ashok Leyland, the replacement of the declining order book position of BHEL by the new areas, the development of Kothari enterprises, establishment of the first tool training centre

by the government in the state, the problems created by the mini lock out, Gopi Krishna Granites entering the market and SPICs takeover of the sick unit. At the National level, the shortfalls in plan spending largely due to the states not raising their pledged resources is forecast. On the budget, the preparation for 1994-95 budget in the midst of some uncertainties and difficulties are referred to, together with the fall in budget deficit and a proposal for a comprehensive VAT in 2-3 years time. Inflation is seen to be rising again with the annual rate rise recorded for October end together with the anti inflation action needed. In the power sector the energy outlook of the country is reviewed. The growing indebtedness of SEBs to NTPC and the endangering of its World Bank loan, the US Kerala 900 MW investment and the non-conventional energy projects are referred to. In the stock exchange field the increased powers to SEBI to control brokers and serve small investors better and the National Stock Exchange development are referred to On the economy the relation between growth, trade and the economic reforms are once more reviewed, the problems of initiating bank reforms, corporatising the railways, the increased foreign investment, the misleading euphoria of Merrill Lynch based not on the performance of the economy but on its opening up to the MNCs and the announcement of total convertibility including that on capital accounts are some of the issues outlined. In the agricultural sector the record of the South West monsoon as reported by the Department's publication,

Agricultural Situation, the good kharif crop production, the fall in rice procurement and PDS are discussed.

The agricultural research programme is briefly reviewed and performance of two plantation crops are discussed. In the industry field, the persistence of recession and the recasting of the growth centres system, the mixed performance of industries and infrastructure during the six months period resulting in the low industrial growth rate, the training given to 9 SSIs units for ISO 9000, the continuing problem of sickness and the need to strengthen the BIFR and the growing foreign investment approval are reviewed. In the foreign trade and BOP field, the fall in exports in the second quarter and the importance of the year's growth being resumed, the good performance of project exports, the problems that BOP presents despite growing forex resources and the level and composition of foreign debt on which there is agreement by government and RBI together with the performance of individual industries, textiles, sugar, castor are examined. In the aid field apart from the loans from ADB, Danida and the food grant from WFP and the ADB's direct lending to the private sector, the ADB warning of cut back in its loans in light of the poor utilisation record to date which repeats the World Bank warning on the same issue are referred to. The section closes with the Dunkel Draft, the problem that its signing poses to India, particularly in the area of agriculture and International Property Rights. In the Human Resources Development area the falling record of Operation Black Board, the drop outs from primary education and the preparation for the Summit of the 9 most populous countries to be held in Delhi in mid December are passed in review. In Science, the declining research function and the falling higher education standards are referred together with the Tamil Nadu Science proposal to set up an engineering university to which all engineering colleges in the state would be affiliated. In the health area, the proposal to set up a children's hospital in each district in

Tamil Nadu is a much needed innovation. In the employment field the migration of large numbers of workers from India and the developing countries is called attention to and the need for providing them with adequate employment opportunities and satisfactory working conditions are posed and reviewed. In the international field, the World Economy and World Trade as operating over the past twenty years where the initial encouragement for developing countries is being replaced by squeezing them on every opportunity are noted. The World Bank's World Development Report 1993 making a good cause for health is an economic development input to, Unctad's data and analysis of the terms of trade turning against the developing countries and East Asia's remarkable economic upsurge at a time when the industrialised countries are in recession are some of the issues referred to. The status of GATT and the Uruguay round which as of now has only two weeks for completion and the alternatives are discussed. The danger of the countries retreating into regional blocks like EC, NAFTA and APEC are reviewed. The meaning of the term of the global economy is referred to together with the mounting global military spending both by the advanced countries and the developing countries. The review ends with some seven items from Indian Economic Association, Platinum Jubilee celebrations to the two outstanding MIDS seminar.

State

Plan

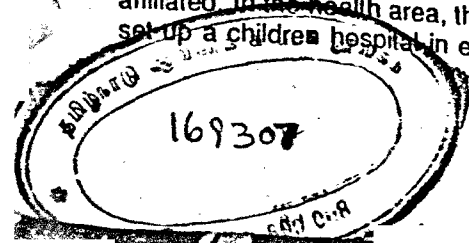
The state plan for 1994-95 which is in process of formulation at Rs.2101 crores is starting off with the right emphasis giving priority to power production, involving the completion of the North Madras Thermal project followed by agriculture and water supply which are established as earmark schemes as they received external assistance. There is also

recognition of the negative effects of the structural adjustments programme on the weaker sections, leading to the strengthening and development of the Social Security Net for the weaker sections. The other emphasis is on protection of the ecology in development schemes so that they become sustainable. The urgency for this has been brought home in the calamitous record of 343 land slips in the Nilgiris, 15 being major ones following the heavy spell of monsoon rains, the worst calamity being in the Coonoor region where the earth caved in, hurtling down two buses, two lorries, a jeep and a car, wiping out 15 huts and ravaging the Mettupalayam and Uthagamandalam road and the railway track for over one kilometer. The death toll is estimated at eight and the injured at fifteen. It is hoped that both in the Nilgiris and the Western Ghats where intense land clearing and inadequacy of drainage facilities are identified by an expert team as the trigger causing all the Coonoor land slips, will oblige the government to urgently provide finances for correcting the poor drainage, the unscientific terracing methods and the replacement of ecologically critical natural forests by plantations, other crops and human settlements. Particularly, there should be some compensation for the main victims of these induced land changes, in rehabilitating the Shola forests of the Western Ghats and countering the unbridled encroachments on forests, flawed afforestation programmes, skewed development perceptions and ecologically destructive tourist promotional effort. This is a large and clear provision which the 1994-95 plan should make to be continued in the future. RBI has asked states and their planning bodies to undertake urgently fiscal corrections, particularly to enhance their own non tax revenue, by suitable levy increase and user purchases of the socio-economic services provided. The development role of the Planning Commission calls for government action on these lines and a curbing of the burgeoning state deficits. As there is bound to be a deceleration in the transfers to the states, this reduced central transfer follows

from the estimated revenue losses as a result of the central budget's tax proposals.

Water

November has witnessed a plentiful North East monsoon covering also the Madras district area so that by the 30th of November the combined storage of the three reservoirs was two thirds of their capacity at 4117 mcft against the full capacity of 6411 mcft resulting in the decision on alternate days supply to the city from December. There is some continuing controversy of the mismanagement of the copious water which was available through the Korattaliyur river which caused serious damage to the bridge and a heavy inflow of water into the sea. The facts will have to be ascertained, so that future action can correct this situation. The hydel storage of the state has been plentiful to the point that the government forecasts no power cut in the state during the coming year. The Madurai city was another area which was badly affected by flash floods causing breaches in irrigation tanks and loss to housing and the citizens. The negative side of these heavy rains was the damage to roads, bridges, buildings, irrigation tanks, channels and power lines which has been estimated by the government at Rs.260 crores. The damage suffered by the Nilgiris was earlier referred to. It is important that flood control measures on the basis of this year's experience should be clearly set forth and executed to avoid repetition in future years. Even before the rains began, water level in the irrigation tanks such as in Papanasam and the Manimuthar began rising and at the mid point some of them were surplusing such as Bhavanisagar, Amaravathi, Periyar, Vaigai and Krishnagiri. The Mettur reservoir with the water level of 100 ft for the first time this year was discharging 10,000 cusecs a day. The end of the monsoon should see the water needs of the state being fully met. It is essential that before the next monsoon measures are taken to reduce any resulting damage. The government reports that the cost of reviving Veeranam project has



gone up from Rs.452 crores to Rs.756 crores which approximates the World Bank's estimates for the project. There is need to investigate the cause of this escalation and its component.

Slums

The Centre for Human Settlements reports the shocking fact that Madras has the highest (30 per cent) percentage of slum households paying rent as against 2.5 per cent in Bombay, 4 per cent in New Delhi and 12 per cent in Calcutta. The aim of the study was to inform policy makers of the rent affordability of the slum population so that they can formulate housing schemes to provide shelter. It is fervently hoped that the government and the voluntary agencies will act on this recommendation and speed up construction of houses for squatter households and pavement dwellers.

Agriculture

With the setting in of the North East monsoon and the completion of the South West, the samba paddy crossed the normal area of 3 lakh hectares together with 45,000 hectares for thaladi; both will increase by a further 1-1.5 lakh hectares by the end of the monsoon. The total coverage so far this year in the first and second paddy season is 11.09 lakh hectares as against the targeted 21 lakh hectares till the end of the navarai season. Also the Tamil Nadu Civil Supplies Corporation reports that it procured 2.57 lakh tonnes of kuruvai paddy which would rise to 3 lakh tonnes from the delta districts. This is creditable as it has been obtained without the system of monopoly procurement. The positive development is that direct purchase centres have been open in place where the private trade does not operate. It is necessary that somewhat unhealthy distinction between public procurement of low common variety paddy and private trading in super fine variety should be gradually overcome also because the farmers

are getting marginally more prices from the private trade than from the government's fixed price. There has been no distress sale, in part because the level of moisture content has been increased to 25 per cent. The Mettur canal system which was declared open on the new date in June was delayed to August 1 for the 21,000 acres in the Salem district. The farmers report that this date does not inconvenience them in their operation. But this delay should be avoided in the future. The government is establishing two aqua culture estates, one in Ramanathapuram and the other in Chidambaram district at an estimated cost of Rs.15 lakhs. One estate will establish a satellite aqua culture farm in all the districts which will benefit 200 farmers and the other established under the Palk Bay Fishermen Rehabilitation Scheme to help fishermen who have been stranded by the Sri Lankan navy attack.

Industry

On the basis of the data on the investment opportunities in Tamil Nadu which the Tamil Nadu Industrial Guidance and Export Promotional Bureau has used to identify thrust areas and short listing industries for making available detailed information on them to the prospective entrepreneurs, along side of the system of Error Risk Reduction (ERR) method which focuses on the human aspect in the efficiency of an organisation should lead to the adoption of the ISO discipline and Total Quality Management by the increasing number of Tamil Nadu industries. Both Singapore and Tamil Nadu report that the *Madras Singapore Industrial Corridor* project continues to face problems and obstacles. Infact the enthusiasm for the project when it was initiated in Singapore has died down particularly by Singapore investors and participants. One of the obstacles is the continuing and increasing lag in the execution of the project at the Tamil Nadu end. For another, the Singaporeans have a feeling that Tamil Nadu is more interested in knowing what Singapore can offer instead of allowing Singapore local business

house to make this decision. Further, the initial home work was not done and on top Singapore was expected to pay the costs of preparing the interim or the final plan. This is not the way that business is done. Further, Singapore feels that the concept of the Export Processing Zone would have to change to allow for participation by the state government. In other words the preparation and execution of the project must be speeded if Singapore is not to lose interest in the Tamil Nadu location. On the Tamil Nadu side the main obstacle is said to be the emphasis of potential Singapore investors to be allowed unregistered access to Indian market. On this there must be some movement on the Indian side which is considering increasing the access to the Indian market from 25-50 per cent, both sides are expecting this to constitute light to the end of the tunnel. The railways are making an important contribution to Tamil Nadu industrialisation. The Southern railways plan to introduce a faster parcel service between Madras and Delhi, Madras and Coimbatore, Madras and Coimbatore, Madras and Bangalore such as the one running between Bangalore and Madras, and Madras and Howrah. Also they are creating larger space in the break vans for carrying parcels between Madras and Trichy, Madras and Madurai, Madras and Trivandrum as well on the reverse direction. Here the introduction of uniform gauge will be a push factor. *Ashok Leyland* is further diversifying its range of production plus modernising its trading facilities at Hosur and Ennore. Its association with IVECO of Italy which has contributed to its equity is enabling the company to fabricate a wide range of intermediates. In addition to heavy duty vehicles, Ashok Leyland has achieved a major break through in its effort to rationalise and redeploy the labour force at the Ennore plant, which has a massive strength of over 7000 and is heart of the company, accounting for 80 per cent of its total Rs.1000 crores turnover. In an unusual agreement with its trade union, there will be a curb on future employment as the means of pruning manpower cost to the extent of 5-10 per cent

over the two to three year period. Similarly *BHEL*, Trichy is countering its declining order book problem following the liberalisation policy which is throwing open power generation to the private sector, the high pressure boiler plant is diversifying to maintain its turnover. In addition to a higher turnover for its higher capacity thermal boilers both in the domestic market and through exports, the plant proposes manufacturing "Circulating Fluidised Bed" (CFB) boiler in collaboration with LLB of Germany. The CFB firing or combination system can burn low quality fuels with high ash and sulphur content - a technology suited to the country and its coal resources. Its installed capacity of 4000 MW equivalent of boiler will now be fully utilised with the use of this new CFB technology. *Kothari* pioneer mutual fund to jointly promoted by HC Kothari group and the pioneer group of the US. It has launched two attractive schemes - the *Kothari Pioneer Primer Fund* and the *Kothari Pioneer Blue Chit Fund*. On line computers services will be available between Bombay and Madras and the figures for calculating the net assistance of portfolios will be updated at both centres. *Gopi Krishna Granites Ltd* 100 per cent export oriented unit is raising Rs.4.50 crores in the capital market as part finances to its Rs.18.20 crores for the manufacture of granite slabs, tiles and vanity tops. The plant has installed capacity of 1.20 lakh cm² per annum of granite slabs and 12,000 cm² per annum of vanity tops. IDBI estimates that the project's foreign currency loan component would be Rs.9.55 crores with a rupee term loan being only Rs.50 lakhs. The state government in collaboration with a German technical firm is setting up a Rs.30 crore *Modern Service Tool and Training Centre* at Coimbatore to help the state's machine tool industry and to keep up with the rapid technological transformation taking place. The German collaborators are setting up units in the state and this will increase technological counter action between local plant and its German collaborator. The state plan is allotted 3560 *SSI Units* under the Rozgar Yojana according to the industrial adviser of the Union Ministry. This number

may increase to 5000 if there is a demand for it. *SPIC* is buying up the 16 per cent stake in the sick Mangalore Chemicals and Fertilisers Ltd at around Rs.16 crores. The Mangalore plant of the UB group which it took over in 1990 in competition with PIC, EID Parry, Binny, Chabriars and US based NRI has now reverted to SPIC its growing losses will now turn around with the help of SPICs Euro issue and the IDBI and SFI package covering 48 per cent of the equity. *Binny* mills will now open after the Tripartite conciliation talks have been successfully concluded. The financial crunch faced by the plant prevented it from procuring enough raw materials to work full shifts with the accord between the labour union and the management. The company's operational losses will be minimised and the relation between the two parties will operate smoothly.

National

Plan

At the national level, the inability of the states to mobilise resources to meet their approved outlays is leading to short falls in their plan expenditure, at the start of the 8th Plan 1992-93, as referred to in the last issue. Further, the increasing burden of non plan revenue expenditure and the deteriorating BCR is resulting in shortfalls in key sectors like power, irrigation, health and family welfare, education and rural development. This should be placed against the 1992-93 plan public sector outlay of Rs.60771.96 crores which is 18.6 per cent of the 8th plan's proposed outlay. As noted earlier RBI has therefore calls for urgent fiscal correction at the state level to sustain their development role, involving enhancing their non tax revenue by increases in the user charges of the socio economic services and a sharp declaration in current transfers to the states from an average of 16.9 per cent during the period 1987-88 to 1992-93 to around 5.1

per cent in 1993-94. This short fall is also related to the estimated revenue losses from the central budget tax proposal as well as the fall in non plan grants from the centre. The one positive element reported is that the employment opportunities during 1992-93 showed a marked improvement over that of the preceding year by over 6 million jobs.

Budget

The central budget estimates for 1994-95 are now under preparation. If on top, import duties are further rationalised and the corporate tax is structured to provide the necessary incentives for fresh investment the difficulties for the budget will increase. Fortunately the agricultural sector has performed well for the sixth year running. But the trends in revenue from indirect taxes in April/October this year which in the case of customs have fallen by 14.8 per cent and that from excise are marginally lower, the calculations that the indirect tax may yield higher revenues are likely to be upset by the shortfall of about Rs.4000 crores under the two heads during the period April-October this year. There should not be any reduction in direct taxes whose revenue normally rises during second half of the year. Altogether budget making for the next year is likely to be a difficult enterprise. Despite the reported reduction in the budget deficit by Rs.8000 crores from Rs.21,000 crores in the first week of September 1993 to Rs.13,000 crores at the end of the month, the government states that the actual budget deficit in 1992-93 should now be estimated at around Rs.11,000 crores which is Rs.3798 crores more than the revised estimate of Rs.7202 crores. This is as stated earlier due mainly to the Rs.4363 crores shortfall in actual revenue collections sending up the actual fiscal deficit from the estimated 5 per cent to 5.7 per cent of GDP. The budget for the next year is being built on the assumption that the current year's budget deficit will be the same as that for 1992-93 which involves a fiscal deficit of 5.7 per cent of GDP for 1993-94. The original budget deficit of Rs.4314 crores for 1993-94 (see Vol.XXIII p151) was

based on the assumption of the fiscal deficit coming down to 4.7 per cent of the GDP which is now being revised to 5 per cent by the end of October 1993. The current budget deficit declined from Rs.13,000 crores at the end of September to Rs.11,000 crores at October end. There are four factors responsible for this sharp reduction in the deficit by the end October: (a) the expenditure incurred in the first half is being evened out; (b) some payments which were due like the RBI dividend of Rs.1500 crores have now become available; (c) revenue collections are improved particularly in direct taxes; (d) the major treasury bills auction of Rs.7500 crores (against the target of Rs.6000 crores) which are not been rediscountable with RBI will not increase the deficit and is therefore preferable to the automatic monetisation of the budget deficit through ad hoc RBI borrowing. Not only is borrowing from the market not adding to the budget deficit, it does not have inflationary consequences. However, this too while reducing the size of the deficit also means that public debt is increased and to that extent private investment gets crowded out. The interesting question is whether the central government's desire to introduce an India wide Value Added Tax (VAT) would begin in the coming budget which is somewhat unlikely because it requires the consent of state government's for which the time available before budget presentation is very limited.

Inflation

1993-94 prices have so far been (April-October) rising faster this year than that of last year. Both the WPI and CPI record a rise of 8 per cent, which though a modest half percentage point above that registered last year, is likely to deteriorate further. Foodgrains including pulses and sugar are recording higher prices in October as do oil seeds, edible oil and cotton. In spite of the good monsoon for the 6th successful year grain prices are shooting up, in the last one month alone wheat prices has increased by 4.3 per cent and rice by 2.3 per cent mainly because of the hike by

government in minimum support prices which is over 100 per cent. In the case of wheat much of the present problems arise because there is a single price performing the dual role for both support and procurement prices. This minimum price has become a floor price for the market. Thus there is urgent need for reviewing the entire pricing mechanism for grain prices even if it displeases the farmer. RBI forecasts a rise of 8.5 per cent for 1993-94 despite this somewhat bleak picture which is confirmed by the week ending October 30 annual rate of inflation based on WPI being 7.9 per cent. Given the fact that the inflation rate jumped from 7.1 per cent to 7.5 per cent in the third week of October and from 7.5 to 7.9 at the end of October. Not only is the repeated official statements that the rate of inflation is under control at 6-7 per cent misleading, the inflation rate for the week ended September 4 was actually 9.2 per cent and for the week ending November 6 was 8.44 per cent which cannot be compared with the former figure which is based on the final estimate as against the latter figure which is based on the provisional estimate. In the past revised estimates have been higher than the provisional estimates by as much as 1.3 per cent and at this rate it may well be that inflation will cross the double digit level and so up set the economic stabilisation programme. This is also strengthened by the fact that contrary to the usual trend, there has been no seasonal fall in the WPI this year. Despite the favourable monsoon satisfactory procurement and ample food stocks, food prices have not fallen because the government has granted a higher than necessary increase in support prices. The contradictions between government's farm pricing policy and its budgetary strategy which not only fuels inflation but gives the wrong signals to the farmers and fertiliser manufacturers, whose subsidised are not reduced should be noted.

Power

The problem in the power sector is the huge Rs.3115 crores owed by SEBs to NTPC and

the much trumpeted foreign and private participation in power projects not taking off (despite a dozen agreements being signed) and even more contracts being ready such as the \$2.5 billion L&G project at Ratnagiri, \$2 billion coal based National Power project at Vishakapatnam etc. and the growing transmission and distribution losses and power pilferage which has made the government examine the possibility of introduction of mandatory computerised energy audits all over the country. This latter is based on the consensus reached at the conference of power ministry officials of the State Electricity Boards. This is a much needed reform whose execution is awaited. The power scenario is complex with the twin problem of artificial power surplus in certain states and power deficits in most others. For instance while the South generally faces perennial power shortage, West Bengal has refused to draw the 30 per cent allocated power to it from the Karakka thermal station, leading to the plant cutting back on generation. It is expected that the Tenth Finance Commission will examine this contradiction and propose the necessary reforms. With regard to the constant reference to the non conventional energy sources meeting the crisis in the power scenario, here also there is a certain degree of confusion. Despite the hydel power being the cleanest and cheapest source, the lengthening lags in its exploitation seen in the successive plans adds to the complexity of the exploitation of the non conventional sources - solar, wind, tidal being neglected. This results in growing power shortage and rising costs of power which the so called captive power plants based on petroleum worsens. So too the plans to use gas based power is given up against the supplies being limited, demanding long distance import. Plans for India emerging as the world leader in the nuclear energy field has come up against the bottleneck of the enriched uranium - light water route and the preference for natural uranium. During 1992-93 the supply of primary source of commercial energy increased by a small 2.5 per cent as compared to 5.7 per cent in the previous year despite the abundant

supplies of coal. Here the acceleration of energy import to over 15 per cent in 1992-93 as against the non increase in domestic commercial energy is further clouded by the GSIs reassessment of our coal reserves. Similarly the crude oil reserves are estimated to dwindle from 0.896 to 0.891 billion tonnes in 1992. It is estimated that proven reserves of the crude oil in the country will last only for 25 years. Parallel to this difficult supply side on the energy front, its demand management is equally poor. To arrest the rise in energy consumption which would cover coal, oil and gas, there is need to economise on their consumption, not simply by hiking prices but by developing the cost effective energy generation and energy policy. This should be built into the so called new economic policy to cover the pricing of energy, the cost effectiveness in its production. From this point of view the open door invitation to foreign investment in this vital sector will send up the costs of energy supply and promote import intensive energy use. There is need here for a rationale energy mix which will moderate energy intensive patterns of development and intensify exploitation and use of non conventional energy source such as the 600 MW power to be generated from bio mass during the VIII Plan. All this calls for a turn around in the current energy policy with less reliance on foreign imports.

Stock Exchange

With the strengthened power given the SEBI under the companies act and its instruction to brokers to maintain two separate accounts, one representing the clients money and the other their own, the investors position will be strengthened and the purchase and sale of securities on behalf of the clients will only be promoted on receipt of the 20 per cent margin and the issue of contract notice within twenty four hours. This will call for modification of by-laws and regulations of stock exchange. Thus the next month will be crucial to the authority of SEBI and the behaviour of the brokers, which will counter the misuse to date of the

self regulation mechanism. Also during the month the National Stock Exchange which will help upgrade trading practice and bring the national capital market to the international level is developing so that the data collection section will begin functioning from January and the equity section from July 1994. The month also recorded the BSEs Sensitive Index crossing the 3000 mark which is a recovery of 1000 points in 7 months. Both foreign institutional investors and locals have contributed to this result.

Economy

According to the latest monthly economic report of the Department of Economic Affairs, the economic front in the first half of 1993-94 is looking up with inflation still at the single digit level, exports registering a hefty growth will be noted later. Despite bank credit to the commercial sector between end March and October 1, 1993 registered a slow rise of 2.3 per cent (compared to the previous year's first six months of 8.4 per cent), even the gross bank credit by the scheduled commercial banks increased only by 2 per cent during this period against 11.8 per cent in the corresponding period last year. Food credit rose by 31.2 per cent but non food grains only by 0.7 per cent. There has been a sharp deceleration in growth of time deposits in commercial banks and there are really no takers for non food advances. As of October 29 time deposits expanded by Rs.23189 crores to Rs.27405 crores up to October 30, 1992. In regard to non food credits the increase this year has been a meagre Rs.22 crores against Rs.15478 crores till October 30, 1992. Did the successive cuts in deposit rates contribute to the time deposit trend? Certainly the weak turn around in the manufacturing sector has been a contributory, since bank credit over a period cannot increase massively along side of decrease in output. The coexistence of the two reflects badly on the quality of economic management and a critical areas has not been affective. Net bank credit to government with its inflationary potential rose to 9.4 per

cent against last year's 6.6 per cent while the exports and foreign exchange reserves show positive signs, on the negative side there has been a large deflation in the foreign currency non resident account, with the total outflow being \$778 million compared to \$158 million during the corresponding period of last year. Industrial growth in July was positive at 4 per cent against the fall of 1.5 per cent in July 1992, manufacturing increasing by 3 per cent, mining by 4.6 per cent and electricity by 7.5 per cent. Against this background NCAER foresees a perceptible change in the country's investment climate which its 8th round of Business Expectation Survey shows; 59 per cent of respondents expect a good climate for investment against 44.1 per cent in the last round. More generally the current focus on development despite being biased towards an all outward looking policy in the context of liberalisation and structural adjustment, the reforms in agriculture, industry, finance and labour are yet to meet the demands of competitiveness and productivity in the global environment. This means that the creditable promising sectors which will facilitate growth should be identified in order to push forward the competitiveness, quality, cost advantage and technological upgradation. From this point of view it is important to bear in mind that over the years the primary sector has recorded an average annual growth rate of 1.6 to 2.7 per cent between 1951-1952 and 1987-88, the secondary sector a growth rate of 4 - 6.9 per cent and the tertiary sector from 4 - 6.3 per cent. The real growth rate on GDP ranges from 3.2 to 4.9 per cent during this period. Barring the primary sector the other two have done better which means that the thrust areas need particularly to cover the primary sector making its contribution to GDP comparable to the other two sectors. Further for India to become a global player in the international market, there will not only have to be an understanding of capabilities and limits as exporter and importer of goods and services in the context of structure and direction of trade since mid 70s and as well as the unequal nature of the world trading system and the

contradictions among the advanced industrialised countries which have brought world trade to the brink, as will be analysed in the international section. In this connection the Finance Minister's statement to the Indo-US joint business council in early November that full convertibility of the rupee of the capital account could take place in the two years, the convertibility of the capital account requiring improvement in the BOP position and reforms in the financial sector. The proposal for the next budget has to be carefully weighed. There is a good deal of outflow on capital account through the havalas market but the havalas premium has been a tax on such outflows and full convertibility will remove this and so encourage further outflows. Great damage is that the large inflow of funds seeking to profit from the higher Indian interest rates could potentially be destabilising as Europe has experienced. Further, the impact of large foreign exchange inflows on money supply will be inflationary which will be hitting exports. This may involve RBI raising both SLR and CRR which will be a reversal of the bank reform philosophy. All this means that the argument for convertibility on capital account is valid providing RBI has in readiness its analysis and studies for its intervention. Justifying its prudence that one has to be sure "to have a parachute before jumping from the aircraft". This council of prudence is empirically justified on the basis of the experience in inflows and outflows of many European countries. Each had some capital controls till a few years ago and have reintroduced them after the breakdown of the exchange rate mechanism of the European monetary system. As full convertibility is thus not regarded even in rich countries as an unmixed blessing, some controls to check excessive currency flows may be needed. When the time comes the budget and RBI should combine to merge this spirit of full convertibility and needed safeguards.

Banking and financial sector reforms have raised questions concerning the place of priority sector lending. This question was set

forth in the Narasimhan Committee which redefines the priority sector as : a) the small and marginal farmer, (b) tiny sector of industry, (c) small business and transport operators, (d) village and cottage industries, (e) rural artisans and other weaker sections with the recommendations that henceforth the credit for this redefined priority sector should be set at 10 per cent of aggregate credit which is in line with the current credit flows to these sectors. Now with the security scam behind us, this recommendation needs to be objectively researched, the statistical data established beyond question and on that basis the substantive recommendation objectively examined. A related issue is the proposal to transform the railway board into the corporate entity as recommended by the Tandon Committee. This would make the Board a holding company with zonal railways and production units as its subsidiaries. The problem however is more complex in terms of efficient running and optimal management. In face of the mounting social burden from year to year which the railways have to carry, the current practice of annual hikes in rates and fares is far away from any commercial orientation. By any yardstick the railways are a major sick industry and despite the annual hikes has problems finding resources for track renewal and replacement of rolling stock. Despite the government's repeated statement on the basic expenditures by costs control, cost reduction and economy measures and augmenting earnings through marketing strategies and plugging leakages through intensive checks, little has been done in these directions and whether the railway board or its corporate replacement will achieve this is a crucial question.

The assessment of the Indian economy by the World Bank and IMF as well as the private agency like Merrill Lynch is much too optimistic in relation to the realities of the economy as analysed earlier. Each of the outside agency is carried away by some particular aspect of the economy such as the reform process, the fiscal deficit and inflation control and in the

case of private agency Merrill Lynch the euphoria over the entry of MNCs into the Indian market (MNCs like Coke and Pepsi). None of these take account of the continuing recessionary downswing in the Indian industry. What is not recognised is that the course of reform in the country can be more purposeful if foreign investment flows less into consumer goods industries and more into areas where the country needs to become more competitive, cost and qualitywise.

This also is a caveat with regard to the continuing increase in foreign investment approvals which have passed \$2 million by mid 1993.

Agriculture

The directorate of Economics and Statistics of the Department of Agriculture in its general survey reports that: a) the total rainfall was excess/normal in 21 out of 31 meteorological sub divisions, b) the wholesale price of foodgrains showed a rising trend by 0.3 per cent during May 1993, the whole sale price of major oil seeds and their oils exhibit a rising trend as did cotton, jute, tobacco and cashew nut with the beginning of the rabi season, kharif, jowar, groundnut, and early paddy which have been adversely affected by last month's incessant rain fall and are likely to fall short of the target. It will be for the rabi crops to make up all or part of this deficit. Harvesting of bajra and pulses have been completed and that of kharif jowar, ground nut and sun flower under way. Rabi sowing has been completed in about 85 per cent of the area. Total procurement of rice is expected to fall marginally short of last year's level of over 12 million tonnes, even as the procurement in the current kharif marketing season has far exceeded the level procured during the same period in the previous year. Rice procurement reached a record of 5.2 million tonnes compared to 3.74 million tonnes last year. The shortfall is likely to be marginal due to the heavy rains in the South and poor procurement in Bihar and MP. The shortfall is likely to be

about 5 lakh tonnes. In the case of Punjab, despite damages caused by floods its contribution to the central pool exceeded last year's by 45 per cent with the procurement of rice being higher than the previous levels in Haryana and AP. It is estimated that the current kharif crop will not exceed 100 million tonnes as against the target of 105 million tonnes. The government reports that in August end the increase in food stock was 12 million tonnes as against last year's, but the off take from PDS being poor at 5.38 million tonnes in April/August 1993 against 9.39 million tonnes for the same period last year. The fall was mainly in wheat off take by 47 per cent. Final estimates for foodgrains crop during 1992-93 are 180 million tonnes, being 11 million tonnes higher than food grains production during 1991-92. The outstanding performers were coarse cereals, pulses, oil seeds and cotton, having performed better than wheat and rice in terms of productivity. It is also a positive factor that out of the increased 11.6 million tonnes in total foodgrains production, 95 per cent was contributed by the increase in coarse cereals compensating the decline in rice production by 2 million tonnes.

In November 34 research reports are under record, the largest number being in vegetables followed by rice and cereals and animal husbandry and lower in fruit and fish farming. This is a good distribution showing its use by the farmers particularly with regard to cereals, vegetables and animal husbandry that needs to be further researched on the fruits before the fruit season begins.

Plantation Crops

With regard to Tea the government reports massive schemes for the expansion and improvement of Tamil Nadu Tea Cooperatives. Rs.8.94 crores have been allocated for the expansion and improving schemes by the state government. Projects to set up new tea plantations, for instance the 3000 hectares - one in Anaimalai and Nilgiris at the cost of Rs.5 crores should be carefully reviewed,

from the ecological point of view given the fragile ecology of the Nilgiris referred to earlier. The tea plantations are optimistic on tea exports in 1993 based on its selling trends which was an increase of 30 per cent in the prices as compared with the realised price last year. The industry forecasts that it will be able to meet the target of earning Rs.1200 crores of foreign exchange for 1993 as compared to Rs.942 crores last year. This calls for an export of 220 million kgs about which UPASI has some doubts because of the growing domestic consumption. The rains referred to earlier and the floods have caused some damage to the tea plantations this year estimated at Rs.3-5 crores according to the Planters Association of Tamil Nadu. The tremors experienced in and around Coonoor during the Maharashtra earthquake reported in the last Bulletin has caused some unrest and panic among the tea labour population in the Nilgiris which an official geological survey of India inspection should be set at rest. With regard to Coffee the production for 1993-94 targeted at 2.20 lakh tonnes by the Coffee Board is somewhat threatened by the recurrent berry borer. Without this the Karnataka Planters Association forecasts a production of 2 lakh tonnes. It is urgent that the agricultural universities of Karnataka and Tamil Nadu should work together on controlling this pest which is affecting some 20 per cent of the area under coffee. This is urgent and needs attention.

Industry

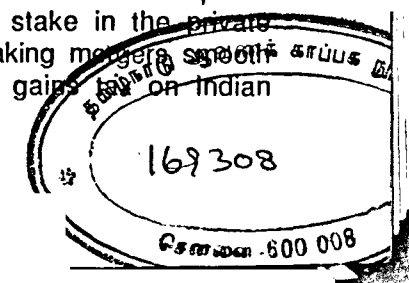
The industrial scene is characterised by the growth in July at 4 per cent over July 1992. Taking into account however the quick estimates for July and the industrial index for the period April-June, average growth for the first four months is 1.2 per cent, which is marginally higher than the average rise of 0.3 per cent for the previous year. The RBI study attributes the poor performance of Indian industry partly to the bureaucratic rules and regulations and largely to the inflexible production structure which is unable to adapt

rapidly to the changing global and domestic environment. The growth of manufacturing in July was a low 3.1 per cent. This is a reflection of the continuing recession in industry which is reflected in the manufacture growth rate being less than what it was in 1991 which means that industrial stagnation is now in its third year. The managers are either not able to produce enough or fear that increased production will only result in unsold stocks. The availability of raw materials and components etc. is plentiful because of the run of good harvests which has produced plenty in the domestic raw material scene and the increased imports due to the liberal policy followed. The other economic indicator seem to favour growth such as plentiful bank credit, the decline in its stock due to the SLR being reduced by the Reserve Bank from 19 per cent to 15 per cent. Bank credit to industry however remains slack mainly because though theoretical the SLR is now 15 per cent, to hedge against the possibilities of losses, banks are charging higher interest rates which means that the only business experiencing high profits can afford the bank rates. (Consumer luxury industries and those engaged in speculation). This is reflected in the mixed performance of industries including the infrastructure sector. Production of basic and infrastructure industries with the exception of crude oil and phosphatic fertiliser saw an upward trend. During April/August 1993 electricity generation increased by 9.3 per cent at 130 billion units with an improved PLF of 58.5 per cent. Coal production was up by 6.8 per cent, production of yarn was better by 17.8 per cent with fabrics, steel and sugar marginally increased. Crude production in the five months declined by 5.4 per cent and phosphatic fertiliser by 50.7 per cent. In November the sick industries were again in discussion, the government offering to workers cooperatives to own those units if they agree to run these enterprises. An out right statement was made by the government that the BIFR will not be wound up but streamlined and given more teeth. The government has stated that it will do everything to improve its functioning. However, there are

inter-ministerial discussions and wrangles which have held up the restructuring of the sick public sector units. At least four arms of the government, finances, law, industry and the department of company affairs are pulling in different direction on the implementation of the Goswami Report. This means there is no clarity within the government regarding policy with regard to the sick PSUs. The three specific areas of action recommended by the Goswami report namely legal amendments to redefine the category of sick PSUs, amendment to enhance the effectiveness of BIFR and amendment to remedy ambiguities and strengthen internal coherence of the Act still lie without action. On the other hand the number of sick PSUs are increasing and with BIFR not being adequately manned to deal with this growing number at the present pace, it would take more than a decade to dispose off the pending cases which as of August 1993 numbered 121 PSUs. The 48 PSUs under the department of heavy industry alone are projected by government to incur a loss during the current year of Rs.312.47 crores which is very likely to be exceeded as in the past. The growth centre scheme which is being held up because of the financial crunch of the government and the reluctance of the financial institutions to eke out their shares together with the failure of the states to raise market borrowings is now being recast through involving the states in investment promotion and easing the main bottleneck of poor infrastructural arrangements. The question is whether the strategy to transfer the onus of their financing and execution to the state governments is sound or a practical alternative. Each project is to cost Rs.30 crores and the states have just no means of raising this level of resources. Further, as of now 90 per cent of the investment has gone to industrially developed states, with maximum approvals also given to them, leaving behind the backward areas and states. There is therefore need both to stop the downward dip of the central budget on the growth centre scheme and some special efforts to push the scheme in regard to backward states. For the first time

in the country 16 units in the small scale sector of automobile ancillaries are being readied to receive the ISO 9000 certification. The CII has provided the necessary consultancy to these units, keeping in mind their greater sensitivity to this factor. The government realising the importance of installing the quality syndrome in small industry has decided to subsidise up to 50 per cent of the total cost for the first 100 units through SIDBI.

The periodic reporting of the increase in the foreign proposals, latest being Rs.650 crores project for a hotel complex in Bombay and the 43 foreign investment proposals cleared by the end of November on pig iron, micro wave radio communication, so far Rs.3600 crores of foreign investment has been cleared as noted earlier. Against this the 13 point demand of the group of the top industrialists who form the Bombay group to the government for the creation of a level playing field for domestic industries vis-a-vis foreign investors particularly multi-nationals is aimed at the liberalising programme not been pushed to a point where Indian manufacturing units will become redundant as in the case of Parle surrendering without a fight to Coca Cola. The globalisation norm expected from the government means that some of the crucial corporate practices abroad which help and strengthen the MNCs is basically reasonable as it will extend the same flexibility now open to the foreign investors. These include the close link between the network of investment and finance companies to the market prices of their securities, the capital gains from sale of assets being used freely either as plough back into business or to start new projects through capital gains, the modification of the Companies Act to allow issue of non voting shares and the parallel use of the same norm applied to the foreign companies in allowing them to increase their holding in Indian subsidiaries to 51 per cent through issues met at heavy discount, the reduction in the public financial institutions stake in the private corporate sector, making mergers smoother and leveling capital gains on Indian



companies to the same level as that on foreign ones, the removal of restrictions on inter corporate loans, all these are reasonable demands which should be quickly examined and sanctioned as they only provide a level playing field for Indian companies vis a vis MNCs now rapidly entering India. The distinction between not returning to a protection regime and ensuring parity with foreign companies is the base of this charter demand. There are however, two important issues to be borne in mind, one is to protect the minority share holders interest by granting them the same terms as those at which financial institutions divert their holdings to promoters. The same should apply to preferential allotment made by promoters to themselves again, if promoters are mainly the company manager, (which is the case with a number of sick units in the private sector, the financial institutions and other share holders) who enjoy the right to change the management, bankers be allowed to convert loans into equity as a means of correcting erring management.

Foreign Trade and Balance of Payment

India's exports in the first six months has been on a declining trend, giving place to the euphoria of the performance of the first quarter at 21 per cent growth (including 27.1 per cent for one month) but the export trend derived from looking at the figures from month to month shows a distinct deceleration in the second quarter. In September the growth rate was as low as 6.6 per cent against an average of 21 per cent for the first half of 1993-94. This led the finance minister to propose that any short fall in exports in 1993-94 targeted at a minimum of 15 per cent will have to be made up during the VIII Plan itself along with the request to the states to double their exports during the VIII Plan, drawing up an export policy similar to the industrial policy of the states. The possibility of the states doubling their exports is very slim given their production record to date. Import growth also has failed to pick up in the first six months despite the hopes that the positive industrial growth during

this period would lead to increase of the imports. Thus with the declining rate of export growth and falling imports the trade deficit during the six months, April/September has shrunk to \$440 million against \$2.8 billion the same period last year. Despite India's foreign exchange reserves continuing to grow even in the third quarter mainly on account of the decline in imports (the foreign exchange reserves excluding gold and SDRs at the end of October were \$2.89 billion). The BOP situation continues to be difficult. The World Bank calls attention to India having to repay about one third of its \$76 billion external debt as of March 1993, that is some \$23 billion. Financing the current account deficit and debt repayment will call for gross inflows of \$8 billion in the fiscal year 1994 and \$10 billion a year in the three subsequent years, while about three fourths of these external financing needs could be met from the existing and expected commitments from bilateral and multilateral and private creditors sources. The need for exceptional needs for payment financing will remain substantial. In this connection it should be noted that the finance ministry's report on India's external debt which is the first authentic statement of its correct size and composition because it is based on the format specified by the policy group on India's external debt statistics jointly set up by the finance ministry and RBI. The publication estimates India's external debt at \$85.4 billion at the end of March 1993, compared to \$82.24 billion at March end 1992 and \$63 - \$70 billion at March end 1991. The finance ministry draws attention to the fact that while the debt is large both in comparison with other debt burdened countries and as percentage of India's national income, its impact on the economy is considerably lightened by the fact that the concessional component of low interest bearing and long maturity debt is relatively high. But this has to be balanced against the relatively high debt service ratio (30 per cent) and the profile of debt service in the medium term. The key element is the need to improve aid utilisation in which there has been a decline as will be noted later. The RBI also suggests

that there should be reduction of short term debt, taking advantage of instruments (like Swaps and Options) available in the international financial market for hedging risks. This could become major aspect of the strategy for external debt management. It also states that debt service payments as a proportion of exports of goods and services should not exceed 30 per cent. The RBI announced that it is planning to lift the remaining controls on the current account of the convertibility of the rupee shortly such as payment for services, for private visits abroad, for trade, business, health and education related travel abroad, maintenance and remedies for dependents abroad. The limit of \$50,000 for sundry remittances towards services supplied to residents, residents taking on marine and other insurance cover and remittances of quality claims, should be kept separate. Unlike the finance minister's announcement of full convertibility including convertibility on capital account which was commented on earlier, this RBI announcement will be in execution of Article VIII of the IMF Articles of Agreement which 72 of the 157 members of IMF have already applied. This will not only fall in line with IMF Article VIII but also benefit the Indian financial sector in its effort towards globalisation. Among individual items textile exports including handicrafts during April-August recorded a 20.8 per cent increase at \$2917.89 million. On the other hand the exports of sugar and castor seed will decline during the year because of their lower output. The Investment Protection Fund whose corpus was Rs.100 crores was set up under clause 3 - 9 of the Companies Bill 1993 with amounts remaining unfiled or unclaimed after a period of four years being credited to be used for the protection of the investors. A panel has been set up to evolve the frame work for utilising and management of the funds. Currently the Fund is aimed at helping investors.

Loans and Aid

With regard to the use of loans and aid earlier reference was made to the poor use of aid and

loans funds. India is likely to lose \$1.2 billion in World Bank loan to NTPC and several billions dollars in foreign private investment in the power sector because of the poor performance of the majority of SEBs. The latest to warn India against non utilisation of funds provided by banks for development projects is ADB which points out that foreign aid is becoming increasingly scarce and that India would have to compete with other countries for it and the fact that donors had to be convinced that their money was well spent. This may be one of the motivating factors for ADB suggesting to the government that it be allowed lend directly to the state governments to ensure speedy implementation of assisted projects. It reports that India's utilisation of ADB aid currently estimated at \$4 billion for 20 projects, is the slowest among borrowing countries mainly due to bureaucratic hurdles. The move to provide loan directly to the states is a move in the right direction. On individual loans Danida has made available Rs.50 crores (DK 100 million) for Indo Danish joint private sector development programmes. WFP has made a food grant of \$15 million to meet the problems faced by the people in the Maharashtra Earthquake. An ADB loan of \$25 million for improvement of high ways project, in Andhra Pradesh, Haryana, Bihar, Rajasthan and West Bengal is also to be noted.

On the Dunkel Draft there is a report that the US is likely to request reopening the textile package, to be part of the effort to build domestic support for NAFTA. The Indian government has said that if this were done, it will demand substantial changes in the trade related Intellectual Property Rights section of the Dunkel Draft. Textiles not only account for a major share of Indian exports but the draft provides for the complete phasing out of the multifibre arrangement in ten years. The problem is that after gaining approval for NAFTA, the US is seen to be largely depending on the Uruguay Round to attain lower trade barriers and repeat this at APEC. This makes the alternative US a route to urge for successful completion of Uruguay round. Further despite

intense activity in Geneva at the GATT headquarters, there is still a very serious element of doubt whether the Uruguay round can be concluded by December 15. What has caused the Uruguay negotiations to continue so long is the conflict faced by the industrialised countries that in order to get out of the current recession they must force open export markets while preserving their domestic industries. India is relatively isolated in its attempt to change the text of the Dunkel Draft whether it be textiles or intellectual property rights or agriculture and has little choice but to go along with the rest of the world unless we have the courage not to sign and to keep out.

Human Resource Development

In Education there are several problems being currently faced. The Controller and Auditor General has listed inadequate facilities, lack of basic teaching and learning materials, poor management and supervision, lack of infrastructure, inadequate funding, unmotivated teachers and lack of political will as reasons for dogging primary education in the country and some states. Operation black boards programmes are also unevenly executed. Also Unicef in survey of the country's basic primary education reports that only 47 per cent of children reach class V while 53 per cent drop out before class IV thus adding to the country's illiterates. This drop out is particularly in the case of girls. On the eve of the 9 Nations Education for All Summit being hosted by India, the low enrollment and high drop out rates continue to dog the efforts at improving the educational status of women particularly in the Hindi belt which account for 40 per cent of the country's population. The literacy record, particularly of girls continues to have a serious gap between promises and performance, has been widening with the gross enrollment ratios for girls in UP for instance being 66.8 per cent against the national average of 88.1 per cent. There are sharp regional disparities which have been referred to earlier issues with universal literacy in Kerala and just 20 per cent in Rajasthan.

Does this mean that the educational effort is not periodically monitored? The primary education outlay has been increasing in the first plan to Rs.4840.9 crores in the VII Plan and Rs.9201 crores in the VIII Plan which is nearly half the total outlay on education. The gaps referred to above on drop outs and the poor implementation of operation black board is despite this adequate monetary record under which it is reported that government funding of education is increasing while non governmental funding is decreasing. Tamil Nadu reports a new "District primary educational plan to be operated in the four backward districts at a cost of Rs.120 crores from the next academic year". There will be upgradation of primary education, of buildings, equipments, teacher education ratio and a decline in drop outs. Higher education in the country is not in a healthy state with universities and colleges not being able to cope with the rapidly changing scenario in the country. What is urgently needed therefore is expertise in the management of change and the grant of autonomy to colleges and university departments which have proved their merit. The panel on technical education established by the union ministry of Human Resources Development has proposed the setting up of the National Education Development Bank to provide loans to educational institutions and students for higher education. A similar committee has been set up by UGC to suggest measures for mobilising of additional resources. In Science the state government in Tamil Nadu announced that it plans to set up an engineering university which would cater to all engineering colleges in the state. This would help the colleges not only to keep in touch with each other but to raise their standards. The National Academy of Sciences is coming down heavily on the government's policy of making higher education financially self sufficient, which given the economic and social disparities in the country will only effectively deprive the large (weaker) section of the population from the benefits of sciences. This approach is even more serious in the case of scientific research and in particular

social sciences research which can never become financially self sufficient unless it is sold to the highest bidder in the industrial market. It is hoped that the Scientific Advisory Council in the cabinet, half of whom will be from industry and half from scientific organisation will face this problem and suggest various solutions. In the health field an interesting initiative has been taken by the Tamil Nadu government in its proposal to set up a 10-15 bed hospital for children in each of the 23 districts. This will include health care of infants and youth at their most vulnerable age. On the employment front it is reported that three lakh workers in the Asian region migrate each year in search of employment. This means the lack of suitable educated and trained workers in some countries is being made up through migration. The ILO survey on this issue recommends rising the levels of the education in training in order to help workers to obtain jobs in their home states more easily.

International

The World Economy and World Trade

Reference was earlier made to the policies to world trading and the contradictions on it among the advanced industrialised countries. The period of the 1950s and 1960s marked expansion of external trade as the industrial countries become more closely integrated. The stimulus to which was provided by the post war period extending to the developed countries the reduction of tariffs and not have barriers from the chaotically high levels of the inter war period and ease currency convertibility. The average tariffs for manufactured goods were reduced through successive rounds of multi lateral trade negotiations from 40 per cent in the late 1940s to just over 10 per cent by 1961 and to 5 per cent after the 1979 Tokyo round. Though the IMF, World Bank and GATT were largely

under the control of the advanced industrialised countries their operations had a degree of empathy providing them differential terms from developed countries, which lasted so long as it served the interest of the advanced countries by pushing their trade in manufactures and promoting the growth of incomes and employment. But when the growth momentum was lost during the 70s and 80s the developed countries began using several opportunities and for a tilt the balance of economic power against the developing countries using the IMF/World Bank boards to force developing countries to adopt outward oriented and market based policies alongside of spreading to non tariff barriers and other forms of protection such as Voluntary Exports Restraint (VER), (there was nothing whereby about them as otherwise the countries faced the threat of retaliation), import licensing and state support for industries as against the export of developing countries. This ease discriminating targets particularly to agriculture, textiles and steel, areas where LDCs had a marked comparative advantage. With the decline in their share of manufactures, the developed countries use LDC markets for exporting capital, technology and services which has become the major issue in the on going Uruguay Round. The above represent a serious threat to international economic relations and multilateralism which is the theme of Unctad's trade and development Report 1993. It points out that from 1988 through 1992 the only growth of world exports has gradually slowed down from 7.9 per cent to 5.5 per cent, with the average unit value which had increased by 11.3 per cent in 1987 and 6.1 per cent in 1988 registering a mere 1.8 per cent rise in 1991 and 1.1 per cent in 1992. Hence the value of world exports which rose by 17.8 per cent in 1987 and 14.5 per cent in 1988 fell to 7 per cent in the two years 1991 and 1992. In this context the value of exports of developing countries rose faster than the average of world trade in all years of the current recession. China's export growth was 15.7 per cent in 1991 and 14.2 per cent in 1992 compared to the average export growth

of 5.8 per cent and 6.3 per cent for all LDCs. LDCs also achieved a faster growth in imports of 9.9 per cent and 8.7 per cent in the above two years against 0.2 per cent and 6 per cent of the developed market economies. This increased import growth over exports of the developing countries has offset the weakening of the domestic demand in the industrialised countries in the current recession. In particular there has been a rapid expansion of manufacturing exports of developing countries due in the main to the East Asian countries (see the World Bank's East Asian Miracle) and sustainable rapid development in East Asia and the Pacific. These countries achieved significant diversion in the commodity composition of their exports, their share of manufacturing exports rising from 2.8 per cent of total exports in 1980 to 8.8 per cent in 1990 along side of a fall in their primary commodities exports from 44.9 per cent to 20.1 per cent. This expansion of developing countries trade was the result of intra group trade rather than their trade with developed countries. LDCs intra-exports increased during this year was 19.2 per cent per annum against the exports to developed economies increasing at 11.5 per cent per annum. Among the developed countries, the US has received a growing share of imports from LDCs from 28.5 per cent in 1980 to 34.7 per cent in 1991 while the EEC reduced its share from 43.3 per cent to 37.4 per cent along side of a fractional fall in Japan's share from 19.9 per cent to 19.2 per cent. Unctad's report refers to three aspects of these trade policy developments which have contributed to inequities of the international trade, namely: 1) the pressure on LDCs to open up their economies and integrate them into the world markets (called globalisation), 2) the persistence of protectionist threats and managed trade in developed countries, and 3) increasing attempts at regional and sub regional integration among the developed economies. The Unctad report also points out that while the developing countries have intensified their process of trade liberalisation, there has been no trade liberalisation in developed countries,

making no further progress in liberalisation contingent on the outcome of the Uruguay round. The trade coverage of non tariff measures has increased in EEC and in the US since the early 1980s, seen in the fact that the incidence of these measures are imports by developed countries increased by an estimated \$26 billion to 223 billion in 1983-91. The report also rightly points out that the major threat to multilateral world trade is the accelerated move towards regional and sub-regional integrations particularly among the developed countries as referred to later in NAFTA and APEC. A further deterioration for the developing countries of the trading environment through the unilateral retaliating action of its threat outside the GATT framework through the US Super 301 means that the US has abandoned its commitment to free trade and in place is using the term fair trade.

The decline of communism and disintegration of USSR are hailed by those advocating a global market, which however seems a mirage in view of the deepening recession, rising levels of unemployment and growing indebtedness. The US establishing itself as the source of power is going through a period of severe recession, resulting in a weak economy and making it the biggest debtor in the world today, with borrowing mounting to an incredible \$4500 billion, budgetary deficit of 300 billion and a trade deficit of \$9 billion. The other major industrial nations like Britain, Japan and Germany are also prompt in work by domestic economic pressures. In 1992 WHO issued several reports including: 1) Our Planet, 2) Our Health which showed the environment to be as much a source of physical, commercial and biological threat as a repository of a life sustaining resource. Similarly the World Bank in its 1993 World Development Report has come out with a sharp criticism of the health care systems in various countries, pointing out that a large share of the \$2000 billion allocated to health services was being spent either on the long terms needs or wasted in helping the better off people. The report makes a strong case for

good health as an instrument for economic development, through fostering the economic development of households and helping to increase their incomes as well as changing the present systems to replace the present expenditures on specialised types of health facilities by directing the funds to cost effective programmes aimed at providing more help to the poor. This is one reason why world bank assistance for health has gone up five fold in the last five years from \$300 million to \$1.5 billion. It also points out that the present course of structural adjustment and opening up of the economies in the developing countries including India and China would be a difficult process because it will come up against a number of interest groups and demands a change in attitude and values of institutional capabilities.

OECDs data points out that the growth of Asian economies, particularly east Asia will be rising at 6.4 per cent this year compared to 2.6 per cent in the US and -9.4 per cent for the other OECD countries. Hongkong's per capita GDP at \$17000 per annum surpasses that of Britain. Similarly the world's fastest growing economy is China. It is recognised that new approaches will be needed to meet the challenges posed by Asia's economic upsurge and APEC is one attempt in that direction. There is now less than a fortnight for the Uruguay round to be completed and its success or failure will depend on the rich countries, America, the EC and Japan. Its failure would be the failure of the most ambitious rounds among the 7 so far completed because in this round not only is tariff reduction and increased market access for developing countries products, the continuing aim, but for the first time the trade in services and intellectual property rights is to be brought under GATT rules. It is repeated that negotiations are nearing success in reaching consensus on trade in services and intellectual property rights. The major issue now is between the US and EC on the mysteries of farm subsidies. In this connection India should note that the international Intellectual Property Alliance in

Washington combining 8 trade organisations representing 1500 companies that produce products and distributing computer software has listed India among the main offenders of Intellectual Property Rights, alleging that more than 150 million units of pirate sound recordings were sold in the country for the past two years for \$140 million. But this software pirating is much more wide spread, not confined to India, which however should take action to prevent its continuation and spread. The North-South Round Table, New York in a report titled "UN and the Brettonwood Institute: New Challenges for the 21st century" states that the UN, IMF, the World Bank have failed to provide social and economic security while Brettonwoods third pillar, GATT, and later Unctad has proved to be even more marginalised. Started with a vision but through lack of adequate expertise they failed to make an impact on world development including that of the developing countries. The report recommends that strengthening of the effectiveness of IMF, World Bank, GATT and Unctad and the establishment of UN Development Securities Council which will review critical social and economic threats with the intention of reaching political agreement on such issues as global poverty, unemployment, food and ecological security drug trafficking and migration.

GATT

As against the rapid ratification of NAFTA by its largest number, the US, the Uruguay round of GATT which aims at opening markets world wide still remains stalled. If the Uruguay round conclude successfully it is estimated that \$200 billion per year in trade will be gained, its failure on the other hand will only worsen trade, regional groupings, world recession and instability. Now the US and EC trade negotiating chiefs are intensely involved in negotiations. Given the strong opposition to the successful conclusion of the Uruguay round in the US not only by US industries which will be affected by increased competition but also by film and finance services

which do not see their markets expanding under the Uruguay round, the outlook for the Uruguay round is bleak. The failure is pushing the US to exploiting alternatives of which NAFTA and APEC are only two.

World Market Borrowings

OECD reports that in the first eight months of the current year, January to August, borrowings in the international capital market amounted to a staggering \$5261 billion which is a growth of 36 per cent. In its financial Market Trend, it reports that the current year witnessed vigorous expansion in a major market compartment. The total of \$458 billion OECD borrowing saw \$120 billion more than in the corresponding period of 1992, reflecting increase in international financing by government units in all countries. The borrowings by the developing countries have already reached \$43 billion in this period against \$47 billion for the whole of last year. It also notes that the pattern of borrowing continues to differ between Latin America which relies heavily on securities markets, including the markets for global equities and the Euro net sector, the main source of international funding for East Asia continue to be syndicated credit. It lists three crucial factors which exert the positive influence on the supply in the global capital market, the growing role of large international investors taking a global view of investment opportunities which undermine broad based process of asset diversification, the comparatively insulation of the global securities market from the uncertainties generated by the turmoil in the foreign exchanges, the introduction of new instrument such as global bonds and structural FRNs and the emergence of new markets such as the Asia based dragon bond market providing investors with additional investment outlets.

APEC

The first Asia Pacific Summit of Asia Pacific leaders in which the US President, Bill Clinton

was the dominating figure, met in two sessions in the morning and afternoon which resulted in general agreement to promote free trade and foster closer cooperation, in this the world's most dynamic economic region. In their final communique they pledge their utmost effort to bring the current Uruguay round of global trade to a successful end by December 15. The leaders of the Asia Pacific Economic Cooperation forum also state that they envision free and open trade in a community of Asia Pacific economies. The Forum brought together the top government leaders from China, Taiwan, South Korea, Hongkong, Canada, Australia, New Zealand, Thailand, Indonesia, Singapore, Philippines and Burnei. The Pacific business forum is to be established by the businesses in the region to facilitate regional trade and investment. An APEC programme has been agreed to promote higher education in the region and to create an Apec business voluntary programme to promote Human Resource Development. The problem is that if the Uruguay round does not succeed Apec, would be an instrument discriminating in trade against all non Apec countries.

SAPTA

In contrast the inter governmental group on the South Asia Preferential Trade Arrangement (SAPTA) which met in Colombo also in November acted as a talking shop without deciding on action for operating the pact. SAPTA's latest aim is to extend all tariff concessions before its final ratification in December 1995. In this regional grouping meeting, Pakistan was not only absent but failed to send its list of items of export interest. The other absentee was Bhutan due to a travel accident to its delegation. This places a serious obstacle in the fulfilling of SAPTA's mandate from its Council of Ministers that all negotiations should be completed by 1993 end. This is now out of the question and so a new outline of dates will have to be set.

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Other Items

Indian Economic Association

The platinum jubilee of the Association was inaugurated in Madras with a seminar at which the lead speaker was the Minister of Finance who expounded the relationship between structural adjustment and the new economic reforms programme and the basic objectives of self reliance and increased human welfare. He reiterated the current achievements in curbing inflation, the high rates of growth in exports, the building of foreign exchange and the bountiful monsoon which has resulted in increase of agricultural output for the sixth year running. The problems facing the country are the stubborn high fiscal deficit, the stagnation and slow pace of industrial revival and the need for equitable sharing of such growth that as is taking place. The seminar elaborated on these areas, except for the sharp difference of opinion on the question of globalisation on the Indian economy.

Council for Social Development

The annual general body meeting of the Council for Social Development met in early November and received the report of the Honorary Director. It noted with satisfaction the sound research programme under way and those completed on which the reports have been given to the sponsors. It however, wanted that the council should take the initiative in some research in one or two of the thrust areas. For this purpose it was able to earmark some funds from next year's budget. The meeting approved the audited statement of accounts for 1992-93 and the revised budget for 1993-94 and approved the budget for 1994-95. One feature of these two budgets is the financial provision not only for the council taking the initiative in a few major research projects but also to recruit the necessary staff.

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The latest edition of world military and social expenses, Washington, reports that government spent more than \$600 billion on their defence in 1993 with the US military budget being about 50 per cent. Developed countries spent as much on military as the poorest 2 billion people in the South earn in total income. While the wealthy nations provided \$56 billion in economic aid, they transferred \$36 billion in arms to the poor countries. The report states that all developing countries could have had a package of basic health services and clinical care for their citizens at a cost of less than half their current military expenses of \$120 billion, which could save 20 million lives each year according to the World Bank, as they spend five times what they devote to health care. Despite the end of the cold war, their arms include an estimated 26,700 active nuclear war heads in the inventory of the major declared nuclear states. The fire power of these states have more than 1000 times the destructive forces of all arms used in world war II. The positive signs in this bleak picture are: total arms budgets in 1992 were 10 per cent less than the all time high reached in 1987; they fell slightly in 1982 for the fifth consecutive year; the active role by the UN in peace keeping and peace making which should reallocate some of vast sums spent on arms for developing purposes.

India International Centre - Mid Year Review

The India International Centre organised the annual seminar on the Mid Year Review of the Economy in which the first and major paper reviewed the economy with its plus points (agriculture, inflation curbing export growth) as well as its minus points, the high fiscal deficit with its potential for inflation resumption, the slow industrial growth and the reduced tariff of human resources development. This year's review had not only this main paper but also as a background, a review over five years: a) agriculture and allied activities, b) industry particularly manufacturing, c) infrastructure and d) savings and investments. The seminar papers and discussion will result in a publication.

TNSC and S&T

There was a general body meeting of the Tamil Nadu State Council for Science and Technology, which the Minister of Education as President chaired. The annual report of the Council was discussed particularly the ongoing projects and the criteria for approval of the new projects, the science popularisation programme and the training activities under way. The President emphasised the importance of the popularisation programme which is being carried out in cooperation with the Tamil Nadu science centre and the need for making and testing research projects not only for their scientific validity but also for their social relevance. The meeting approved the audited statement of the Council for 1992-93 and took note of the revised budget for the current year and that proposed for 1994-95.

Highways Research

In the 6th Ramachandra Reddy Endowment Lecture, Some Aspects of the Economics of Road Transport was elaborated. The Endowment is in appreciation of the founder of the High Ways Research Station, Adyar, Madras. Mr. Ramachandra Reddy has helped to main-

tain high ways design, planning and construction at a high level in the state. However, the structural factors such as the land distribution, the smallness in the holdings, the uneven spread of population density etc. raise some questions of the value of the road ways connecting the villages with the main high ways.

Kalyani Hospital

The 4th graduation of the nursing school of the Kalyani Hospital was held at the end of mid November at which 10 nurses recruited from the rural areas and the weaker sections were graduated. The nursing programme and the 60 nurses so far who have graduated in the four ceremonies are continuing, the Kalyani Hospital tradition of providing basic health services to the poor. The nurses trained are working either in the primary health centres or in hospitals serving the weaker sections. The importance of health services has been stressed by the World Development Report 1993 of the World Bank was referred to by both the President and the Guest Speaker.

MIDS seminar

Two important high level seminars were held at the end of November. The first is by Dr C T Kurien on the Global Economy of the 1990s. The hall was packed for this discussion. The other seminar was by Dr I M D Little of Oxford University and Prof. Vijay Joshi, his colleague, whose analysis of the effects of structural adjustment from the comparative point of view of the world economy was also fully attended.

First Article

The paper for the January seminar "Economic Perspectives in Planning and Implementation of total Literacy Campaign in Tamil Nadu" appears as the first article.

Second Article

A note on "Education as a tool for Economic Change" appears as the second article.

MIDS News

Dr. C.T. Kurien represented the Indian Council for Social Science Research in the Asian Seminar on the Role of the State in Economic Restructuring and Development Experiences of Asian Countries at Hanoi (Vietnam) from December 14-16, 1993 and made a presentation on "State and Market in India's Economic Restructuring".

Dr. Nirmal Sengupta participated in a seminar on Groundwater Problems, Ahmedabad from December 14-15, 1993; in a workshop on Alternative to Sardar Sarovar, in Centre for Social Studies, Surat on December 18, 1993; in Narmada Forum, jointly organised by Delhi School of Economics and Institute of Economic Growth, Delhi from December 21-23, 1993; and in Congress on Traditional Science and Technology in India, IIT, Bombay, December 29, 1993 to January 3, 1994.

Dr. Padmini Swaminathan was a discussant in a seminar on "Economic Change and Sustainable Development" organised by Shastri Indo-Canadian Institute and Rajiv Gandhi Institute for Contemporary Studies, New Delhi from December 7-9, 1993.

Dr. Paul Appasamy presented a paper on "Urban Environment of Tamilnadu: An Overview" at the Institute on December 11, 1993. He also served as a member of the Panel Discussion on "Cost Effective Technology in Building Construction Components" organised by Tamil Nadu State Council for Science and Technology on December 27, 1993.

Dr. James Walch, Department of Political Science, University of Stockholm, visited the Institute on December 15, 1993.

Economic Perspectives In Planning and Implementation of Total Literacy Campaign In Tamil Nadu

C B Padmanabhan

Introduction

TOTAL literacy campaign is a social mission which started in the country in 1988. The National Literacy Mission was constituted by Government of India. In Tamil Nadu, Total Literacy Campaign started in 1991-92. When National Literacy Mission was launched in the country, the objective of the NLM was to impart functional literacy to adults in 15-35 age group. But considering that adult literacy is not total literacy and that in every campaign a demand arose from the community for attention to the education of children of all illiterate persons in 6+ age group, (i.e. the school going age) the NLM is covering from 1992 all the children in 6-14 age group also.

Functional literacy has the following implications for adult learners:¹

- 1 Achieving self-reliance in literacy and numeracy.
- 2 Becoming aware of the causes of their deprivation and moving towards amelioration of their condition through organisation and participation in the process of development.
- 3 Acquiring skills to improve their economic status and general well-being.
- 4 Imbibing the values of national integration, conservation of environment, women's equality, observance of small family norms, etc.

Special target groups in TLC are women, girls, S.Cs, and S.Ts. The objective of TLC is

to achieve 80-85 per cent literacy in each of the target groups separately.

Primary education in TLC districts has the following objectives:²

- 1 Regularly participating in and completing 5 years of schooling or its equivalent in the non-formal stream.
- 2 Achieving minimum levels of learning laid down for primary stage.
- 3 Acquiring relevant skills and competence related to the environment and working conditions.
- 4 Imbibing the values contained in the core curriculum and becoming aware of the inherent equality of all.

Objective of TLC in Tamil Nadu

The emphasis of Tamil Nadu government on the components of the objectives of TLC has been slightly different though overall objectives are the same as NLM (customarily understood in India as non-formal for 9 to 14 age group). Tamil Nadu government has envisaged Adult Education and non-formal education as important educational strategies for achieving effective universalisation of elementary education as contained in the Indian Constitution. Tamil Nadu government policy note to the legislators (1993-94) has admitted that efforts for illiteracy removal have been inadequate. There are high levels of drop-outs at the primary stage particularly an estimated 35.57 lakhs in 6-14 age - 20.65

lakhs girls and 14.92 lakhs boys. In addition in 15-35 age, there are 100 lakhs illiterates. The State government has been trying to integrate the existing school system with adult literacy programmes through TLC supported by non-formal education programme for children.³

According to 1991 Census, literacy for Tamil Nadu state was 63.72 per cent for 7+. While male literacy was 74.88 per cent, female literacy was 52.29 per cent. Among the larger states in the country, Kerala only has a higher literacy level and Tamil Nadu is the State with second highest literacy in the country. Districts differ in regard to literacy levels as referred to in Table 1. Dharmapuri district with 46.5 per cent is the lowest while Madras with 84.7 per cent is the highest. Tamil Nadu government has announced the policy to achieve total literacy in the state by the end of 1993-94 with a three phase TLC strategy as given below.

In the first phase, 7 districts (Kamarajar, Pasumpon Thevar Thirumaganar, Pudukkottai, Kanyakumari, Madurai, North Arcot Ambedkar and Tirunelveli Kattabomman have

been covered in 1991-92. Also Pudukkottai, Kanyakumari and Pasumpon districts have been declared totally literate. The 7 districts covered 18.94 lakh learners, with state government releasing grant of Rs. 282.79 lakhs. The second phase is expected to cover 10 more districts of Ramanathapuram, Dindigul-Anna, Thanjavur, Nagapattinam Quaide-Milleth, Madras, Coimbatore, Periyar, South Arcot, Salem and Dharmapuri in 1992-93. During 1993-94, 10 districts - 5 new and 5 not covered in phase 2 - will be having TLC. With this by 1993-94, the state of Tamil Nadu is expected to have 100 per cent literacy.⁴

Evaluation Study by MIDS

So far the Adult Education Evaluation Unit has evaluated in all 7 districts, viz., Pasumpon, Pudukkottai, Kamarajar, Tirunelveli Kattabomman, Kanyakumari, Madurai and North Arcot Ambedkar (Twice). Such evaluations have been done in a comprehensive and dynamic development oriented context in the sense that TLC must also be an instrument for accelerating overall economic growth of Tamil Nadu.⁵

Table 1 : District-wise comparative literacy position of population aged 7 years and above - 1991 all persons - Tamil Nadu

Sl. no.	Districts	Percentage
1	Madras	84.7
2	Chengai-Anna	67.1
3	North Arcot Ambedkar	61.1
4	Dharmapuri	46.5
5	Tiruvannamalai	52.8
6	South Arcot	53.4
7	Salem	55.5
8	Periyar	56.9
9	Nilgiris	74.3
10	Coimbatore	71.0
11	Dindigul-Quaide-e-Milleth	58.8
12	Tiruchirappalli	62.7

Sl. no.	Districts	Percentage
13	Thanjavur	67.2
14	Pudukkottai	58.4
15	Pasumpon Thevar	64.1
16	Madurai	62.2
17	Kamarajar	64.0
18	Ramanathapuram	61.3
19	Chidambaranar	73.7
20	Tirunelveli Kattabomman	65.9
21	Kanniyakumari	84.2

22 New name of Chengalpattu is Chengai-Anna

5 New name of part of North Arcot Ambedkar is Tiruvannamali.

20 New name of part of Tirunelveli is Tirunelveli-Kattabomman.

Source : Tamil Nadu Census, 1991.

As is by now well known, the economy of Tamil Nadu has slid down in the Seventh Plan as compared to Sixth Five Year Plan and rate of growth of S.D.P. (State Domestic Product) in Seventh Plan has been less than All India rate of growth though in Sixth Plan it was higher. Further, the structural shift in the contribution by primary, secondary and tertiary sectors show that there has been a fall in the contribution by primary and secondary sector. In fact, but for the expansion of tertiary sector, the SDP in Tamil Nadu in the 7th Plan would not have grown at all.⁶

It is in the context of falling economic growth and growing service sector that the decision of the State to become totally literate has to be seen.

The evaluation study has been done basing on EIPOL Model put forth by Prof. Dave which consisted in:⁷

- 1 The environmental context within which TLC is being implemented. This will include the socio-economic context in the district and in every region within it.

- 2 The range, variety and the effectiveness of the inputs available for the programme.

- 3 The administrative and the pedagogical processes that are designed to reach the goals through the programme.

- 4 The long and short term outputs that are expected of the programme and the long range impact that it has on the economy as well as the local community to which they belong.

It is the contention of this paper that TLC has largely succeeded in giving literacy to the illiterates in the districts evaluated. But another dimension of TLC namely functionality has remained elusive. Still training can be given only on the basis of the economic prospects and employment opportunities that are likely to arise in the future and this calls for an initial consideration even at the TLC planning stage of the socio-economic situation in each region. Unless the economic perspectives are brought out in the operation of TLC all the gains that have so far accrued will go waste.

The overall economic situation in the State as a whole has been already referred to above. But this is the result of the contribution made by individual districts in the State. The variation in literacy by district is already given in Table 1. There are variations in literacy levels by Panchayat Union and villages also. Therefore the regional approach adopted by TLC is commendable and well conceived.

But at no stage, either in planning or implementation or evaluation, other socio-economic characteristics like the extent of urbanisation, composition of weaker sections, work participation rate, density of population, ecological characteristics, and economic situation, in general, have been taken into account. Further, districts differ in regard to pressure on resources for implementing TLC, like number of volunteers. The inadequacies of the present educational structure also vary from one district to the other and so also the rates of growth of population. But the TLC operations have been more or less the same in all the regions within the district which could not have been as effective as it had the regional variations been taken into account.

This takes us to a consideration of the framework within which TLC could be seen taking note of the nature and dimension of illiteracy as a deprivation - one among many and it has to be seen in its proper context. Higher the level of illiteracy, particularly of females higher will be the fertility and mortality rates, especially among children life expectancy will be shorter, because of ignorance of hygienic conditions of living, age structure of the population will be young because there is a falling death rate and persistently high birth rate and illiteracy will be higher in rural than in urban areas.

The above situation is found to be the case among the countries of the world - both developed and developing countries. Among the districts of Tamil Nadu also we find this to be the case. Further, districts with low levels of literacy are also likely to have low productivity. We can regard literacy as a

means and also an end for human resource development. Of special importance to Tamil Nadu there is the need for higher productivity. Five basic needs have been identified by Tamil Nadu Economic Appraisal 1990, which are adequate nutrition, safe drinking water, health services, shelter and education which are not independent of each other. Tamil Nadu Economic Appraisal 1990 has laid down among 10 urgent tasks to be undertaken immediately in which reduction of wastage in primary education is the first task.⁸ Literacy in TLC can also be laid down as a basic need, in fact in three separate but inter related perspectives:

- a) education as a basic human need in itself;
- b) education as means for satisfying other basic needs; and
- c) education as an activity that sustains and accelerates overall development.

In a country like India and in any state like Tamil Nadu and in the districts, we can visualise awareness itself as a basic need - awareness on the part of the illiterates that their lot can be improved by co-operative and collective action.

It is contended here that literacy is a means by which the poor and illiterate can become aware that they are not getting a fair deal the fruits of development and this knowledge itself should be regarded as a basic need widespread awareness on the part of learners and volunteers about the socio-economic problems in every region and the possible solutions as they perceive will go a long way in achieving functional dimensions of literacy. Without this basic need being met the efforts of the 21 government departments functioning at the district level do not appear to be reaching those for whom they are meant.

Literacy focussing attention on knowledge is often referred to as the relationship between literacy and integrated basic education as the World Bank would call it. In this approach, basic education has 3 essential objectives

are the imparting of skills to communicate, skills to improve the quality of living and skills to contribute to and to increase economic production.

The communication skills at the minimum, include literacy, numeracy and general civic, scientific and cultural knowledge, values and attitudes. The living skills embrace knowledge of health, sanitation, nutrition, family planning, the environment, management of the family economy, and creation and maintenance of a home. The production skills encompass all forms of activity directed towards making a living or producing goods and services, at whatever level of economic sophistication.

Basic education, therefore, is a relative and not an absolute, process. The character, degree and method of basic education will vary according to the country, the group selected for education (whether it is children in school, children not in school, youth or adults), and their particular needs. Basic education is similarly diverse in its levels of planned activities, comprising formal, non-formal offerings. Its different elements are assimilated over a lifetime and can lead, incrementally, to an individual's material welfare, increased productivity, and ability to earn a living from self-employment.

Literacy training, as the concept given above, would suggest, is only one component of an integrated, basic education. By itself, it neither fulfills the requisites of a basic education nor satisfies the myriad learning needs of an individual seeking growth and development; but without it, other elements of a thorough basic education will suffer and other needs will go unmet. Literacy cannot be used interchangeably with basic education.

NLM has associated the need for literacy training with the objective of spreading developmental knowledge as indicated in the objective of functional literacy when in fact they could have linked the need for a fuller basic education with development. Prof. Malcolm S Adiseshiah observed thus:

Adult education's inter-related three components of literacy learning, professional skill formation and social awareness awakening are addressed to the three freedoms that the poor majority in our countries are looking to - freedom from ignorance, freedom from low wage employment and freedom from inequality and injustice. The three are varying facets of a single factor - consciousness-raising - whether it be through literacy skills or gainful higher income earning crafts or through organisation to fight against their unequal status and for their rights.⁸

Financing and costing of TLC

TLC in Tamil Nadu is based on a certain pattern of financing between the centre and states. Table 2 gives the amount so far released/shared by the centre and states both for TLC and PLC. The funds are directly transferred by the centre to Arivoli Society. The centre bears 2/3rd of the finances for a campaign district and 1/3rd will be borne by the State government. The question remains whether the state will be in a position to bear the expenditure in the years to come.

At this stage, it has to be pointed out that Tamil Nadu government decision to become fully literate by end of 1993-94 is tantamount to the adoption of a new strategy for education development. The opportunity should be availed of for scrutinising in detail the sources of financial and other resources for education and whether additional resources can be mobilisation for education. The evaluation study by MIDS shows that additional resource mobilisation is possible if there is adequate training and planning at the grass root level. Table 3 shows the different sources from which resources are utilised for education in Tamil Nadu.

It may be seen that 78.49 per cent of the recurring income is from state government, only 7.68 per cent is from fees and from local bodies only 4.28 per cent. The finance from central government also is quite low being only 2.92 per cent. There is urgent need for getting more from non-government sources for all levels and types of education.

Table 2 : Expenditure on Total Literacy Campaign, Tamil Nadu

Sl. No.	Districts	Total cost approved by Govt. of India	Amount sanctioned		Amount so far released	
			Govt. of India's 2/3 share	State govt. share	Govt. of India	State govt
1991-92						
1	Pudukkottai	187.90	125.26	62.63	115.00	40.73
2	Pasumpon Muthuramalingam	64.80	43.19	21.59	43.19	17.20
3	Kamarajar	150.45	100.30	50.15	90.00	40.74
4	Kanyakumari	57.88	38.58	19.29	36.00	16.80
5	Madurai	218.40	145.60	72.80	135.00	65.00
6	Nellai Kattabomman	182.00	121.00	61.00	100.00	34.32
7	North Arcot Ambedkar	310.00	207.00	103.00	160.00	68.00
Total		1171.43	780.93	390.46	679.19	282.79
1992-93						
1	Nagai-Q-Milleth	216.00	144.00	72.00	80.00	36.00
2	Ramanathapuram	130.44	86.96	43.48	80.00	20.00
3	Coimbatore	327.00	218.40	100.00	160.00	30.00
4	Periyar	248.00	165.33	82.67	100.00	30.00
5	Dindigul.	253.50	169.00	84.50	100.00	25.00
Total		1174.94	783.69	382.65	520.00	141.00

Expenditure on Post Literacy Campaign, Tamil Nadu

Sl. No.	Districts	Total cost approved by Govt. of India	Amount sanctioned		Amount so far released	
			Govt. of India's 2/3 share	State govt. share	Govt. of India	State govt
1992-93						
1	Pudukkottai	191.32	127.54	63.77	50.00	25.00
2	Pasumpon Muthuramalingam	70.92	47.28	23.64	20.00	10.00
3	Kamarajar	132.32	88.22	44.10	50.00	20.00
4	Kanyakumari	71.61	47.74	23.87	25.00	0.0
Total		466.1	310.80	158.38	145.00	55.00

Source : Education in India, Vol. II, 1983-84, Government of India.

The total cost per centre based adult education exclusive of capital cost is divided into two categories, viz. i) direct and ii) indirect. The direct cost comprises three types of costs: a) programme cost; b) supervision cost; and c) administrative cost. The programme cost includes: a) honorarium to the instructor, i.e. Rs.50 per month per instructor for 10 months; b) basic learning materials (Rs.7.50 per learner); c) teaching materials (Rs.2 per learner); d) equipment (Rs.85 per centre); e) kerosene/electricity (Rs.200 per centre, and f) contingent expenditure (Rs.50 per centre).

Supervision cost includes 1) salary of supervisor (one supervisor looks after

30 centres) at Rs.500 and Rs.60 fixed for T.A. and D.A. per month; 2) the costs relating to training for one supervisor and one instructor which are Rs.235 and Rs.90 respectively.

Administrative expenditure is classified into recurring and non-recurring. Recurring expenditure includes salary of part time clerk and office contingencies, while non-recurring expenditure are those needed for maintenance of furniture and equipment. Given cost norms for 30 centres, we have derived programme cost, supervision cost and administrative cost for one centre.

Table 3 : Item-wise recurring income by sources on all educational Institutions by type, Tamil Nadu, 1983-84

	Rs. in 000's	Percentage
Central government	121734	2.92
State government	3275214	78.49
UGC	29885	0.72
University	44899	1.07
Local bodies	178399	4.28
Fees	320574	7.68
Endowments	2083	0.50
Other sources	81440	4.34
Total	4172981	100.00

Source : Education in India, Vol.II, 1983-84, Government of Tamil Nadu.

Regarding indirect cost, we have included recurring cost incurred by the State Adult Education Board, Directorate of Adult Education, District Adult Education Offices, State Resource Centre etc. The items included are establishment cost, administrative cost, and programme cost, particularly, covering the salary/wage bill of office staff, training programme for supervisors, project officers and instructors, honorarium to experts for production of teaching and learning materials, printing, publication and stationery, rent, workshops, seminars, evaluation and

preparation of instructional materials, T.A. and D.A. and other allowances, and contingencies expenditure. In the non-recurring we have included cost of maintenance of the furniture and equipments.

Table 4 gives the cost worked out per learner in adult literacy classes for Gujarat State for 1979-80 only for illustrative purpose.¹⁰ Successful financing of TLC will depend on careful costing by units and components and the most important thing to do will be to improve the effectiveness.

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the socio-economic context in the region and in every region within it.

accrued will go waste.

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The cost pattern for centre based adult education programme is given in Table 4.

Very different is the composition of expenditures for TLC in terms of expenditure on teaching and learning materials as mentioned in Table 5. Table is self explanatory. Further while dealing with TLC which is a kind of non-formal education it will

be useful to take note of financial resources - public funds, household funds, private and voluntary contributions and funds derived from economic enterprises of all types - physical resources are fixed capital like buildings and grounds, movable capital facilities if any, such as equipment, furniture, libraries and books, and consumable items like paper, pencil, metal chemicals and water supply.

Table 4 : Per adult learner expenditure under different class size: 1979-80

Size of class learners	Average cost per adult learner		
	Direct cost	Indirect cost	Total cost
30	56	125.1	181.1
1	120	268.1	388.1
10	168	375.3	543.3

Source: Evaluation of Adult Education Programme in Gujarat State, 1979-80.

Table 5 : Madurai district - Arivoli Iyakkam Abstract of Budget as on 31-3-1993

Sl. No.	Heads of account	Sanctioned (Rs. in lakhs)
1	Administration	60.540
2	Training	45.631
3	Teaching and learning materials	105.840
4	Centre level expenses	15.120
5	Motivation and mobilisation	36.400
6	Monitoring and evaluation	4.000
7	Contingencies	12.460
	Total	279.991

Source : Evaluation of North Arcot District, Adult Education Evaluation Unit, MIDS, 1993.

Time of learners, instructors and support personnel like volunteers, planners and administrators contribute a major item. When a new strategy for educational development is adopted it is advisable to have a careful assessment of existing

and potential re-sources in the wider sense of the term as described above. T.L.C. has adopted some steps for resource mobilisation of physical resources like space, for buildings, utensils for cooking food for learners etc.

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In order to make the programme cost effective there has to be management orientation which has the 5 components of planning-organising, commanding, coordinating and controlling. The above are the basic components of any process of management.

The plan prepared by the Collector before launching of T.L.C. could have with advantage contained more data on economic aspects and analysis. The services of the bureau of economics and statistics could have been used. Decentralised planning is a crucial factor in the success of literacy programme involving local leadership and it can also ensure greater co-ordination at the grass root level with other development departments. In this context the experience of North Arcot District in ensuring greater linkage with development departments is worth mentioning.¹¹ There can be greater linkage with formal system.

Planning in T.L.C. can use formal system in the following ways:

- 1 Formal system can provide some channels and resources for non formal efforts.
- 2 A natural continuum can be established for incorporating efforts of a non-formal origin with a formal origin into a formalised structure.

It was noticed that there was lack of integration and co-ordination with other development departments mainly due to 3 reasons:

- (a) The rationale of mutual inter-dependence is not fully understood. Each agency seeks its programme as an essential contribution to other programmes rather than accepting that success depends on the advancement of the related and its own programme.
- (b) The concept of horizontal integration is alien to administrative culture which believes in vertical integration.
- (c) Integration may conflict with existing vested interests.

The learning materials are prepared by S.R.C. and adopted by the district T.L.C. authorities and guides for the instructors or volunteers are prepared by local TLC authorities. They are welcomed by the learners. But it would be worthwhile to consider the following additional points:

- 1 Planners should study the environment and identify the population to be reached and their socio-cultural characteristics like social habits, attitudes, values, aspirations and motivation.
- 2 Planners should identify problems and efforts that may impede or assist the process of economic and social development in each Panchayat Union in the district and discuss them with the Community. The curriculum should be based in consultation with the community.
- 3 Apart from the volunteers there should also be professional teachers to help the volunteers.¹²

At this stage, it is necessary to record the need for greater professionalism at all stages of the work of T.L.C. which could have achieved better results. It is well known that there are all kinds of gaps and inadequacies, in different regions of the districts. The literature on the subject has recognised the following inadequacies:

- 1 Job-gap - misfit of education to job requirements in a given area.
- 2 Efficiency gap - lack of proper utilisation of financial and human resources due to unemployment of the educated.
- 3 Demand and supply gap - refers to rising demand for education pressure of numbers resulting in more quantitative expansion and the consequent low quality.
- 4 Population gap - refers to failures of formal schooling to match with the growth of school age population for whom education is to be given.

- 5 Wage gap - refers to higher wage rate offered in urban sector and consequent rural migration to urban sector
- 6 Equity gap - does not offer equal opportunity to all, rigidity of school system
- 7 Evaluation gap - The courses of studies are not properly evaluated.
- 8 Expectation gap - Discrepancy between what people expect and what they get.

Taking note of the above gaps in each region and identifying the most prominent one in every region, the propaganda work, training and teaching and learning could have been based on ways of reducing such gaps. In this manner, more attention could have been given to specific local problems.

In every region, evaluation of the learners was done regularly though one cannot see evidence of the analysis of such results being used either for training or teaching the learners. Such an analysis could have been quite useful in improving training.

A question for consideration is to what extent the T.L.C. administration is management oriented. Only partially it is so.

We shall now conclude by referring to some of the more important findings regarding effectiveness of T.L.C. programmes.¹³

Tamil Nadu Situation and evaluation results

The 1991 census has revealed Tamil Nadu to be a State with 63.7 per cent literacy level with 74.9 per cent male literacy but only 52.3 per cent female literacy. The literacy rate for S.Cs and S.Ts is likely to be still lower. According to 1981 census male literacy rate among the SCs was only 47.1 per cent with 21 per cent for females and for S.Ts 26.7 per cent and 12.6 per cent respectively. The rural level of literacy is still lower.

Therefore the progress to achieve total literacy in Tamil Nadu will very much depend upon the progress of literacy among women and SCs and STs. Since there is already 74.9 per cent literacy among males the destination for total literacy is not far off.

Motivation of learners

We consider the mobilisation of resource and motivation of learners and the community together because the most important resource for the Total Literacy Campaign is a well motivated learner and enthusiastically participating public drawn from different walks of life willing to do something for the illiterate learner. A visit to different and remote villages in all the five districts of Pasumpon, Pudukottai, Tirunelveli, Kanyakumari and Kamarajar convinced one that the campaign has met with spectacular success in the matter of mobilising learners and volunteers particularly women, and SCs, STs and the Backward Classes. It seems that the learners have been more or less fully identified in the course of the initial survey. A proper learning environment has been created and wherever one went, one could see members of the public humming the songs of Arivoli (as it is called in Tamil) and having a book of songs in hand reminding one of the early years of the advent of cinema when people used to have printed books in hand, containing film songs. Pasumpon, Kamarajar, Tirunelveli and Kanyakumari are districts which with high literacy rates of 64.1, 64, 65.9 and 84.2 per cent respectively, while Pudukottai is a district with only 58.4 per cent literacy according to 1991 census of those aged above seven. According to Tamil Nadu Publication of 1991 census, literacy percentage for Pudukottai was 53.03 per cent with 62.21 per cent for males and 37.91 per cent for females. The difference in literacy percentage is due to the difference in population aged above seven and above five. In any case, other districts have higher literacy rates and there

is no reason why they also should not have reached a totally literate situation. Even in female literacy the other four districts are having a higher literacy level.

Indeed, there are large regional variations in the levels of literacy among the panchayats, municipalities and taluks as well as between rural and urban areas. Thus in Kamarajar district among the six taluks Virudunagar had the highest literacy of 59.08 per cent, while Tiruchuli had the lowest 43.76 per cent. In the six municipalities Virudhunagar had 75.90 per cent and Srivilliputhur had only 62.79 per cent the lowest. In Pasumpon the range of variation was 60.09 per cent to 52 per cent among taluks, and in Municipalities between 77.62 per cent and 65.17 per cent. In Pudukottai it ranged between 73.40 and 62.26. In Tirunelveli it ranged between 66.20, in Palayamkottai to 44.97 in Sivagiri. In Kanyakumari it is from 76.39 to 68.96 per cent. Therefore, it is only appropriate that the Total Literacy Campaign should have adopted a regional approach for wiping out illiteracy by going right upto the village level.

In every district the recruitment of volunteers and the conduct of a survey for identification of learners have been the very first step, while the identification of illiterate learners in the age group of 15-35 has taken place comprehensively, the availability of volunteers has not been without difficulty in big districts like Tirunelveli and therefore even the present students above class 8 had to be used as volunteers. In Kamarajar district the progress of learning has been so fast that some of the learners - more than 100 of them - have themselves become volunteers for teaching.

The recruitment and training of volunteers has not been an easy job as has already been stated above. There have been drop outs from volunteers and training could have been far more effective if only there were more widespread participation and involvement by experts from all layers of society. Training

itself could have been used as a means of environment creation. In particular training was by and large limited to the teaching and learning of the three Rs, and functionality and awareness component in the programme of training and implementation has left much to be desired. Indeed the S.R.C. materials have been found quite useful and districts themselves have very well prepared their own teacher guides and other materials for teaching and learning. While on motivation of learners and volunteers it is worth referring to the contrast between the findings in two out of the four blocks in South Arcot in the neighbourhood of Annamalai University (the findings in other two blocks are being analysed) where mass literacy campaign was done by that University during the two months vacation in June-July 1991 and the situation in other five districts where Total Literacy Campaign took place. It was found that 50 per cent of the learners were motivated by volunteers and 20 per cent were self-motivated while in T.L.C. the corresponding percentages were much less. Thus one can safely assert that University and student participation in promoting literacy is bound to have a good pay-off. The creation of an environment conducive to teaching and learning appears to be fairly easy to achieve when the volunteers are University students.

Functional Literacy

Total Literacy Campaign aims at imparting functional literacy i.e. ability to sign, fill up forms and read texts and count figures. It also tries to teach the learners the values of national integration, conservation of the environment, women's equality, small family norms, and family planning etc. Also TLC aims at making the illiterates aware of the causes of their illiteracy and backwardness so as to enable them to move towards the amelioration of their condition through organisation and participation in the development process. Texts are prepared according to NLM norms by State Resource Centre and they have been found quite useful by the learners and others.

It is interesting to note the impact of TLC both regionally and in the socio-economic categories. Participation of women has been quite encouraging and even the progress of weaker sections has been quite remarkable. In Kamarajar district for example, even among the Backward Classes 77 per cent of the females can read alphabet, 75 per cent can read words, 56 per cent can read letters. Even in regard to numeracy it was noticed that 70 per cent of the females among the Backward Classes could count upto 100 but only 12.5 per cent knew division.

In Tirunelveli Kattabomman district only 11.11 per cent of SCs remained quite ignorant about reading letters and simple words. All the others had obtained good, fair or poor grades, i.e. have become literate. The learners have been graded into good, fair and poor and quite ignorant. In Kanyakumari district the performance of learners from the backward classes was superior to that of learners from the SCs. Thus in the matter of writing 80 per cent of the BCs had obtained good grades while only 50 per cent of the SCs got good grades. In the matter of writing words, the BCs were ahead of the SCs, the respective grades being 50 and 40 per cent.

Green Patches

An evaluation of TLC in the five districts of Pasumpon Muthuramalingam, Pudukottai, Tirunelveli Kattabomman, Kanyakumari and Kamarajar clearly shows the potentialities and limitation of a campaign approach to wiping out illiteracy. Clearly, it has succeeded in generating an environment highly conducive to learning and the result has been creditable learning outcomes.

It, however, should be added that hitting a target of 80 or 90 per cent literacy by no means completes the task of total literacy. Unless and until functionality and awareness dimensions of literacy are also achieved TLC cannot be claimed to be a success. Only when functionality and awareness are

achieved in a sufficient measure, will the deprived sections of the population feel that their lot can be improved by coming together and taking advantage in full of all the development schemes which are in operation at the district, block or village level. There are certain green patches in some blocks in the district of Kanyakumari as, for example, Killiyur, where villagers organised a literacy day with a big fanfare with the Collector as chief guest. A number of petitions were presented to him one of which pleaded for an all weather good road to that place. Of course this is in contrast to the experience in Ernakulam where villagers themselves took the initiative in laying roads or organising markets for Onam celebrations. Certain important aspects of the programme like monitoring and evaluation as well as training at all levels have to be given more attention. Involvement of Universities and their departments right from the stage of planning upto the final evaluation phase will be highly beneficial both for the programme and the Universities.

The present phase of TLC with all the contemplated steps for continuing education is bound to enable the learners to retain whatever they have learnt and the quality of the life of the population will increase. In order to make this happen, there has to be greater decentralisation and closer co-ordination among development departments.

It is not enough if learning outcomes are generated, they should also be put to use.¹⁴

The major factors that affect the utilisation of learning outputs for individual and social benefits, influences the cost-benefit relationship of educational programmes can be enumerated. These categories include general ecological endowments, which impose basic constraints on the socio-economic development of the area served by the educational programme; economic dynamic and prospects of the area affecting economic opportunities, and the employment condition and prospects; provisions for necessary

supplies, such as agricultural inputs, raw materials and equipment for rural industries, and medical and family planning supplies, physical infrastructure, including roads, irrigation and water-control systems, community facilities, such as health clinics and primary school buildings, communication facilities and so on; institutional infrastructure, including local organisations, development planning and implementation mechanisms and capacity, marketing and credit, land tenure, social structure and mobility; and so on; and overall national and local educational policy and strategy, which place the individual programme in a broader context and define its links with other programmes, enhancing the effectiveness of individual programmes, as well as that of the learning system.

On the basis of the above approach, action can be initiated in the following areas

in order to ensure profitable use of learning outcomes :

- 1 Vocational training arrangements can be made in tailoring, automechanics, electronics etc.
- 2 Helping the learners to start a cottage or small scale industry by giving capital, training and equipment (TRYSEM).
- 3 Helping to form co-operatives and then providing training and some capital inputs to start cottage industries and income generating schemes (DWCRA).
- 4 Helping traditional artisans to expand their skills to increase their income.
- 5 Provide marketing and management inputs for artisan production or cottage industry type production of goods.

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Education as a Tool for Economic Change*

Economic Change

THE economic change desired and needed by the country should be looked at from two points of view - macro and micro.

At the macro economic level, the major economic change needed is the alleviation and reduction of poverty which, despite following the short term remedies and emergency programmes by the government, the Planning Commission (Lakdawalla Committee report) and the World Bank can be taken at 40 per cent of the men, women and children, as going to bed hungry every night. Infact according to the latest CSO estimate the percentage of the poor has increased from 38.33 per cent in 1990-91 to 38.85 per cent in 1991-92 involving an increase in the number of poor people by 6.1 million between the two years.¹ A second economic change needed is the reduction of unemployment and under employment and the generation of additional employment as brought out by the sparse data of CSO². A third change needed is the arrest or reduce the growing inequality in the country as seen in RBI's decadal surveys of urban and rural asset holders, annual balance sheets of the industrial giants and MRTP reports.³

At the micro level, the economic change needed is to transform (the middle and upper class) individuals' attitude towards economising and saving in place of the dissaving taking place as seen in the per capita consumption growth of 2.4 per cent per annum against GDP growth of 1.3 per cent in 1991-92,⁴ and to augment the capacity to apply innovations and new knowledge and learning to the current situation.

In what way does education contribute to these macro and micro economic changes? This question can be analysed in several ways, but for the sake of brevity and possibly clarity, it is done here by examining the various forms of education - formal and non formal.

Formal Education

In relation to the formal education system, its impact on economic changes can be examined at the level of primary and elementary, secondary and higher education.

Primary and Elementary Education

The most effective tool for bringing about macro and micro economic changes in any society is the primary and elementary level. Primary education is the first five years of learning and elementary education is the first eight years of study. These levels were put together by Mahatma Gandhi in what he called basic education which he, with the help of Zakir Hussain, evolved as an alternative primary and elementary education system. Later the Constitution makers introduced in the directive principles in Article 45 the obligation that "the state shall endeavour to provide within a period of 10 years from the commencement of this constitution free and compulsory education for all children until they complete the age of 14 years". While the industrialised countries developed such universal primary and elementary education, gradually, over a period of 150-200 years, it was in the Soviet Union that the economist Strumilin recognised the urgency and role of primary and elementary education in bringing

about the needed economic change for the country, and in a famous communication addressed to Lenin in 1919, on the eve of launching the Soviet Union's first great industrialisation programme, warned Lenin that the vast hydro electric power grids he was planning, the huge industrial enterprises he was launching, along with the steel mills and the machine tool factories and mechanised farms would all grind to a halt, unless the equivalent amount of investment in education was not provided. Strumilin arrived at this conclusion through studies which showed that, in his country, primary education resulted in a 79 per cent increase in the output and wages of a labourer.⁵ It should be noted that this relationship between education, productivity and income was established for the Soviet Union at the time when its economy was still largely undeveloped and agricultural, very similar to that of India. Thus at both the macro and micro levels primary/elementary education brings about the vital economic changes needed by a country to increase productivity and incomes. The changes brought about are simple but basic. That is, it enables the primary/elementary school completor to understand the problem he/she faces in improving production at the farm, factory or office and apply his/her knowledge to increase it and the incomes that he/she earns.

Second level education which is usually available for three to five years, depending on whether it is high or higher secondary, is directly addressed to developing pre vocational or vocational skills. This basic economic change both for society and the individual has however not yet been effected in our country. In the Gandhian system of basic education, there was simultaneous learning and earning, so that there was no divorce between the two. Following the Kothari Commission report, there was a decision in the country to introduce the vocational element at the second level by restructuring the two years of higher secondary, into the two streams, one academic and the other vocational. It was planned that 50 per cent of

entrants at this higher secondary level (11th and 12th years) would enter the academic stream, and the other 50 per cent enter the vocational stream covering both multi various agricultural and industrial skills. It took over a decade for this decision to be actually implemented, and when it was, it was found that only two per cent of higher secondary school entrants chose the vocational stream, except in one state, Tamil Nadu, where about 25 per cent did so.⁶ In order to correct this situation it was decided by the government (on the advise of the Central Advisory Board of Education) that in the high school itself, for the last two years (9th and 10th years) some pre vocational skills will be made available to its students both to give some income earning abilities to the large majority who terminate at secondary school, and to give at least half of those entering higher secondary the desire for acquiring specific vocational skills which may be immediately applied in farming, manufacturing, teaching, nursing, insurance, and a host of other occupations. This important means of effecting economic change by making the high school and higher secondary school students employable is still to go into effect.

Higher Education

At the higher education level, there are problems specific to the two forms of higher education.

One form is the general higher education received in arts and science colleges affiliated to our 120 universities. Here the most urgent problem is to change the system of examination which is now rote and memory based, in order to make it a test of learning, (learning how to learn), in the context of change and changing attitudes of the individual and society. This is done through the semesterisation system of learning, and the continuous internal assessment which accompanies it. If this were done as is demonstrated by some 57 autonomous arts and science colleges in Tamil Nadu, the

* Note prepared by Malcolm S Adiseshiah for *Yojana*, 1994, Special Republic Day Issue.

modernisation of the curricula, the updating of the teaching techniques and the learning methods follow simultaneously. Thus the clue to the reform of higher education in the arts and science colleges is centred around the aim of giving its students an opportunity for real learning, which they can then use in life, and this depends on the reform of the examination system. That holds the key to higher education reform. This was recognised on the eve of our independence, some forty years ago by Sarvapalli Radhakrishnan, who headed the university of commission, which said that the main draw back of the system (even at that time) is the examination system which must be reformed. But except for a few sporadic efforts, here and there through autonomous colleges, this key tool for bringing about economic changes through higher education with its over 5000 colleges is still to be put into affect. The reform would not only make higher education graduates employable but would also help them learn the skills of analysing, comprehending, solving any problem that they will face either in the family, or in the farm, factory or office, as a means of self employment, which is the future wave of the needed economic reform.

The other form of higher education is professional/technical higher education covering, teaching, law, medicine including nursing, pharmacy and dentistry, industry and technology, agriculture including forestry, fishery and animal husbandry, and other professional areas. Here there are some problems in professional/technical higher education acting as an agent of economic change. A first problem is that only some 10-12 per cent of those who usually want to, are able or qualified to enter this area. This is seen in the rush for admissions where only some 10-12 per cent of those who apply are successful in gaining admission. This restriction of admission into the professional courses is essential, if the problem of the educated unemployed, facing the arts and science graduates, is not to spill over into those who graduate in these professional and

technical courses. Another issue is that unlike the arts and science courses, the professional course call for the heavy investment in buildings, laboratory, machinery and equipment. This is seen in the fact that the per capita student cost of a general arts and science degree is about one fourth of that of a professional degree. This gap is widening as the cost of workshop, machinery and equipment keep escalating. A third problem faced by the professional colleges is the rapid rate at which the technologies are changing, calling not only for renewal of their equipments and libraries to keep up with these changes, but also raising the question whether more of the profession is not learnt on the job, rather than in the class room, library or laboratory, calling for a more careful balance between classroom learning and on the job work experience. Higher professional education thus makes available the professionally trained persons needed in farming, manufacturing, management, teaching, law, medicine etc, and in that way is the most direct contributor to the economic change of the individual, the family and society, resulting in gainful employment/self employment and increasing incomes.

Informal Education

There are two important areas of informal education in this country. First is the education of the mass of adult illiterates who number over 300 million.⁷ Here again the literacy learning provided to this mass is today broken down by districts so that they can be provided with the learning of 3RS, reading, writing and arithmetic, but also through being broken down into smaller groups of districts, blocks and villages can be helped to relate this learning to the specific farming and industrial and other needs of each group. The Total Literacy Programme now under way pioneered by the state of Kerala and spreading to some 200 districts in other states is already showing the effect of the economic changes that it produces in the individual and villages and towns. These changes involve applying the

learning to the problems faced by the farmer, the unskilled or skilled worker, the agricultural labourer and solving them as the means of, both increasing his/her production, increasing wages and employment.

Lessening Gender Disparities

This literacy learning is also producing social changes in making the women conscious of their rights, enabling them to organise themselves to fight various social evils like the sale of arrack, dowry demands and deaths, and the violence against women. Literacy education is bringing about amelioration in the gender disparities. Both at the level of the illiterate, where some 60-70 per cent are women, as well as in formal education, where taking primary education, girls enrollment has grown from 5.4 million in 1950-51 to 42.4 million in 1991-92 and at the upper primary (elementary) from 0.5 million through 30 million between those years:⁸ even so, girls constitute only some 30-35 per cent of the total students at every level (when they should be nearer 50 per cent). This trend is also to be found in second level and higher education and in employment and wages/salaries. Literacy learning makes the literate conscious and aware of these and other forms of disabilities to which they are subject.

The other main reform of informal education is the nonformal learning system started in the various states, cities and villages for children who drop out of primary and upper primary schools. They are brought into these

specially structured non formal schools and institutions. Their learning periods are shortened and concentrated on the problems of these boys and girls and their families and their economic environment and employment needs. In a sense these informal/nonformal institutions are the direct tool for bringing about economic changes in the individual and in society.

Conclusion

Education at various levels, primary, secondary and higher, and in various forms, formal and nonformal, general and professional, is a major tool for economic changes, that would lead to raising a person receiving education above the poverty level, and so reducing the high poverty percentage of the country. It does this mainly by making the men and women, boys and girls who receive education employable through providing them with various skills. There are, however, other counter parts essential for the successful employment of the tools of economic change provided by education, such as increasing investment in agriculture, industry particularly small industry, updating techniques and technologies in them and ensuring that there are increasing employment intensive occupations, and a continuous appraising, highlighting and countering of the inequalities in our society. Only if these pre conditions are met, will education be an effective tool for economic change for the individual, family and society.

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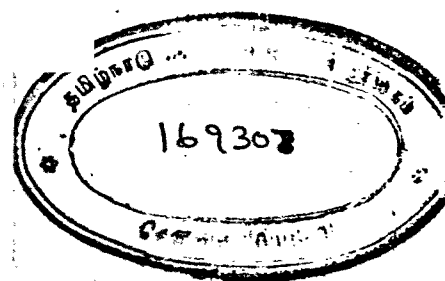
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