Chapter One

CONCEPTS OF DEVELOPMENT AND
INDIAN ECONOMIC OVERVIEW

1.1 INTRODUCTION

We are in a hybrid era, one caught between copper and computers, between bullock-carts and Boemgs, one in which quality is confused with quantity and means with ends. For us here in India it is a time for opportunity and optimism. It is also a time of unimaginable poverty and pessimism. It is time of frustration, change and challenge. It is unlike any other period of history, for never before in addition to artists and artisans, farmers and financiers, bureaucrats and businessmen, corporate planners and charity agencies, philanthropists and profiteers have exerted so much influence on the advancement, retardation and movement of development. There is an urgent need to discuss about people and their interaction, and about poverty, and inequality. We have to learn from our experiences to suggest a more holistic view of development. This is the essence of economics of development. With this perspective in mind, let us take-up this research study about economic development of tribal and rural areas through non-government organisations in Gujarat, India.
To begin let us design a thought experiment. The apparatus required are fairly simple – some newspapers, a radio, and a television. These are our sources of information. Allow a time frame which can generate a reasonable pool of information. Having created this database we proceed with this experiment. As with every experiment, we have to have some end in view. Hence we want to look into the level of material prosperity of the people across the nations. A casual observation of the database will help us make certain generalizations on the question of man-made endowments.

We find that some people in this world have access to almost everything that they would like to have: for them food is cheap and plentiful, vacations are pleasant and affordable. They can keep two cars, send children to good schools, live in comfortable and clean homes. Side by side we find another group of people, larger in size than the previous group, to whom all the good things in life are elusive. They are either starving or suffer from malnutrition; most cannot afford comfortable homes and spend nights outside – on pavements in the cities and under the trees in tribal and rural areas. Their children cannot go to schools, either there are no schools to go to, or because their parents cannot afford sending their children to schools. People here live sub-human conditions. Hence are prone to diseases, and
have no access to newspapers, radios, and televisions with which they can undertake this experiment. It is interesting to note that impoverished people in this world far out number people who are well off.

The dividing line between the two groups is the concept of development. The existing economic literature will say that the first group of people has undergone a process called the economic development, while the second group was not fortunate enough to experience it.

Many eminent personalities and scholars have expressed different views about development. Let us ponder upon their thoughts and try to grasp the real meaning and definition about development.

1.2 CONCEPT OF DEVELOPMENT AND GROWTH

India has made rapid strides in a number of fields including science and technology. But it has also been experiencing traivails of transition which a developing country is bound to face. As observed by Dudley seers:¹

In fact it looks as if economic growth not merely may fail to solve social and political difficulties; certain types of growth can actually cause them.
There is much truth in what the father of the nation Gandhiji wrote on 27\textsuperscript{th} January 1948.\textsuperscript{2}

The congress has won political freedom, but it has yet to win economic freedom, social and moral freedom. These freedoms are harder than the political, only because they are constructive, less exciting and not spectacular.

The aims of development were spelled out in 1970s in the preamble of the International Development Strategy for the Second United Nations Development Decade:

As the ultimate purpose of development is to provide increasing opportunities to all people for a better life it is essential to bring about a more equitable distribution of income and wealth for promoting both social justice and efficiency of production, to raise substantially the levels of employment, to achieve a greater degree of income security to expand and improve facilities of education health, nutrition, housing and social welfare, and to safeguard the environment. Thus, qualitative and structural changes in the society must go hand in hand with rapid economic growth and existing disparities regional, sectoral and social should be substantially reduced. These objectives are both determining factors and end results of development. They should therefore, be viewed as integrated parts of the same dynamic process and would require a unified approach. (\textit{Ibid}).
According to I.L.O. development involves 'humans' as distinct from material produce. It is defined as process which involves improvement in the quality of life of the weaker sections and a larger participation and involvement of the masses in the process of decision making in the economic, social, political and cultural life of a society.

In his book *Cruel Choice*, Denis Goulet has said3. “Development is not a cluster of benefits given’ to the people in need, but rather a process by which a people acquires a greater mastery over its own destiny.”

Garry Jacobe observed that a development is not a programme executed by a government but a social movement of the entire population, initiated and guided and led by government. Development calls for information, education, training, organisation and administration at the widest possible level.4

Schumpeter5 defined development as:

Only such changes in economic life as are not forced upon it from without, but arises by its own initiative from within.

According to Dudley Seers, development means creating conditions for the realisation of human potential.6 Development refers to the process of
planned institutional change to bring about a better correspondence between human needs on the one hand and social policies and programmes on the other.  

Development is an elusive concept that involves natural resources, trained manpower, capital and technical know-how and their utilization for attainment of constantly multiplying national goods, higher living standards and the change over from a traditional to modern society. The essence of development is generally perceived as industrialisation and modernisation. Development is a multi-dimensional and multilinear process. Development is usually conceived as an aspect of change that is desirable broadly predicated or planned and administered or at least influenced by government action.  

The term ‘development’ is also used for the process of allowing and encouraging people to meet their own aspirations. Development and modernization are not interchangeable terms as development results in a community where as modernisation is a particular case of development.  

The main aim of development is to increase national as well as per capita income and to raise the standard of living of the people and secure
justice, freedom, equality and security for them in society. The focus of
development is now increasingly on (a) equitable distribution of wealth and
income: (b) full utilization of manpower; (c) better utilization of natural
resources: and (d) protection of human environment etc.\textsuperscript{10}

Hence development means change plus growth i.e. it includes growth,
modernisation, increase in social facilities etc. It should not be forgotten that
achieving a higher rate of growth is a pre-condition for ensuring social
justice. It has been stressed by economist that special measures should be
taken to make the rate of income growth among those below the poverty line
twice that of the economy as a whole. If we were to solve the problem of
poverty and unemployment in a reasonably short period of time the faster
the overall rate of growth, the less the need for such special measures. This
is so because there would be greater scope for "trickle down' effects. The
higher the overall rate of growth the larger the volume of resources that can
be earmarked for implementing special measures, if necessary\textsuperscript{11}

Growth by itself is not going to solve the problems of poverty and
unemployment. There is need for incorporating the distribution goals in the
very pattern and organisation of production.\textsuperscript{12} This gave a rise to a change in
planning strategy. The 'trickle down' theory which held sway over the
planning pandits for quite some time now has been replaced by a theory of Direct Social Intervention as a means of promoting measures that alleviate poverty among marginal men and marginal areas.\textsuperscript{13}

It is unreasonable to assume that industrialisation by itself will bring about rapid growth. It is still more unreasonable to assume that a high rate growth and per capita income will ensure social justice. This is so because the money flow is controlled by a minority and the majority does not have access to capital. Hence even bumper harvest are unable to solve the problems of rural poverty and unemployment. So the need of the hour is to raise the purchasing power of the poor.

1.3 CONCEPT OF ECONOMIC DEVELOPMENT

When the subject of development economics emerged as a distinct field of study, shortly after the Second World War, it appeared to be something of a bastard child of growth economics. Ian Little reflected this understanding very well in his depiction of ‘Development Economics’ as a field that ‘in a broad sense comprises all work on the growth of incomes per head, including that of classical economic theorists from Smith\textsuperscript{14} to Mill.'
So economic development is the process of securing a higher level of productivity in all the sectors of the economy which primarily depends upon the technological advances the community is able to make. Economic growth with social justice is one of the most important goals of developing economy like ours. Harmonious growth of inter-sectoral income trade and income distribution are some of the pre-requisites of accelerated economic development. In the process of growth, agriculture and industry depend on each other for raw materials and market. Besides it is often argued that declining output ratio of agriculture and industry increases the net domestic product and affects the income distribution pattern in the economy. Several writers have emphasised the importance of an “agricultural surplus” for the economic growth or economic development.

Conceptually “development is the faithful limitation of the developed” holds John Kenneth Galbraith and recognises three types of economic development.

1. Symbolic modernization
2. Maximized Economic growth
3. Selective growth
Common factor in all these three types of economic development is a change from a given situation to attain a better situation. There are number of norms to measure these changes. Also there are number of dimensions to look at these changes: for example, a social change, economic change, political change, technological change etc. Thus, change factor is a basic component of economic development. Improvement on one situation transforming it to a better situation is the normative of desirable change.

Economic development is not a single function approach to welfare of the downtrodden people. There are multi dimensional changes, which follow and precede the economic development of people. Development consciousness in the individuals is as much necessary as it is for the state before some tangible achievement can be obtained in any branch of economy. Political recognition consequent upon the political normatives of the newly freed countries do not necessarily coincide with those of ex-ruling nations. These differences heavily bear on the choice of path of economic growth. Balanced regional economic development is a conceptual off-shoot of the democratic planning of nation’s economic development.

Therefore integrated area development approach is initiated to take care of the more backward sub-regions in these developing nations. George
Dalton has vividly analysed the different dimensions of the problem of economic development. What economists call "development", political scientists call "modernization"\textsuperscript{18}, sociologists "role differentiation"\textsuperscript{19} and anthropologists "culture change"\textsuperscript{20}. These accompanying political and social changes make economic development process even more complicated. Arthur Lewis is therefore right in holding that the economists who studies the non market economy has to abandon most of what he has learnt and adopts the techniques of the anthropologists. He is correct to hold that the problem of economic development is a complex one.

However in recent years, the profession of development economics has moved increasingly in other direction. According to Prof. Amartya Sen, one way of seeing development is in terms of the expansion of the real freedoms that the citizen enjoys to pursue the objectives they have reason to value, and in this sense the expansion of human capability can be, broadly, seen as the central feature of the process of development.\textsuperscript{21}

\subsection*{1.4 THEORIES OF ECONOMIC DEVELOPMENT}

As we have seen development is a multi-faceted process involving re-organisation of the economic and social system. However, different theories of development advocate and stress different sets of economic and social
factors that will lead towards development. Here we will highlight some of the important theories of development.

1.4.1 *Rostow’s Stages of Growth*

The transition from under-development to development must proceed along a series of steps according to this American development theorist. The four stages of growth are:

i) Traditional society;

ii) Pre-conditions for take-off;

iii) Take-off;

iv) Age of mass consumption.

The developing countries, it was argued were still at a stage in which the “pre-conditions” for “take-off” were not present. The industrialised countries developed because they had fulfilled conditions necessary for the “take-off” towards self sustaining economic growth. Rostow implied that the developing countries had only to replicate similar conditions to attain development. They had only to mobilise enough domestic and foreign savings to finance investment in order to attain the objectives and development. Rostow even went as far as to suggest that once a country was able to save 15-20 per cent of its Gross National Product (GNP) it will
automatically reach the "take-off" stage. Events since then have clearly proved the inadequacies of this theory. For instance, India has consistently managed a high rate of savings without being able to solve many of its development objectives. Clearly this mechanical approach towards development has proved to be insufficient.

1.4.2 The Lewis Theory of Development

During the 1950s Arthur Lewis, put forward a different theory of development. According to Lewis underdeveloped countries are characterised by the presence of two sectors:

a) a traditional, rural based sector which is of the nature of a subsistence economy, i.e., providing for self-consumption within this sector. This sector also has surplus of labour; and

b) the modern, urban industrial sector where productivity is higher.

Arthur Lewis argued that labour can be transferred from the rural to urban sector without adversely affecting productivity in the rural sector. He thus envisioned a dynamic role for the industrial sector which will lead to a sustained economic development. This theory though correct in its description of situations prevailing in large parts of the developing world, is found lacking in terms of its ability to suggest measures leading towards
development. It for instance, ignores the fact that unemployment is also fairly rampant in urban areas as well as rural areas. This means that surplus rural labour cannot be meaningfully absorbed by the urban industrial sector.

1.4.3 *International Dependence Theories*

During the 1970s these theories gained momentum particularly among economists in the Third World. Essentially, these theories view the problem of development as one arising out of the domination of the poorer countries by the richer ones. It is argued that in an unequal power structure, poor countries loose out to the richer and more powerful countries. They also note that large multinational companies are involved in the process by which wealth is transferred from developing countries to developed ones. It is also argued that institutions such as the World Bank and the International Monetary Fund (IMF) have aligned with the rich countries. Thus, according to them, has accentuated the problem of poverty and other aspect of underdevelopment in these countries.

1.4.4 *Gandhian View of Development*

Unlike the western concept of development, the Gandhian concept of development attaches more importance to the question of relationships
between individuals and economic micro groups. In this theory of development micro groups such as village communities in turn interact with society at large. The Gandhian view of development also visualises a smaller role for the state in the development in the Gandhian scheme. In this situation, it was visualised that the role of the individual would be brought into play thereby leading to overall development of the individual as well as society at large. The local level decision making through institutions such as ‘panchayats’ also play a key role in the Gandhian scheme.

1.4.5 **Marxian Concept of Development**

The Marxist view of development, on the other hand emphasise the role of classes in society. It contends that different classes are opposed to each other. In this system, class antagonisms inhibit overall development of society. The question of poverty in society is seen as a result of exploitation of the poor. Property relations in society create and accentuate the problem of poverty and development. Since land and other productive assets are privately owned and concentrated in the hands of a few, the problem of inequalities are maintained. The Marxist view of development is that only a revolutionary change in the system of property relations – with the abolition of private property – can lead to genuine development.
The importance of explaining the fundamental features of the major theories on development has been to emphasise the point that different schools of thought perceive the problem of development differently. Consequently, they also differ as to the paths to be followed. Thus, different theories advocate different paths towards progress.

1.5 CONCEPT OF RURAL DEVELOPMENT

The subject of Rural Development has gained widespread appeal in recent years. This is largely a result of the way issues regarding development themselves began to be perceived. The development theorists since the 1970s became increasingly dissatisfied with the way the traditional concepts of development emphasized growth and neglected important issues relating to distributive justice. It also became clear that agricultural growth by itself will not be able to result in sustained development in the developing countries.

Rural development became a planning concern as it became clear that technocratic approaches to problems in developing countries remained ineffective in alleviating poverty and inequalities in rural areas. It also became clear that the multi disciplinary approach to the problem of
development was necessary. Consequently it became clear that apart from an effort to increase agricultural and industrial production it was also necessary to provide education, health services, and employment and to attach the problem of poverty in rural areas. The increasing interest in rural development is a result of the realisation that a systematic effort is necessary to create better living conditions in the rural areas where the vast majority of populations of developing countries reside.

During the 1950s and 1960s development policy makers sought to increase productivity and per capita incomes through advances in the manufacturing sector. In the realm of agricultural production, productivity increases were emphasised. However, it was soon realised that the gains from these methods reached only a small minority mainly those who were already better off and privileged. In fact, the gains made as a result of these efforts are believed to have further accentuated inequality in incomes in rural areas. This failure of the 'trickle down' approach of achieving growth increased inequalities. The strategy of industrialisation also led to a flow of investments to urban areas at the cost of rural development. By the 1970s it became clear that these were problems in the way the issues and problems of development were being tackled.
Disillusionment with traditional growth models and their emphasis on productivity and the neglect of inequalities that they generated led to the growth of interest in the subject of rural development.

Historically it has been observed that industrialisation and the advancement of economics in western societies was achieved as a result of effecting institutional changes in rural society. The industrial revolution in England, the maturing of Japanese industry and also in Europe were all preceded by for reaching changing changes in agrarian societies. Land reforms and other legislative reforms were instrumental in bringing about a change in rural economics in these countries. Industrial growth and modernisation were accompanied by increased productivity in the agricultural sector and urbanisation. As a result of these factors these societies were able to reduce poverty and increase the role of non-agricultural activities in the economy.

On the other hand, in large parts of the developing world, these conditions have not been brought about. The impact that rural development strategies can have in these countries in the absence of these changes, cannot be underestimated. It is also clear that these patterns of change cannot be
replicated as the historical circumstances in the developing countries are quite different from those prevailing then in these industrialised countries.

The fact that the majority of the population in developing countries live in rural areas, coupled with the existence of widespread rural poverty, has increased the relevance of rural development. The rapid increase in rural population since 1950s accompanied by the magnitude of rural unemployment in these countries has also made rural development more relevant. Added to this is the realisation that the more growth of the agricultural sector has not been able to fulfil the needs of the vast majority of the peasantry. All these factors have enhanced the importance of rural development.

Rural development has been in and out of the notice of political decision-makers many times, but again it is in and now it is expected to be an integrated approach. Rural development is an elastic concept and everyone interprets it in his own way but the broad consensus is that more emphasis should be given to those rural development activities, which mainly concern the rural areas. These include agricultural growth, the putting up to an economic and social infrastructure fair wages, as also housing and house sites for the landless, village planning, public health,
education and functional literacy, communication etc. Thus, it focuses attention on two aspects:

i) Economic development with a close interaction between other different sections and sectors.

ii) Economic growth specifically directed to the rural poor. The thrust of attention in all the special programmes is towards the rural poor not only in terms of providing incentives for development but also linking of economic activities into a well planned infrastructure. In this multi pronged effort involving development and consideration of resources land, water and human the objective is to raise the standard of living and the quality of life, particularly of the rural poor. Rural development thus, encompasses both the spatial and functional integration of all relevant programmes bearing on increased agricultural production and also the reduction of unemployment, under employment and provisions of gainful employment among the rural people.22

According to World Bank paper, “rural development is a strategy to improve economic and social life of a specific group of people the rural poor including small and marginal farmers tenants and the landless”.23 The term ‘rural’ means an area which is characterised by non-urban style of life, occupational structure, social organisation and settlement pattern. Development is defined in terms of technological or industrial development.
But development of rural people means raising the standard of their living. It is the development of rural areas through the extension of irrigation facilities improvements in the techniques of cultivation, expansion of rural electricity, construction of school buildings, provision of education facilities health care and roads etc.  

Uma Lata defined “Rural development in terms of raising standard of living of rural people”  

Mishra and Sunderam define “rural development as not merely development of rural areas but also the development of quality of life of the rural masses into self reliant and self sustaining modern little communities. Rural development is therefore development of rural areas in such a way that each component of rural life changes in a desired direction”.  

The Ashridge conference on social development defined rural development “as a movement to promote better living for all in the whole community, with the active participation and imitative of the community”.  

According to UN Report “Rural development has come into international usage to connote the process by which the efforts of people themselves are united to those of governmental authorities to improve the
economic, social and cultural conditions in the life of nation and to relate them to contribute fully to national programmes".28

Integrated rural development has been defined by Sharma and Malhotra as a systematic approach aiming at total development of the area and the people by bringing about the necessary institutional attitudinal changes and by delivering a package of service through extension methods to encompass not only the economic field i.e. development of agriculture, rural industries etc. but also the establishment of the required special infrastructure and services in the areas of health and nutrition, education and literacy, basic amenities family planning, etc. with an ultimate objective of improving quality of life in the rural areas.29

Thus, rural development is a multi dimensional process which includes the development of socio-economic conditions of the people living in the rural areas, and ensures their participation in the process of development for complete utilisation of physical and human resources for better living conditions. It extends the benefits of development to the weaker and poorer sections of rural society. It also enhances both the capacity and capability of administrative and socio-economic development agencies and agricultural marketing limits working in the rural areas.
1.6 CONCEPT OF TRIBAL DEVELOPMENT

The tribals live in remote places. These tribals are economically very backward and they are away from the so-called civilised world. Their situation is so backward that the Government of India listed them in the Schedule for special privileges in Constitution so they are known as Scheduled Tribes.

One of the fundamental problems of the tribals of India is their isolation. They are said to be the original settlers of this land and some of the sociologists called them 'aboriginals'. Their tragedy today is that though they are the original inhabitants of the country, their centuries old plight does not seem to have improved substantially. The isolation is the main hurdle for the development, in other words we can say that the development problems or development criteria for the tribal is different from those of the other communities. Keeping in view the special feature and problems of the tribes the government has provided constitutional safeguard and special provisions for them.

The tribals are exploited by the upper society people like Mahajans and landlords etc. Some times they are forced to work as bonded labourers.
This is the extremity of exploitation. Tribal economy is mainly forest based, but now-a-days forests are preserved and banned to deforestation, so their economy has been disturbed and they are deprived of the forest and its produce. Hence the tribals have been forced to change their occupation and they have shifted to agriculture and labour. Due to their socio-cultural heritage their holdings went on reducing by distribution of land to the members of the family. So most of the tribals are either landless labourers, small or marginal farmers. The poor tribals are becoming poorer and poorer day by day.

1.6.1 Characteristics of Tribal Economy

The socio-economic structure in tribal communities is marked different from that of non-tribals or advanced groups of people. They have very simple technology which fits well with their ecological surroundings and conservative outlook. Moreover, their economy can be said to be subsistence type. They practice different types of occupations to sustain themselves and live on “Marginal Economy”. We find tribals of India belonging to different economic stages from food gathering to industrial labour, which present their overlapping economic stage in the border framework of the stage economy. The tribals have their own unique
economic system having independent pattern of labour, division of labour, gift and ceremonial exchange, trade and barter system, credit and value, wealth, consumption norms, capital formation, land tenure and good tangible and intangible economic status. All these have their own speciality which identified the tribal economy in the border set up of Indian economy.30

The first and foremost characteristics of the tribal economy is the close relationship between their economic life and the natural environment or habitat, which is in general, the forest. Exception to this are the tribals inhabiting their own islands. The Bhils of Western India depend on forest for Mahua and biri (Tendu) leaves (Tendu Patta) to a great extent.31

1.6.2 A Concept of Forest Eco-System

The linkage between the tribal and forests is traditional. Tribals are economically and ecologically inseparable from forests. Be it food, fodder or fuel needs. The tribal inescapably and assuarally depends on his surrounding forests for sustenance even during troubled times of droughts.

The dependence on forest is such, that they constitute the integral components of forest eco-system. Forests have been the place on which tribal habitat and life resolves and has evolved so far; their religio-cultural
arts, facts, beliefs and practices, technologies and tools have been nurtured and cultivated under perennial plant associations and environment. The tribals are usually surrounded by thick forests or they live in hilly regions away from the modern world. The forests are an integral part of the tribal economy. The object is to focus attention on the integration of forest policy with that of economic development of tribals. The forest and the tribals are in separable; very rightly the tribals consider the forest as their own nourishing mother. The use of forests and their produce is traditional to tribal economy as food gallarers and agriculturists. In drought situations the forests are the only source of subsistence for the tribals. Unfortunately in Gujarat traditional forest regions and areas are fast declining.

1.6.3 Goals Of Tribal Development

The goals of tribal development in India were best summarised on Nehru’s foreward to Verrier Elvin’s book on NEFA as follows:

1. People should develop along the lines of their own genius and we should avoid imposing anything on them. We should try to encourage in everyway their own traditional arts and culture;

2. Tribals rights in land and forest should be respected;
3. We should try to train and build up a team of their own people to do the work of administration and development. Some technical people from outside will no doubt be needed especially in the beginning, but we should avoid introducing too many outsiders into tribal territory;

4. We should not ever administer areas or overwhelm them with multiplicity of schemes. We should rather work through and not in rivalry to their own social and cultural institutions; and

5. We should guide results not by statistics or by the amount of money spent, but by the quality of human character that is evolved.

The five point formula enunciated by Nehru as the corner stone for the government policy. This was further elaborated by Elwin who emphasised the need for the tribal people to come to terms with their own past, avoiding danger of popularism and without creating a sense of inferiority. Elwin stressed on recognising the contribution of the tribal people in helping the Indian society as a whole so that they may feel as part and parcel of India as any other citizen.35

Dr. B.S. Guha explained the tribal welfare goals in such a manner that "schemes for tribal welfare must fulfil two essential conditions namely, conformity to the social values and patterns of the people for whom they are intended and the psychological receptivity and ability of the tribal
population to absorb them. Theoretical perfection as a scheme or its suitability to people in general must not be regarded as the criterion for tribal people. Ignorance of these basic facts and inability to appreciate them are responsible for the failure of many development which by themselves are unexceptionable.\textsuperscript{36}

In the context of tribal development, it aims at increasing the incomes and strengthening the material aspects of tribal culture through better utilisation of the environmental resources i.e. forests, minerals, flora and fauna, agriculture, horticulture, animal husbandry, industrial potential as well as the skill of the tribal people. The goals of tribal development can be summarised into:

(i) long-term objectives;

(ii) short-term objectives.

The long-term objectives are (a) to narrow the gap of development between tribals and non-tribals; (b) to improve the quality of life without disturbing their ethnicity.
The short-term objectives are (a) elimination of exploitation by all means, by rapid socio-economic development; (b) improving organisational capabilities; and (c) building up inner strength of tribal people.

The tribal development is often taken as synonymous with rural development. The tribal situation in the country presents a varied picture. Some areas have high tribal concentration while some have no tribals at all. There are about 250 tribal communities speaking about 105 languages and 225 subsidiary languages. The developmental parameters of each tribe is different and it depends on the inhabitants and their setting conditions. The tribal development scene was critically reviewed on the eve of Fifth Plan. The problem of tribal development was categorised into two parts: (i) areas of tribal concentration; (ii) dispersed tribals.

The review of the First tribal plan 1974-75 was also discussed in the Report of the working group on tribal development during Sixth Plan 1980-85 under the chairmanship of B.G. Deshmukh. In respect of tribal concentrated areas "it was decided to accept in area development approach with focus on tribals and for dispersed tribals, family oriented programmes were decided for being taken up."³⁷
1.7 INDIAN ECONOMY OVERVIEW – BRIEF ASSESSMENT

During the course of 1998-99, the economy had to cope with several unexpected events. First: The south-east Asian Economic crisis continued to remain serious and the contagion spread to Russia and major parts of Latin America. The world economic as a whole, faced considerable uncertainty, with prospects of large scale decline in Gross Domestic Product of major economics and recession in the world trade during a course of the year. Second: India was also confronted with some other related events after the Pokharan Nuclear test in May 1998, notably economic sections imposed by certain industrial countries. Suspension of fresh multilateral lending, down grading by some international credit rating agencies and reduction in net foreign institutional investment. Third: There was cropping rise in the annual rate of inflation mainly caused by supply shocks in few food items upto October 1998.

Inspite of the constraints mentioned above on the whole the national economy performed reasonably well with an overall growth of more than 6 per cent during 1998-99. Monsoon condition was once again good. The agricultural sector witnesses an impressive growth of about 7.6 per cent and food grains production crossed the 200 million tonne mark for the first time
in Indian economic history. The position in respect of the overall balance of payment was satisfactory with foreign exchange reserves reaching a record level of US $ 32490 million, fiscal 1998-99 ended with an average inflation rate of about seven percent (WPI) while 4 per cent growth in industrial production was recorded in 1998-99, which is the lowest since 1992. The slowdown worsened as the year progressed.

The year 1999-2000 began with a fall of central government by only one vote and hence the budget proposals could not be implemented for about six months (i.e. upto fresh elections). The economy has to face the Kargil conflict. The oil prices from below $ 1/barrel hardened and reach a decade of high about $ 27/barrel at the end of 1999.38

1.7.1 Population

(A) The population of the country (excluding Jammu and Kashmir) was 83.86 crores in 1991. The decadal growth rate of the population has declined from 24.7 per cent in 1971-981 to 22.7 per cent in 1981-91. About 74.3 per cent of the population resided in rural areas. The density of population increased from 216 persons per sq. km. in 1981 to 274 persons per sq.km. in 1991. The urban population has increased from 23.3 per cent in 1981 to 25.7 per cent in 1991.
The literacy rate, excluding children in the age-group of 0-6 years was 52.2 per cent in 1991. Among male it was 64.1 per cent, whereas among females it was 39.3 per cent. In the rural areas it was 44.7 per cent and in urban areas it was 73.1 per cent.

The population of Scheduled Castes and Scheduled Tribes in the country excluding Jammu and Kashmir was 13.8 crores (16.5 per cent) and 6.8 (8.1 per cent) respectively. The literacy rate among Scheduled Castes was 37.4 per cent and among Scheduled Tribes it was 29.6 per cent.

Out of national population of 83.86 crores, 28.59 crores (34.1 per cent) were main workers and 2.82 crores (3.4 per cent) were marginal workers. Among total workers (main and marginal taken together) 22.5 per cent were female. The cultivators and agricultural labourers constituted 38.7 per cent and 26.1 per cent respectively of the total main workers.

1.7.2 India’s Population in New Millennium

At 000 hours of March 1, 2001 the country’s population stood at 1,02,70,15,247 comprising 53,12,77,078 men and 49,57,38,169 women as per the provisional population results of the census of India 2001 which concluded on February 28. With this India has become the second country in the world after China to cross the one billion population mark.
The sex ratio (number of females per 1000 males) is 933 females per 1000 males which is an improvement of six points over 927 recorded in 1991 census. The literacy rate for the country stood at 65.38 per cent and the corresponding figures for males and females were 75.85 and 54.16 respectively. Kerala continued its lead in the literacy race with 90.92 per cent followed by Mozoram (88.49) and Lakshwadheep (87.82), while Bihar recorded the lowest literacy rate of 47.53 per cent.³⁹

1.7.3 Gross Domestic Product

Gross Domestic Product (GDP) factor cost at constant (1993-94) prices for the year 1998-99 is estimated at Rs.1081834 crore against Rs.10,12,816 crore in 1997-98 showing rise of 6.8 per cent. This was mainly due to significant turn around in the growth of agriculture and allied output from (-)1.0 per cent in 1997-98 to 7.6 per cent in 1998-99. The improved growth performance during 1998-99 compared to 1997-98 is significant in the light of general deceleration of the economy.

1.7.4 Agriculture

(A) Agricultural sector posted an impressive growth in 1998-99 with the crop production index estimated to record growth rate of 7.6 per cent in contrast to a decline of 5.6 per cent during the previous year. This
was significantly higher than average growth rate of 2 per cent during 1990-91 through 1997-98.

(B) The total food grain production is estimated to have increased to 203.04 million tonnes in 1998-99 from 192.3 million tonnes in 1997-98 and previous peak of 199.4 million tonnes attained in 1996-97 crossing the 200 million tonne mark for the first time in the country.

(C) Food stocks with the central pool as on 1 December was reported at 18.55 million tonnes. For the same date, rice stock held by the central pool was reported at 13.3 million tonnes. Which is substantially higher than the buffer stock norm for both rice and wheat as on 1 January is prescribed at 8.4 million tones each.

1.7.5 Industry

(A) The performance of the industrial sector in 1998-99 as reflected from the movement of index of industrial production (IIP) was not satisfactory, as compared to that in the preceding four years. The deceleration in industrial production witnessed from 1996-97 depending during 1998-99 with the index of industrial production (IIP) (base 1993-94 = 100) showing a growth of 4 per cent during 1998-99 as compared with 6.6. per cent in 1997-98.

The deceleration trend has been led by a contraction in the growth of manufacturing output to 4.4 per cent, the lowest since mid 1990s so far compared with that of 6.7 per cent during 1997-98.
The growth of composite index of six infrastructure industries (Base 1993-94 = 100) viz. electricity, coal, steel, petroleum, crude, and petroleum refinery products, declined to 2.4 per cent during 1998-99 from 5.7 per cent during the year 1997-98.

1.7.6 Price Trends

As far as monetary impact on prices is concerned, the measurement of inflation has become major issue in the recent years. The point to point inflation rate declined to 4.8 per cent in 1998-99 from 5.3 per cent in 1997-98. The inflation rate on the basis of the average of weeks, however, increased to 6.9 per cent in 1998-99 from 4.8 per cent in 1997-98.

1.7.7 Export-Import

According to the provisional data released by the Directorate General of Commercial Intelligence and Statistics (DGCI & S) India's exports at US$ 337 billion declined by 3.9 per cent during 1998-99 as against increase of 4.6 per cent recorded during 1997-98, driven by the decline in exports of both primary products (10.4 per cent) and manufactured goods (2.8 per cent) which indicates the persistence of the domestic industrial slow down and adverse external conditions, such as the decline in world trade prices and contraction in import demand of the cries affected south-east Asian countries.
India's imports at US$ 41.9 billion decelerated to 0.9 per cent during 1998-99 from 6.0 per cent during 1997-98.

1.7.8 Balance of Payments

During the year 1998-99 the overall balance of payments remained fairly stable and recorded surplus of US $ 4222 million (1.0 per cent of GDP) for the third consecutive year in succession as against that of US $ 4511 million (1.1 per cent of GDP) during 1997-98 and US $ 6793 million (1.7 per cent of GDP) in 1996-97.

1.7.9 Foreign Exchange Reserves

India's foreign exchange reserves comprising foreign currency assets of the Reserve Bank, gold held by the Reserve Bank and Special Drawing Rights (SDRs) held by the government increased for the third successive year during 1998-99. The reserve increased by US $ 3123 million from US $ 29367 million (Rs.115905 crore) at the end of March 1998 to US $ 32490 million (Rs.138005 crore) at the end of March 1999.

1.7.10 Fiscal Deficit

For the year 1999-2000, the budget has proposed a fiscal deficit target of 4 per cent of GDP as against 5.9 per cent in 1998-99.
1.8 POVERTY IN INDIA

One of the every three persons in India is officially poor, and two of the three are undernourished or malnourished. If you count those who are deprived of safe drinking water, adequate clothing, or shelter, the number is considerably higher. Finally if you also include people who are 'above' the officially defined poverty line, but are vulnerable, in the sense of not being adequately insured against rising prices, unemployment, illiteracy, declining incomes, old age and disease, you get a huge majority. A recent Human Development Report ranked India's development index at 138 out of 175 countries. A World Bank Report predicts that most of the world's poor will reside in South Asia by 2020.

Economic reforms initiated in 1991 which have included liberalization and deregulation along with structural adjustment were directed at industry, trade, banking, capital markets, exchange rates, taxation, public finance and infrastructure. The impact on agriculture has been indirect. However the reforms have had a considerable impact on the poor, be they in the cities, or rural areas, be they employed in agriculture or industry or services. Here we remark that economic growth and increases in standards of living are almost always associated with a rapid decline in the number of persons working in
agriculture. In fact by the 1990s the developed economies had a tiny fraction of their labour force in agriculture e.g. USA (3 per cent), Japan (7 per cent), Austria (8 per cent) and Ireland (11 per cent). Hence economic growth which can absorb labour into industry and the service sector is the process by which a substantial decrease in poverty can be attained. As is well-known from international evidence and illustrated by Table – 1.1, removal of poverty has involved absorbing an increasing fraction of the labour force into non-farm activity and increasing the productivity of agriculture. India has failed on this count, even in comparison to south east Asian countries, which has per capita GDPs similar to India’s in the early 1960s. In the mid-1990s India has two-thirds of its labour force working in agriculture, contributing (or earning) less than 28 per cent of national income.

### Table – 1.1

<table>
<thead>
<tr>
<th>Country</th>
<th>Per Capita Income (1987 prices in USD)</th>
<th>Percentage of Labour in Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal</td>
<td>148</td>
<td>203</td>
</tr>
<tr>
<td>India</td>
<td>206</td>
<td>407</td>
</tr>
<tr>
<td>China</td>
<td>75</td>
<td>435</td>
</tr>
<tr>
<td>Indonesia</td>
<td>190</td>
<td>676</td>
</tr>
<tr>
<td>South Korea</td>
<td>520</td>
<td>5210</td>
</tr>
<tr>
<td>Malaysia</td>
<td>708</td>
<td>2905</td>
</tr>
</tbody>
</table>

### Table 1.2

**Urban and Rural Poverty at State Level**

<table>
<thead>
<tr>
<th>State</th>
<th>Rural (per cent)</th>
<th>Urban (per cent)</th>
<th>Trend rate</th>
<th>Rural (per cent)</th>
<th>Urban (per cent)</th>
<th>Trend rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Late 1950s</td>
<td>Early 1990s</td>
<td>Trend rate</td>
<td>Late 1950s</td>
<td>Early 1990s</td>
<td>Trend rate</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>65.14</td>
<td>35.89</td>
<td>-2.12</td>
<td>48.03</td>
<td>30.59</td>
<td>-1.50</td>
</tr>
<tr>
<td>Assam</td>
<td>39.92</td>
<td>49.33</td>
<td>+0.46</td>
<td>15.53</td>
<td>11.95</td>
<td>-1.63</td>
</tr>
<tr>
<td>Bihar</td>
<td>64.52</td>
<td>63.20</td>
<td>-0.02</td>
<td>60.26</td>
<td>42.39</td>
<td>-0.86</td>
</tr>
<tr>
<td>Gujarat</td>
<td>56.77</td>
<td>41.77</td>
<td>-1.49</td>
<td>54.84</td>
<td>37.33</td>
<td>-1.28</td>
</tr>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>37.53</td>
<td>31.20</td>
<td>-0.51</td>
<td>33.09</td>
<td>14.01</td>
<td>-3.40</td>
</tr>
<tr>
<td>Karnataka</td>
<td>54.08</td>
<td>46.88</td>
<td>-0.64</td>
<td>53.19</td>
<td>34.09</td>
<td>-1.42</td>
</tr>
<tr>
<td>Kerala</td>
<td>69.18</td>
<td>33.01</td>
<td>-2.41</td>
<td>54.21</td>
<td>30.62</td>
<td>-2.06</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>56.68</td>
<td>49.79</td>
<td>-0.40</td>
<td>47.63</td>
<td>38.17</td>
<td>-0.87</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>65.93</td>
<td>50.50</td>
<td>-0.99</td>
<td>43.47</td>
<td>37.47</td>
<td>-0.46</td>
</tr>
<tr>
<td>Orissa</td>
<td>60.86</td>
<td>34.66</td>
<td>-1.47</td>
<td>58.05</td>
<td>43.31</td>
<td>-0.95</td>
</tr>
<tr>
<td>Punjab and Haryana</td>
<td>31.24</td>
<td>20.64</td>
<td>-1.92</td>
<td>36.51</td>
<td>13.64</td>
<td>-3.06</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>46.36</td>
<td>45.79</td>
<td>-0.54</td>
<td>45.18</td>
<td>29.50</td>
<td>-1.42</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>69.65</td>
<td>41.80</td>
<td>-1.45</td>
<td>46.60</td>
<td>31.87</td>
<td>-1.10</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>47.38</td>
<td>41.72</td>
<td>-0.70</td>
<td>59.44</td>
<td>39.35</td>
<td>-1.11</td>
</tr>
<tr>
<td>West Bengal</td>
<td>50.33</td>
<td>31.51</td>
<td>-1.74</td>
<td>28.34</td>
<td>23.79</td>
<td>-0.56</td>
</tr>
</tbody>
</table>

**All India**

<table>
<thead>
<tr>
<th></th>
<th>Rural (per cent)</th>
<th>Urban (per cent)</th>
<th>Trend rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+0.86</td>
<td>-0.75</td>
<td></td>
</tr>
</tbody>
</table>

**Notes.**

1. Late 1950s refers to the average over 1957-58 to 1959-60
2. Early 1990s refers to the average over 1990-91 to 1993-94
3. Rates of growth are annual trend rates of growth estimated from regressions of log poverty measure on the mid-point of the survey period of each NSS round

**Source:** Datt (1998).

Indian poverty is pre-dominantly in the rural areas where more than three-quarters of all poor people reside, although there is variation in poverty of different states. Moreover progress in reducing poverty is also very uneven across different regions of the country. Rural poverty varied from 20 per cent in Punjab and Haryana to 63 per cent in Bihar in 1993-94. In Gujarat rural poverty was 41.77 during early 1990s.
Similarly urban poverty varied from 12 per cent in Assam 37.33 per cent in Gujarat to 43 per cent in Orissa (see Table – 1.2). Some trends that emerge from the assessment of all India poverty situation in the pre and post reform period are as follows:

(a) Rural and urban poverty increased during the first two years of the reform period.

(b) The phenomenon of faster decline of rural poverty in the 1980s has been hitted in the post 1991 period. If we compare 1987-88 and 1993-94, the rate of decline in poverty has been much slower as compared to that of the 1980s.

(c) There has been a decline in the absolute number of poor in the 1980s. In contrast, the post 1991 period showed an increase in the absolute number of poor even if we consider the quinquennial surveys.

(d) Urban poverty declined much faster than rural poverty in the post reform period.

Thus the impact of economic reforms on the poor in India so far has been better than in some of the Latin American countries, but worse than in some of the East Asian countries.
1.9 GUJARAT STATE ECONOMY – BRIEF ASSESSMENT

The state of Gujarat is experiencing a rapid industrial and economic growth. The economic structure of Gujarat is amongst the best in the country. The state has registered a healthy growth of 7.7 per cent in Net State Domestic Product (NSDP) at constant prices over the past six years. For the annual plan 1999-2000 an outlay of Rs.6550 crore is provided for the state which is 20 per cent higher than the outlay of Rs.5450.43

Agriculture continues to be primarily rainfed. Irrigation potential is under utilised. During current year, government has declared 8666 villages on ‘scarcity-hit’ in the wake of monsoon failure.

1.9.1 Population

(A) The population of Gujarat state according to 1991 census is 4.13 crore which constitutes nearly 5 per cent of the population of the country. Gujarat ranks tenth in respect of population and seventh in respect of area amongst state of India. The density of population in Gujarat in 1991 was 211 persons per sq.km. as against 267 persons per sq. km. for the country. As per the expert committee on the population projections based on 1991 population census, the population of the state as on 1st July 2000 is estimated to be 4.85 crore.
(B) In respect of urbanisation, Gujarat ranks fourth amongst the state of India, with proportion of urban population at 34.5 per cent as compared to 25.7 per cent for the country. The proportion of urban population in the state is likely to reach at 38.8 per cent in 2001 and at 42.2 per cent in 2011.

(C) The decadal growth of population in Gujarat has significantly declined from 27.7 per cent during 1971-81 to 21.2 per cent during 1981-91, which is also lower than the growth rate of 22.7 per cent for the country during 1981-91.

(D) The proportion of Scheduled Castes and Scheduled Tribes population as per 1991 census in the state were 7.4 per cent and 14.9 per cent respectively. About 62.1 per cent of the Scheduled Castes population resides in rural areas and the remaining 37.9 person in urban areas. The corresponding proportions for Scheduled Tribes are 91.9 per cent in rural areas and 8.1 per cent in urban areas respectively.

(E) In respect of literacy, Gujarat ranks eighth amongst the states of India. The literacy rate in the state (excluding children in the age group of 0-6 years) has increased from 52.21 per cent in 1981 to 61.29 per cent in 1991. Among male it has increased from 65.14 per cent in 1981 to 73.13 per cent in 1991. Where as among females, it has increased from 38.46 per cent in 1981 to 48.64 per cent in 1991. The literacy rate for the rural areas is 53.09 per cent and for the urban areas it is 76.54 per cent as per 1991 census. The literacy rate among Scheduled
Caste population was 61.07 per cent and that among Scheduled Tribe population was 34.45 per cent in 1991.

(F) The classification of population by economic activity according to 1991 census reveals that out of total population of 413 lakh in the state, 141 lakh were main workers, 25 lakh were marginal workers and 247 lakh were non-workers. Thus main workers constitutes about 34.12 per cent of the total population and marginal workers constitute about 6.11 per cent of the total population of the state. Among male 53.17 per cent were main workers and 0.40 per cent were marginal workers. While among females 13.73 per cent were main workers and 12.23 per cent were marginal workers. The proportion of agricultural labourers to total main workers workout to 22.92 per cent in the state.

(G) The first census of the millennium and the sixth since Independence has shown Gujarat state's population at 5,05,96,992, number of men are 2.63 crores and women are 2.42 crores. Some significant highlights of the provisional report include the decrease in the male-female ratio which as indicated that number of women per 1000 men as comedown to 921 and in some of the districts of North Gujarat the figure is an alarmingly 878 and 724 which should cause concern. The population of Ahmedabad has increased 3312216 (1991) to 4519278 (2001) growth of 36.44%, Surat has recorded increase 1518950 (1991) to 2811464 (2001) growth rate of 85.09%. Vadodara has increased 1126824 (1991) to 1492398 (2001) growth of 32.44%, and Rajkot 654490 (1991) to 1002160 (2001) growth of 52.12%. The population growth rate had gone up in the state mainly due to the
influx of migrant labourers from Orissa, Bihar and Uttar Pradesh are working in the industrial units of South Gujarat. It is significant to record that over 3 lakhs people have been enrolled as living in the open as they do not have roof. 44

1.9.2 Net State Domestic Product

(A) According to the quick estimates the Net State Domestic Product (NSDP) of Gujarat state at constant (1993-94) prices in 1998-99 is estimated at Rs.64797 crores as against Rs.61896 crores in 1997-98 registering a growth of 4.69 per cent. At current prices, NSDP in 1998-99 is estimated at Rs.88822 crores as against Rs.79190 crores in 1997-98 showing an increase of 12.16 per cent during the year.

(B) The per capita income (Per Capita Net State Domestic Product) at constant (1993-94) prices is estimated at Rs.13706 for 1998-99 as against Rs.13286 for 1997-98, registering an increase of 3.18 per cent during the year 1998-99. The per capita income at current prices is estimated at Rs.18792 in 1998-99 as against Rs.16998 for the previous year showing an increase of 10.55 per cent in 1998-99 over 1997-98.

(C) The economy of Gujarat grew at the rate of 4.93 per cent during the decade 1981-91. The economy marked the growth rate of about 7.7 per cent between 1993-94 and 1998-99. It is expected that the economy of Gujarat is likely to grow with the same rate during the year 1999-2000 and during the Ninth Plan Period (1997-2002).
1.9.3 *Agriculture*

(A) As per final forecast production of rice, wheat and bajra was 10.16 lakh tonnes, 17.03 lakh tonnes and 12.81 lakh tonnes respectively during the year 1998-99. The production of groundnut in 1998-99 was 25.78 lakh tonnes as against 26.16 lakh tonnes for the year 1997-98.

(B) *Scarcity*: The government has declared 8666 villages ‘Scarcity Hit’ in the wake of monsoon failure. While total scarcity has been declared in 6667 villages. ‘Semi-scarcity’ prevails in other 1991 villages. It is also declared that 7467 villages would face severe drinking water shortage.

1.9.4 *Forests*

Forest is extending over an area of 18830 sq.km. and constitute 9.61 per cent geographical area of the state. Most of the forests are dry deciduous to scap type having very low productivity.

1.9.5 *Rural Development*

The Integrated Rural Development Programme (IRDP) aims at identification of the rural poor families and raising their level of income above poverty line. During the year 1998-99, 39598 families were assisted.

From the year 1999-2000 Government of India has restructured all the Self Employment Programme such as IRDP, TRYSEM, DWCRA, SITRA, GKY, MWS etc. and merged them into a comprehensive programme known
as ‘Swarna Jayanti Gram Swarajya Yojna” (SGSY). This is holistic programme at micro enterprise development covering all aspects of self employment.

Gokul Gram Yojna (GGY) – The state government has framed a five year time bound programme to provide basic infrastructural facilities to each village, to make them Gokul Gram. In the last fiscal year 1998-99, 3649 villages of the first batch (1995-96) have been declared as complete Gokul Grams. In the second phase of this programme, a poverty alleviation programme is introduced for these villages from this year.

Out of 3668 villages of 1998-99 batch selected under the Gokul Gram Yojna, 69 villages have been declared as complete Gokul Gram, where Rs.272 lakh expenditure has been incurred. The government has handed over 2000 villages to 30 voluntary agencies to implement poverty alleviation programme out of the declared Gokul Grams.

1.9.6 Industries

The industrial structure in the state has been gradually diversifying with the development of industries like chemicals, petrochemicals, fertilisers, engineering, electronics etc. The summary results of the Annual Survey of Industries 1997-98 which covers the entire registered factory
sector except factories under the control of Defence Ministry, Oil Storage Depots, Technical Training Institutes, Hotels etc. indicate that the productive capital employed by the factory sector in Gujarat state was about Rs.65193 crores as against Rs.49327 crores in 1996-97, showing a significant increase of around 32 per cent.

The number of registered working factories in the state has increased from 19574 at the end of the year, 1998 to 19771 at the end of the year 1999. Gujarat has continued to witness impressive industrial development. Under the liberalised procedure introduced by Government of India since August 1991, the state has received acknowledgements of 5190 Industrial Entrepreneurs Memoranda (IEM) filled by entrepreneurs till November 1999 with estimated investment of Rs.135009 crore, which is 13.14 in terms of numbers and 18.10 per cent in terms of proposed investment in the country.

Gujarat Industrial Development Corporation (GIDC) has been assigned the role of developing industrial estates with infrastructural facilities. As 31st March 1999, GIDC has set up 260 industrial estates. These includes Mega Industrial Estate at Jhagadia, Vyara and Savli. GIDC is developing large industrial estate at Dahej. The Corporation has worked out
massive investment plan covering industrial estates and related infrastructure facilities with private sector participation.

1.9.7 *Infrastructure*

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of Proposed Programmes</th>
<th>Investment Envisaged (Rs. in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>22</td>
<td>55167.0</td>
</tr>
<tr>
<td>Ports</td>
<td>10</td>
<td>12288.0</td>
</tr>
<tr>
<td>Industrial Parks</td>
<td>24</td>
<td>5045.0</td>
</tr>
<tr>
<td><strong>Transport Sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td>105</td>
<td>19951.0</td>
</tr>
<tr>
<td>Railways</td>
<td>38</td>
<td>6535.5</td>
</tr>
<tr>
<td><strong>Urban Infrastructure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water supply and sanitation</td>
<td>49</td>
<td>2578.5</td>
</tr>
<tr>
<td>Township</td>
<td>11</td>
<td>321.6</td>
</tr>
<tr>
<td>Urban transport</td>
<td>51</td>
<td>3408.5</td>
</tr>
<tr>
<td>Others</td>
<td>28</td>
<td>134.1</td>
</tr>
<tr>
<td>Water</td>
<td>41</td>
<td>7087.0</td>
</tr>
<tr>
<td><strong>Miscellaneous sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airports</td>
<td>2</td>
<td>400.0</td>
</tr>
<tr>
<td>Gas grid</td>
<td>1</td>
<td>3678.0</td>
</tr>
<tr>
<td>Information infrastructure</td>
<td>1</td>
<td>400.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>383</td>
<td>116993.0</td>
</tr>
</tbody>
</table>
Gujarat Infrastructure Development Board: During the current year the Gujarat Infrastructure Development Board formulated an Infrastructure Master Plan for the state viz. “Gujarat Infrastructure Agenda Vision – 2000”.

Vision 2000 looks at the demand supply scenario of the state’s infrastructure needs over the next 10 years in nine important sectors. It has developed 383 projects with an estimated investment of Rs.116993 crore of which 70 per cent is slotted for the private sector (Table – 1.3).

1.9.8 Social Infrastructure

The state is committed to the social sector and intends to provide better education, training and health care to the population. In order to look after these aspects, the state government has established Gujarat Social Infrastructure Board under the Chairmanship of Hon. Chief Minister. During the year 1999-2000 the plan allocation for the social sector was of the order of 33.58 per cent of the total plan outlay of Rs.6550 crores.

1.9.9 Earthquake in Gujarat

On the 26th of January 2001 Gujarat was rocked by the powerful devastating earthquake. The tragedy occurred specially in Ahmedabad-Surat and Kutch region of the state killing 20086 people. 1.7 million were injured.
One million became homeless because 3,78,286 houses were totally collapsed, 9,98,879 houses were partially destroyed. 7633 villages of 181 talukas were affected by the earthquake.\textsuperscript{45}

1.10 POVERTY IN GUJARAT

According to Dr. Indira Hirway, Gujarat is not in a bad position as far as income poverty is concerned. The incidence of poverty in Gujarat was 23.92 in 1993-94 and the state ranked third inverse ranking among the major states in India.\textsuperscript{46}

Table – 1.4

<table>
<thead>
<tr>
<th>Year</th>
<th>Number in lakhs</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>1972-73</td>
<td>94.61</td>
<td>41.09</td>
</tr>
<tr>
<td>1977-78</td>
<td>92.53</td>
<td>41.33</td>
</tr>
<tr>
<td>1982-83</td>
<td>73.49</td>
<td>47.26</td>
</tr>
<tr>
<td>1987-88</td>
<td>75.95</td>
<td>52.63</td>
</tr>
<tr>
<td>1993-94</td>
<td>62.16</td>
<td>41.77</td>
</tr>
</tbody>
</table>

\textit{Note:} Figures in the brackets indicate the rank of the state economy among the major 16 states in India.

\textit{Source:} Planning Commission, New Delhi.
As shown in the above Table – 1.4, Gujarat has improved its rank from 6 in 1977-78 to 5 in 1983 to 3 in 1993-94, implying a relatively better programme of poverty reduction in the State. Gujarat has experienced considerable reduction in the incidence of poverty from 46.53 per cent in 1972-73 to 22.18 per cent in 1993-94 about by 53 per cent in rural areas and from 47.21 per cent in 1972-73 to 27.07 per cent in 1993-94 by 45 per cent in urban area. This is much more than the average decline at the all India level. In fact the state stands fourth in terms of the rate of decline in poverty.

The Table - 1.5 throws useful light on the intrastate variations in the incidence of poverty in the state across the NSS regions. There are wide variations in the incidence of poverty across the five regions in Gujarat. The incidence varies from 18.8 per cent in Saurashtra to 25.06 per cent in the eastern tribal region. The variations are much larger in rural areas as compared to urban areas. The table also shows that though the Gujarat dry region was the poorest region in 1987-88, the eastern tribal belt is the poorest region today. The eastern belt is the poorest in rural, urban as well as total poverty. It seems the tribals have emerged as the poorest group in the state. Saurashtra region is the least poor region in the state as far as the total poverty and rural poverty are concerned. However as far as urban poverty is
concerned the southern plans – 'the golden corridor' of industries – is the least poor region. It is important to note, however, that the rural areas of this golden corridor are very poor ranking second from the bottom. In fact this is the only region where the incidence of poverty has increased between 1987-88 and 1993-97. In other words, industrial development has helped the urban population but not so much the rural population of this region.

Table – 1.5

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Region</th>
<th>1987-88</th>
<th>1993-94</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Poverty</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Gujarat eastern</td>
<td>34.49</td>
<td>25.06</td>
</tr>
<tr>
<td>2.</td>
<td>Northern plains</td>
<td>29.03</td>
<td>24.58</td>
</tr>
<tr>
<td>3.</td>
<td>Southern plains</td>
<td>28.85</td>
<td>22.45</td>
</tr>
<tr>
<td>4.</td>
<td>Gujarat dry regions</td>
<td>40.20</td>
<td>23.30</td>
</tr>
<tr>
<td>5.</td>
<td>Saurashtra</td>
<td>28.18</td>
<td>18.8</td>
</tr>
<tr>
<td><strong>Rural Poverty</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Gujarat eastern</td>
<td>34.19</td>
<td>24.12</td>
</tr>
<tr>
<td>2.</td>
<td>Northern plains</td>
<td>25.87</td>
<td>20.52</td>
</tr>
<tr>
<td>3.</td>
<td>Southern plans</td>
<td>22.85</td>
<td>23.51</td>
</tr>
<tr>
<td>4.</td>
<td>Gujarat dry regions</td>
<td>46.95</td>
<td>22.52</td>
</tr>
<tr>
<td>5.</td>
<td>Saurashtra</td>
<td>18.95</td>
<td>10.03</td>
</tr>
<tr>
<td><strong>Urban Poverty</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Gujarat eastern</td>
<td>39.32</td>
<td>34.33</td>
</tr>
<tr>
<td>2.</td>
<td>Northern plains</td>
<td>34.23</td>
<td>30.05</td>
</tr>
<tr>
<td>3.</td>
<td>Southern plans</td>
<td>30.89</td>
<td>20.89</td>
</tr>
<tr>
<td>4.</td>
<td>Gujarat dry regions</td>
<td>53.88</td>
<td>27.03</td>
</tr>
<tr>
<td>5.</td>
<td>Saurashtra</td>
<td>53.77</td>
<td>34.04</td>
</tr>
</tbody>
</table>

*Note: EDPL = Estimate based on the report group official poverty line.*
Lastly, the inner NSS region differences in the incidence of poverty have declined only marginally during 1987-88 and 1993-94. It seems that the poverty in the degraded regions is the major issue in Gujarat.

1.11 HUMAN DEVELOPMENT IN GUJARAT

It is now well established that economic growth does not automatically get transited into human development. Human development is primarily achieved through rapid economic growth of the type that is favourable and conducive to human development as well as through direct and well planned state interventions.

The HDI of Gujarat, computed for the Indian states shows that Gujarat has a fairly low HDI. The HDI of Gujarat as computed by JBG Tilak (Socio-Economic Review, Gujarat State 1996-97) was 0.566 which was way behind Kerala (0.775), Punjab (0.744), Maharashtra (0.655) and Haryana (0.624).

Since education and health are the two important components of human development, the programme of Gujarat in these two sectors are worth recording. Though Gujarat ranks fourth in the literacy rate (6.13 in 1991) is much lower than Kerala (89.8). The rate indicates that 4 persons in every 10 persons in the state is illiterate. Gujarat state has a much lower
literacy rate of female (48.6) particularly in rural area (38.7) with the state ranking 7th among major 15 states.

Life expectancy at birth and IMR are known to be two robust indicators of health of a population. According to Census of India 1991, Gujarat ranks low in both these indicators. In the case of LEB the rank of the state is 9th (1991) while in the case of IMR the rank is 6th.

The LEB in Gujarat is 62.9% as against 62.7% in India. The highest value of LEB is in Kerala (71.3%) followed by Punjab (68%) Maharashtra (66.5%), Haryana (66.2%), Tamilnadu (64.4%) and others. In the case of male LEB the state ranks at the 8th position (61.7%) while in the case of female LEB the state stands at the 9th position (64.3%). LEB in rural areas is much lower (62.1%) than the same in urban area (64.9%).

REFERENCES


Ibid., pp.3-4.


“Rural Development Programmes in India”, a paper of Government of India, Ministry of Agriculture and Irrigation (Department of Rural Development), New Delhi, 1978, p.1.


43 Op.cit..

