CHAPTER – I
INTRODUCTION: STATEMENT OF PROBLEMS AND METHODOLOGY

Ever since new economic policy started in India, the debate on issue of social justice came into forefront. Because social scientists and politicians, by and large, believe that the new economic policy may not able to protect the weaker sections of our nations due to the very nature of the policy. Before coming to this issue a brief introduction on general economic development is stated below, along with highlight of various related theories. Then in next section the relation between new economic policy and social justice with reference to India would be discussed, followed by the review of literatures in section III. In final section the statement of problems and methodology are stated for the purpose present research volume.

Economic development of a country is seen from different angles. Earlier it was just the national income or per capita income ignoring its social basis of distribution. But by and large the intellectuals of modern world started considering the fact that the social development is one of the crucial indicators of economic development.

According to Prof. Watter Krause there are three essential tests to know whether economic development is taking place or not in a country. These are: (i) Income must rise cumulatively for some considerable period. The most important thing about economic growth is that it is the process of cumulative growth of income over along period of time. It is thus, income must increase year after year and only then it can be justified to say that economic development is taking place.(ii)As a whole, population must be benefited from such an increase in income. If only few sections are benefited, then it should not be called as economic development.(iii)The real per capita income must increase either by rising level of aggregate income or reducing the population growth (Lekhi 1990:7).

Today we are talking about world order of economy or globalization of economy. But before coming to this point the view points of some intellectuals on economic development are briefly discussed in following paragraphs.
THEORIES OF ECONOMIC DEVELOPMENT

4: Adam Smith’s ‘Laissez-faire:

Adam Smith, the author of famous “Wealth of Nations” proposed natural law in economic affairs and advocated the philosophy of free and independent action. For him freedom of action brings out the best of an individual increases wealth and progress of society. He was opposed to any government intervention in industry and commerce. For him if every individual member of society is left to pursue his economic activity, he will maximize the output to the best of his ability. Thus he was a staunch free trader and advocated the policy of Laissez-faire. The theory of economic development rests on the pillars of saving division of labour and wide extent of market. Saving or capital accumulation is starting point of this theory. The policy of laissez-faire allows the producers to produce as much as they like, earn as much as they like. He believed that it is safe to leave the economy to be propelled, regulated and controlled by invisible hands i.e. the forces of competition motivated by self-interest. Hence, Adam Smith did not visualize the problem of mass in context of economic development (Smith : 1952).

B. Karl Max’s “Communism”:

Marxian theory of economic development is based on three major principles: (i) Transformation from quantity to quality (ii) Unity and conflict of two opposite classes, and (iii) Law of negation of negation. According to Marx all kind of human relationships are determined and regulated by the economic structure of society in which one is ‘have class’ and another is ‘have not class’. The final exploitative stage is ‘capitalist society’ in which various factor such as pauperization, polarization and internal contradiction would pave the way for class struggle which in turn would give birth to class - less egalitarian society called as ‘communism’. Thus the highest happiness the mankind would realize, according to Marx, is in communist society in which there is absence of private property, everything is communally owned, men would work as per his/her ability; men would get as per his/her requirement. These are no division of labour, so also no state or family; all are equal and all are for all, all are free (Marx Cap.I, Marx and Engels 1952, EPM).
C) **Rostow’s Stages of Economic Growth:**

Prof. W.W. Rostow adopts a historical approach in his analysis of economic growth. According to him it is possible and also useful to some extent to split up the history of development of nations in different stages. He has isolated and described five stages of economic development and tried to explain how each stage generates the force that lead to the successive stage. According to him the process of economic development can be divided into following five stages (Rostow : 1971).

1. **The traditional society** is one whose structure is developed with limited production functions based on pre-Newtonian science and technology and pre-Newtonian attitudes towards physical world.

2. **The preconditions of take off**: This is stage of transition during which the conditions necessary for converting a traditional society into scientific modern society are created. Thus the pre-conditions for take off require the evolution of modern science and technology, rational and scientific attitude of people, expansion of transport and communication, increasing agricultural production into large extent of market and expansion of internal and external trade.

3. **The take off**: this is a decisive stage in the evolution of any society. It is the period in which growth becomes a normal condition of a society. The take off process generally begins on amount of some sharp stimulus which may come from political revolution, a technology innovation or even a favorable international environment.

4. **The drive to maturity**: Rostow defines it as “the period when a society has effectively applied the range of modern technology to the block of its resources”. It is a period long sustained growth extending over four decades. In this period, over all investment and saving and capital per head increases and new production takes the place of older one.

5. **Age of high consumption**: In this stage the leading sectors of the economy shift towards production of durable consumer goods and services. It is characterized by the migration to suburban areas and extensive use of automobiles and household gadgets. In this stage “the
balance of attention of society is shifted from supply of demand from problems of production to problems of consumption and of welfare in the widest sense”.

Rostow’s analysis is regarded as unique as it highlight the importance of social and institutional factors in the theory as economic developments. Rostow appears to be first economist who made a bold attempt by incorporating the non-economic forces in this theory too.

6) **The Keynesian theory of full employment**:

Keynes analytical framework, is mainly confined is the short period analysis as is based on Keynes dictum that “in the long-run we are all dead”. It is main concern was to find out the conditions necessary for steady growth in a developed capitalist economy. Hence, his theory is more relevant to the advanced capitalist countries. It is also relevant to underdeveloped countries as these countries can learn much out of Keynesian economics and can period a suitable basis for the analysis of their growth problem. According to Kurihara, “Keynes insight and theories will be found to have greater relevance to under-developed countries than is commonly supposed, particularly to those which are inclined to develop along democratic rather than authoritarian lines”. *(Kurihara; 1958)*

According to Keynes, total income is a function of total employment in an economy. It increases with the rise in population and decreases with the fall in employment. In otherwords, the higher level of employement in an economy, the higher will be the national income. The level of employment in an economy depends upon the level of effective demand: Thus, it is the effective demand which determines the equilibrium level of income and employment at higher level of effective demand helps the economy to grow continuously and a deficiency in it brings the economy into economic crises which is a great set back to normal growth process. The effective demand is the sum of total spending in economy on both consumption and production goods. The effective demand is determined at a point where aggregate demand price equals to aggregate supply price.

E. **Leibenstein’s theory of critical minimum effort**:

According to Leibenstein backwardness is characterized by a certain set of related factors that have definite degree of stability. The long-run development can not occur as the magnitude
of poverty is so deep and efforts made by them are too small. Only massive development programme can hope to break the vicious circle. Again, in order to overcome other constraints and obstacles of market by low per capita income and to enjoy internal and external economics of complementary programme, simultaneously it tries to push forward over a wide range of economic activities. Hence, for Leibenstein the minimum effort strategy is the only way to break the vicious circle of poverty and to put the country on the path of progress and thus to make itself generating and cumulative (Leibenstein).

F. **Myrdal’s theory of Economic Under development and Development:**

Prof. Myrdal maintains that economic development results in a circular causation process results in rapid development of developed countries while the weaker and backward countries tend to remain behind and poor. In an underdeveloped country the “backwash effects”: all relevant adverse changes (both economic as well as non-economic) affecting under-developed regions are pre-dominate and the “spread effects” : certain centrifugal spread effects of expansionary momentum from the centers of expansion to other regions. In this way regional inequalities increase due to strong backwash effects and the weak spread effects in under-developed countries are dampened. This tend to accentuate international inequalities and also leads to regional inequalities and also leads to regional inequalities within the under-developed countries.

According to him “the theory of international trade and indeed economic theory were generally never worked out to serve the purpose of explaining the reality of economic under-development and development. He criticized the traditional theory as it is not able to explain the problem of development in under-developed countries as it is based on unrealistic assumptions of stable equilibrium and which is not able to explain the social change.

G) **Ambedkar on Economic Development:**

Dr. Ambedkar like Marx, was humanitarian in his thinking process and analysis. However, his theory seems to be more practical and pragmatic as compared to Marx’s “euphonic communism”. According to Ambedkar, political democracy rests on the four premises:
i) The individual is an end in himself.

ii) The individual has certain inalienable rights which must be guaranteed to him by the constitution.

iii) The individual shall not be required to relinquish, any of his constitution rights as a condition precedent to the receipt of a privilege.

iv) The state shall not delegate powers to private persons to govern others (Ambedkar Vol.-I: 409).

From these it logically follows that in order to treat individual an end in himself, the economic democracy must be the foundation of ‘political democracy’. In this connection, Ambedkar cited the cases of unemployment and employment persons, advocated state socialism with parliamentary democracy, advanced reasons for nationalisation of industry and agriculture, advocated the provision of these as part of the constitutional law of the land, giving reasons for not leaving them to the legislature to bring them into practice by the ordinary process of law (Ibid: 508).

Ambedkar drew a five distinction between ‘idle labour’ and ‘idle capital’. He argued that “capital exists but labour lives”. He elaborated that though idle capital does not earn, “it dopes not also consume much to keep himself”. But labour earning or not, consumed in order to live. He therefore, conclude that an idle labour “is a calamity”, for instead of contributing to the national income it drags on reducing the already meagre surplus, which is turn depress the process of capital formation. (Ibid: 474)

According to him the solution lives with industrialization by which surplus labour of agriculture would be absorbed in industry. Thus he argued that industrialization was the soundest remedy for the agricultural problem in India (Ibid:417). He also maintained that the land was to be cultivated as collective form according to the rules and directions issued by the Government (Ibid: 39b – 97).

Ambedkar called his scheme as “State Socialism” and wanted it to come into operation as early as possible but in any case within ten years after the constitution came into operation.
Like Marx, he too talked of theory of labour exploitation. The emphasis was mainly on his analysis of ………………… leading to:

i) Imposition of social, religious and cultural disabilities an dalits and sudras and

ii) Their impact on the economic deprivation and economic exploitation of the labour belonging to the ‘ Dalit’ and ‘Sudra’ group.

Thus Ambedkar’s view on economic development was for complete equality among the each members of society for building a true democratic nation bared as “ State Socialism”.

II

New Economic Policy and Social Justice

Before taking of new economic policy the brief description of economic international trade is necessary. Since ancient period India had been active participant of international trade. India had trade relationship with China, South-east Asian nations, and European countries in ancient and medieval period. (History)

But the era of transnational was perhaps regorously started after colonial invasion to various parts of world. But the trade policy was sololy influenced by British empire, and therefore was one sided. During this period of time the resources of so-called underdeveloped nations started yielding fruits to the so-called developed nations. Thus colonial exploitation could be termed as inter-regional exploitation which caused developed and underdeveloped nations in the world ( Myrdal ). Otherwise the trade surplus of Asian economy was much better than America and Europe till 18th century A.D (Frank).

The second world had two important consequences for the world. Firstly it led ending of colonialism and many nations started getting independence from colonial powers. Secondly, the war reduced the strength of British empire and America and Russia became the two new super powers with two distinct ideology. Russia started spreading communism as ideology to various parts of East Europe and Asian countries while America started professing liberal world economy. As a result the cold war became the focal point all over the world especially in 1970s
and 1980s till early 1990s when formerly USSR got collapsed due to its internal contradiction. Thus Russia lost its super power status. In otherwards bio- polar world became uni – polar world.

In 1980s America and western nations had already started new global order of economy by bringing all other areas like agriculture, investment, patent etc. hitherto not considered in GATT, which were drafted as ‘Dunkel proposal’. The USSR collapsed in 1990s was perhaps the biggest gain for America and Western developed nations who were propagator of liberal global economy. Hence, the 1990s especially after 1995 when GATT was replaced by WTO (World Trade Organisation) became the trendsetter of new world liberal economy popularly known as ‘globalisation’.

Due to various factors such as stifle rise of inflation, gulf-crises, political instability, fall of USSR etc., India had to re-orient its policy to keep pace with new global economic order. Thus, the new economic policy of 1991 was the main focus of eighth five years plan 1992. However, since the beginning of eighth five years plan, the policy has been debated in various political intellectual platforms. Because according to quite sizable number of intellectuals and politicians, the social justice in India was stake.

The arguments against the policy were that it would affect agricultural sector increase unemployment, lead into crises of job security, hamper educational progress of mass and poor, increase the gap between rich and poor, destroy indigenous industries, etc. Another point raised by many political and intellectuals was that the ongoing protective discrimination policy would lose its meaning and thus it would create a big hurdle before the weaker sections socio-economic mobility. According to some scholars the move was against the spirit of Indian constitution as the ultimate consequence of liberalization and privatization would result into making India as capitalist society like that of America and other western developed nations. Hence, the ‘socialism in-scripted in the preamble of Indian constitution would no more be effective as it was before. However, the supporters of the liberal policy in India believed that the sufficient growth of national economy through global policy would automatically take care the social justice. Moreover, the growth would enable the government to create more employment generation and
poverty alleviation programme to the targeted people of nation. Thus according to this section of political and intellectuals the new type of economic conditions would help in both rising the economic status of country as well as protecting the social justice.

The core of the present research work is to highlight the impact of new economic policy on social justice with especial reference to weaker sections of India. The detail theoretical and review of literature and documents on the impact of new economic policy on social justice has been stated on chapter Seven entitled “New Economic Policy and Social Justice in India : Critical Evaluation”. However, all other preceding chapters to it, also directly or indirectly cover the relationship between economic policy and social justice but with more theoretical insights. The chapter Nine has been exclusively devoted to data analysis and interpretation of the field work pertaining to these issues.

In following section, some review of literatures has been shown with a view to have glimpses of relevant topics written by the eminent scholars.

III

Review of Literatures:

Nyilas in his work has highlighted as how various independent economics integrated into a uniform whole – a world economy. He has also differentiated between international economy and world economy on the basis of Marxist approach. According to him international economy deals mainly with pure economic aspects such as comparative advantage, balance of payment, international trade etc., as against the world economy which deals with world economics aspects of socio-economic relations such as the study of the characteristics of international economic relations, the determining factors of division of labour, and the peculiarities of the international production relations (Nyilas : 1976).

Tibor Palankai divided the integration of the world economy into two types i.e. micro-integration and macro-integration. According to him Micro-integration is association which came into being among individual producers in the form of international production and
marketing relatives in technical and development co-operation or joint enterprises. However, generally the network and the condition for micro-integrations are provided by macro-economic relations. Usually, micro-integration takes place in accordance with the interests of individual producers. By macro-integration, in the other hand it is understood those unification on a global social level which occur in the spheres of society and the national economy as whole. Macro-integration is the merging of the process of social reproduction. In this case, unlike micro-integration interest relations appears as collective interests, which are closely tied to the state. It is not only economic but also political issue where if these is clash between them, then the priority is accorded to politics (Palankai: 1976).

James Benedizki, in his article has laid down various reasons of the growth of world market economy. The major motivating factors of world economy according to him were that the world economy made it possible for the increased production which in turn contributed to the reduction of the cost per unit and served as a favourable basis for technical development (Benedizki: 1976).

Marx and Engels in their famous communist manifesto say "the need of a constantly expanding market and its products chases the bourgeoisie over the whole surface of the globe..... The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country... All old established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries... that no longer work up indigenous raw material but raw material, drawn from the remotest zones; industries whose products are consumed not only home, but every quarter of the globe... In place of the old local and seclusion and self-sufficiency we have inter-course in every direction universal inter-dependence of nations (Marx and Engels 1952: 56-47). Marx, in his other works such as critique to political economy has also criticized the economic global exchange system (Marx: 1970).

Lenin accused imperialism and colonial expansion and exploitation for integration of global economy as it was “profitable-instrument” for the imperialist and developed western nations at the cost of poor and backward nations (Lenin: 1968). Gunner Myrdal, another prolific
writer, also analysed global distinction of backwardness and forwardness is more or less similar ways. According to him the “backwash effect” of underdeveloped regions and the “spread effect” of developed regions are the primary causes of distinction of developed and underdeveloped nations in world economy. (Myrdal -)

Sodersten has pointed out of various factors responsible for regional and global integration and integration of interests (Sodersten 1980).

Andre Gunder Frank has outlined that before 1800 Century the nations of eastern worlds i.e. China had surplus economy over western’s present developed nations. But after 1800 century, the imperialism and colonialism in one hand and exploitative one sided global economic policy on the other hand reversed the economic relations of West and East. Thus his work sees in quite suspicious eyes to the ongoing globalisation of economy (Frank--).

Lester Brown is of view that the gap between North and South is rather recent in historical terms. Prior to the industrial revolution these was little difference between the living standards of peasants in Western Europe and that of Egypt or China. According to him in the eve of world global economy, the assistances provided by rich nations to the poor one also not without political and economic reasons. He detailed the global economy particularly with reference to North and South difference and argued for better non discriminatory global economic policy (Brown 1972).

Arthur Lewis accused the discriminatory tariff structure of world economy which tends to reinforce the existing economic stratification between developed and underdeveloped nations (Lewis 1970:14). In similar fashion, Clifford and Osmond argued that developed nations were importing unprocessed materials from backward nations without duty or with very negligible amount whereas heavy duty was charged on processed goods. Thus, this is not only eliminate the comparative advantage of lower labour costs in poor countries but also discourage industrial growth and reinforces the traditional pattern of raw material export from poor countries (Clifford and Osmond 1971; 59)
James Grant in his paper has pointed out that under the global order economy the living standards of certain sections of developing nations would increase as system would be favourable to them as against other masses who would face increasing problem of unemployment and poverty (Grant 1970: 12).

David Morse, in his paper has argued that social progress and rising levels of employment of world did not automatically emerge from the economic progress. Thus the world fraternity should look beyond economic progress for welfare of its people (Morse 1970:1).

Jacobson and Sidjanski elaborated about the growth and development of global order of economy. They were particularly interested in showing the relationship between capitalist economies planned economics and developing economics of the world. According to their analysis the liberal economic order formulated after secured world order was rather imposed than taking the consults of developing world as most of developing nations were either under colonial rule or utterly depended on developed nations for their survival, during the period of structuring global coder of economy. They also discussed about IMF and GATT and elaborated the crises of new liberal economy erupted in 1970s and afterwards. The important point they raised was that the global economic policy should be non-discriminatory and more favourable to developing economies for the integration of world economy (Jacobson and Sidjanski 1982: 13 – 33).

Lynn Miller, by critically evaluating global economic order points out that around 1850 century the difference between the average incomes of people in industrilising Europe and those in non-industrial countries was 2 to 1. By 1950 the income gap between the rich and the poor countries estimated to have grown to 10 to 1, and in 1960 it was 15 to 1. Thus he predicted as per ongoing trends that the gap between the rich and poor nations could reach to 30 to 1 by end of 20th century. In otherwards, he not only pointed out the growing disparities between the rich and poor nations but accused the economic liberal order for creating such huge disparities (Miller: 1985).

John Seitz discussed about various approaches of global economy. He criticized both orthodox and radical approaches for their extreme stands. The orthodox approach which calls for
pure open and free economy is opposite to the radical approaches pure protectionism and communist ideas. Contradicting both and drawing good ideas from both, Seitz supported more balanced approach – growth – with – equity, as more suitable for global order of economy as it seeks for both growth of economy and welfare of its people (Seitz : 1988).

Khalil Hamdani attempted to conceptualise the globalism and globalisation as per present trend. For him, a new ‘globalism’ is distinkted from the recent past post period which was dominated by internationalism. Unlike the earlier period which was dominated by nation to nation relations in economic affair called as ‘internationalism’, the present period is dominated by firms rather than nation states which therefore is called as ‘globalism’. He particularly concerned about the dominant role being played by the transnational corporation in world trade. He defines globalisation as “triggering process of systematic convergent in which all governments face pressure to pursue more or less similar policies to enhance their national (or regional) competitiveness vis-à-vis other countries as locations for international productions. Although competitiveness – enhancing policies are not necessarily market distorting, they can be and this danger has prompted calls for placing competition policy on the international policy agenda (Hamdani : 1997).

Mc Grew also pointed out new conceptualisation of the globalisation. According to him “Globalisation refers to the multiplicity of linkages and inter-connections between the states and societies which make up the present world system. It describes the process by which events, decisions and activities in one past of the world come to have significant consequences for individuals and communities in quite distant parts of the globe. Globalisation has two distinct phenomena: scope (or stretching) and intensity (or deepening). On the one hand, it defines a set of processes which embrace most of the globe or which operate worldwide, the concept therefore has a spatial connotation... On the other hand, it also implies on intensification of the levels of interaction interconnectedness (or inter-dependence) between the state and societies which constitute the world community. Accordingly, alongside the stretching goes a deepening of global processes (Mc Grew 1992 : 23).
John Dumming accepts the definition of globalisation by McGrew and Lewis and defined it as “Economic globalisation is process towards the widening of the extent and form of cross borderer transactions, and of the deepening of the economic inter-dependence between the actions of globalising activities – be they private or public institutions or governments – located in one country, and those related or independent entities located in another countries”. He pointed out two forms of globalisation i.e. shallowest form and deepest form. The shallowest form of globalisation is that where an economic authority in one country in arm’s length trade in single product with another economic entity in other country. The deepest form of globalisation is most easily distinguished globalisation form other forms of internationalization is that where an economic entity transact with a large number of other economic entities throughout the world where it does so across a network of value-added chains, wherfe these exchanges are highly coordinated to serve the worldwide interests of globalising entity; and where they consists of a myriad of different kinds or forms of transactions.

According to Dunning the structure of world economy is very different today than it was seen even a generation ago. He has particularly emphasized three features : Firstly, the significance and scope of all kinds of cross-boarder transactions has greatly increased. Secondly, the value of the foreign production of firms that is production financed by FDI (Foreign Direct Investment) and that arising from cross-boarder strategic alliances are different from the form of internationalization that of arm’s length trade. Thirdly, the major institutional players are changing their ways of thinking and modes of operation and are adopting more systematic approach to their behaviour and activities.

He also talked of “regionalisation” which are growing up strongly in different parts of world but argued that regionalisation are rather giving helping hand for furtherance of ongoing globalisation. He also discussed about causes and consequences of globalisation and analysed the changes in the organization of economic activity at three tends such as micro level, macro level and international level.

He concentrated more on the alliance capitalism and pointed out four import reasons for alliance of capitalism such as : (i) to acquire new product or process technologies and
organizational competencies and those perceived necessary to advance the core competence of the acquiring firm; (ii) to spread the risk of high capital outlays or to reduce the time of product development; (iii) to capture the economics of synergy or scale and (iv) to gain access to new markets or distribution channels (Dunning 1997).

Luttwack has mentioned about the changing and widening scope of competition and interdependence among governments due to the ongoing globalisation; also argued for necessity of new rules and regulations on egalitarian line to make global more welfare oriented (Luttwack 1993).

Robert Lowrence, in his article, has outlined four alternative scenario which the global system of trade and investment could follow. These are under the headings of WTO (World Trade Organisation) regional block, managed trade and investment, and finally integration of the international regime. He also consider their implication on the developing countries (Lawrence 1997: 51–77).

According to Jepma first developmental policy should take the structural changes in the world economy into consideration. Changes in population size, in agricultural production, the shifts in industrialization and change in the North-South trade relations all matters, since they suggest areas where new policy should be made.

Second, it should be stressed that developmental policy must be more than just the giving of developmental aid. Trade policy, policy with an impact on international financial flows, cooperation with other institutions involved with developing countries, technology transfers etc. are all equally important, and aid policy should therefore be embedded in a much broader development policy framework than it usually is.

Third, one should acknowledge that foreign exchange gaps play an increasingly important role in the developmental process, particularly for the main debtor countries. Aid, therefore can have a three fold functions in addition to the supply side of the economy; it can reduce the foreign exchange gap in so far as goods services are delivered which would otherwise
have been brought abroad; (2) act as catalyst in stimulating the (renewed) inflow of private capital, and possibly (3) serve as an incentive for adjustment policies in the recipient countries, which in turn can be a precondition for foreign exchange.

Fourthly with respect to the effectiveness of past aid efforts, it was clear that no straightforward measure, nor one ‘optimal’ method of assessment is available. On a project lend the score can be considered acceptable, but as long as there remains abscurity with respect to the wider impact of aid no final conclusion about whether aid was successful can be drawn. There seems to be an urgent need for more comprehensive evaluation studies than those based only on project evaluation.

Finally, there seems to be little doubt that much improvement can be made in the effectiveness of aid through better donation coordination. This coordination is virtually absent in the efforts of bilateral donors, which do not only leads to substantial efficiency losses but also creates biases against the poorest countries. The urgent plea for greater coordination which was made in the Minister’s introductory statement to the conference should therefore, be welcomed. Even a small improvement in this respect would be a considerable step forward (Jepma 1988 : 1 – 21).

Pierre Jalee says that the the gap between developed and underdeveloped nations can not subscribed mainly to colonialism, as some of developed nations like Sweden and Switzerland are too qualitatively they are less imperialist. Jalee also points out the politicization of aid to the third world countries and argues that much more amount are in turn appropriated from aided third world countries by the developed nations in form of return of foreign investment. Hence, he asks for clear cut rational and non-discriminatory policy for world economic order (Jalee 1988, 1969).

Elsen hans, in his book, outlined the historical development of world trade and analysed the conflicting relations of north and south which were present in various dialogues and debates. He particularly mentioned about the six extra-ordinary sessions of UN General Assembly in 1974. He finally concludes that the North and South should developmental and reciprocated
relations to strive for full employment, rising mass consumption and other developmental activities of the world (Elsen hans 1991).

According to Kamrany and Elliot, there were some new issues which would either lead the North-South relations into that of a world of harmony, prosperity and peace or into that of conflicts, stagflation, wars and despair. While debate, bargaining and dialogue centered around equitable distribution, no theoretical framework existed that would produce an optimal result. Moreover those issues included multidimensional (world political and economic) considerations. Therefore, as per Kamrany and Elliot, a holistic analysis was required i.e. an examination of those issues which was not restricted to the traditional framework of economic analysis (Kamrany and Elliot 1978 : 1 – 21).

In his article, Malmgren points out that there is a need to restore order and a high degree of collective discipline in world economic relations, and (2) there is a need to provide sufficient flexibility in the international mechanisms of adjustment so that domestic economies may be managed effectively and yet be allowed to adopt on a continuing basis to the evolution of the global economy (Malmgren 1974).

J.N. Bhagwati in his classic work of 1984 stated that there were several areas of implications which were needed to analysis for any dialogue between North and South pertaining to global economy. These issues according to him were (1) virtual dominance of the North, (2) Northern hegemony and the voice of the Southern Non-hegemons, (3) North-South interdependence and Mutual gains and (4) Southern strength. After analyzing details of there points Bhagwati concluded that despite the existent relationship between South and South or for that South and Central Planned Economy (CPE), THE north-South relation more required for mutual benefit and welfare of globe as a whole (Bhagwati 1984 : 1 – 18).

Sukhamay Chakraborty, in his monumental work, has critically evaluated the India’s developmental planning. According to him Mahalanobis model failed as a redistributive device because the initial distribution income yielding assets such as land was very unequal and the
state as had very instruments of control to siphon-off rising private incomes into additional savings.

Sukhamay says "one possible explanation for this failure is that plan model have been improperly specified, in the sense that they have failed to capture the true state of underlying structural relationship". According to him an implementation failure may be said to arise if one or more of the following conditions hold:

1) Planning authorities are plainly inefficient in gathering the relevant information within the needed range of precision.
2) Planning authorities respond with considerable time lags when the underlying situation changes.
3) Agencies through which the planning authorities are supposed to implement plans have little or no capacity (or in some cases motivation) to carry them out.

He further says that the planning should be viewed more as a form of instrumental inference, as Adolp Lowe has emphasized in his writings. Instrumental inference consists first of derivation of one or more paths which can transform the initial states into desired terminal states. While the derivation of transitional path as a necessary first step based in large part on structural requirement it has to be supplemented by establishing behaviour patterns which would set the system on goal adequate transactors. It can be maintained that Indian planning, according to Sukhamany, has largely confined its attention to the first task and has not paid very serious attention to the second (Chakravarty, 1987).

In their famous work, Dandekar and Rath observes that a plan of economic development which accepts a national minimum and aims at assuming the same to all within the shortest possible time, can not depend entirely on a high rate of economic growth.

Without a deliberate policy to ensure an equitable distribution of the gains of the development, they argue, the process of development benefit the upper middle and the richer sections of the population much more than the lower middle and poorer sections. As a result even a high rate of growth, probably beyond the range of feasibility, can not lift the bottom of the
society to the desirable minimum within the foreseeable future. This is not a plea for a lower rate of growth but a warning that a high rate of growth is not a substitute for deliberate policies to ensure equitable distribution of the gains of development. In the absence of such policies, the process of economic development, as witnessed them in the past, make the rich far too rich before the poor can secure even the minimum, widen the gulf between the rich and the poor interminably and inevitably undermine the democratic foundations of the economy (Dandekar and Rath 1971).

Analysing the India’s economic development from 1950 to 1980, Mr. V.K.R.V. Rao concludes that the starting feature of the structural change of Indian economy is the failure of the occupational structure to coincide with the sectoral NDP structure during the first two decades i.e. 1950 to 1970. But awarding to Rao, the data available from the 1981 census seems to show that the occupational structure started departing from previous trend in the direction of a more balanced response to the changing sectoral structure of the NDP. He also further commented that India would continue to be one of the poorest countries in the world in term of its per capita product though some of its citizens might enjoy a standard of living on par with those living in the richest countries even in 2000 AD As per analysis of Rao, this duality in Indian economy which has been growing in India ever since 1950, has to be arrested if an explosive situation is to be avoided (Rao 1983).

L.T. Hobhouse, in his famous work found following are the important elements of social justice:

1. Institutions are not ends but means. Politics are subordinate to ethics;
2. One of the principle of Harmony is that common goods can not be opposed to individual goods nor individual set up against the common goods. A right improves duties and is one term of a moral relation
3. Moral freedom;
4. Social and political freedom;
5. Equality;
6. Personal justice;
7. Equal payments of equal services;
8. The assignment of property should be so conceived as to secure freedom for the individual and power for the community;
9. Social and personal factors in wealth;
10. Individual organization and
11. Democracy

(Hobhouse 1922).

According to the Outhwaite and Bottomore, justice is the evolution of the basic social and political institutions, particularly with respect to the consequent distribution of benefits and burdens, are standardly expressed in terms of justice or injustice. In its most general sense the concept of justice requires that each individual have what is due to him or her. Within this formula they have shown the distinction between the formal and material justice.

Formal justice requires distribution which are in accordance with existing or agreed criteria or rules. It is often identified with legal or individual justice. With this involves standards of procedural justice (due process and natural justice) which are directed towards fairness and accuracy in the application of rules. It entails formal equality if it assumed that every person in a society or group ought to be treated in accordance with the same rules.

Material (substantive) justice concerns the identification of the appropriate distributive criteria (such as right, desert, need or choice) that constitute competing of justice. Material justice may justify substantive inequalities outcome or re-distribution between different social groups. It is often identified with social justice (Outhwaite and Bottomore 1993).

David Miller is of the view that social justice is realistic attempt to bring the overall pattern of distribution in a society into love with principles of justice. By renewing the works of J.S. Mill and others, he has pointed out two assumptions: First that social process are governed, at least in broad outline, by discoverable laws, so that it makes sense to try to reshape society deliberately, Second, that it is possible to find a source of power – usually in government – sufficient to carry out the reshaping. According to him these have been two major conceptions of
social justice. One embodying the nations of merit and desert, the other those of need and equality (Miller 1987).

Rawl's, one of the most famous scholars of justice, states that the most distinctive elements of which the principle that inequalities in the allocation of goods are permissible if and only if they work to benefit of the least well-off members of society. According to him : (a) each person is to have an equal right to the most extensive total system of basic liberties compatible with a similar system of liberty for all; (b) social and economic inequalities are to be arranged so that they are both (i) the greatest benefits of the least advantaged and (ii) attached to the offices and position open to all under conditions of fair equalities of opportunity. (Rawls 1971; 1972).

Robert S. McNamara stated that increase in natural income , as essential they are would not benefit the poor unless they reach the poor. They have not reached the poor to any significant degree in most developing countries in the past, in spite of historical unprecedented average rates of growth throughout the 1960s.--

He outlined thence broad categories of poverty in the developing world. First there is great poverty in those generally small countries that have very few memories – natural, financial, or skilled with which to promote growth. Second, there is the poverty found in certain impoverished regions in most of the larger developing countries i.e. the Southern Republic of Yugoslavia, North – eastern Brazil and North – eastern Thailand. The third category of poverty is the mast extensive , the most pervasive and the most persistent of all. It is the poverty of the low income strata – roughly the poorest 40 percent of the total population in all developing countries. It is they who, despite their country’s goes to economic growth , remain trapped in condition of deprivation that fall below any national definition of human decency. The poor people are beyond the reach of market forces and existing public services .The government policies do not adequately encompass and the external assistance can not reach to them. Thus he concludes that the growth would be meaningless unless it stress the human face through deliberate and systematic approach. (McNamara).
Idrix Cox has described as how the poor people of world particularly that of Asia and America and sustaining their lines with misery and drudgery. The people under poverty and hunger constitutes roughly half of the world's population and the conditions in which they live are far worse than those terrible day in Britain in the early days of the Industrial Revolution two centuries ago. In the village They live in mud huts, most of them without a piped water supply, drainage, gas or electricity. They simply else out a base existence. In the towns they live in tin shanties., with open sewers running through what pretends to be a street but is nothing more than a rough cart – truck. They seldom have a piped and are grossly overcrowded. Asia and Africa are the worst in this respect. However a small minority of these writers live with affluent standards, in good houses with modern amenities. (Cox 1970).

William Loehr has done renew of literatures of many scholars on economic development, poverty and income distributions in different parts of the world and shown that how despite economic growth in many regions the income distribution was not proper thereby causing the increase of inequalities, poverty and other social problems (Loehr 1982).

Amartya Sen argues that 'entitlement' and 'capabilities' are two important principles of development and justice. The 'entitlements' of people represents the command of households over commodity bundles. The process of development is not primarily one of expanding the supply of goods and services but enhancing the capabilities of people. Focusing on "capabilities" forces us to see the theoretical questions and policy issues in a particular light. There is a need to pay specific attention to the generation and security of "entitlements" and their conversion into capabilities. Amartya Sen has raised many economic and social questions in his theory of development in which the primary focus was on 'entitlement' and 'capabilities' (Sen 1987).

Paul Streeten talks of "basic needs approach" as the integrative method of solution for socio-economic problems of world. In particular, the emphasis on making the poor more productive has remained an important component of the basic needs approach. Its distinct contribution consists in deepening the income measure of poverty by adding physical estimates of the particular goods and services required to achieve certain results, such as adequate standards of nutrition, health, shelter, water, sanitation, education and other essentials. Thus the
basic needs approach, according Streeten, represents a stage in the evolution of analysis and policy (Streeten et al 1982).

Anil Bhatt has paid attention to grass-root organizations, programmes and movements for development and justice. These grass-roots efforts are many and varied in size, approach, strategy and ideology. Perhaps the one thing common to all is that they are formally independent of government (though many collaborate with or take funds from government) and political parties (though some indirectly support political groups or individual politicians). This phenomenon of grass-roots action though size varies considerably) groups is also called as micro-moments or actions voluntarism and non-party political process, depending upon the framework of analysis. The role that these small grass-roots level independent groups and moments are seen to be performing are broadly of the following types:

1. Development of the poor, weak and oppressed in specified local areas in any one or more of development sectors such as agriculture, health education etc.

2. Experimentation and innovation in approaches, models, techniques, strategies and developmental activities. And to thus provide inputs, critiques and alternatives to the existing approaches, models, techniques and policies.

3. Bringing pressures, and influencing laws, legislations, policies, programmes and projects in favour of the poor.

4. To bring about social transformation, change the political and economic systems and their institutions and establishments, such that the very basic structure of domination and deprivation, in equalities and injustice would collapse and a new and just social and political order would emerge. As per at least one view discussed above, these groups may play precisely the opposite role that of preventing or delaying the fundamental transformation.
Basically, there are two operational ideologies – harmony and conflict, with which the small groups attempt to perform their roles. These are also referred to as developmental versus struggle approaches. In the harmony approach the emphasis is more on working for the concrete development of the poor with the assumption that appropriate management, appropriate technology and idealism (of helping the poor) are the critical elements that can deliver the goods. Collaboration with government industry, rich people and institutions of the establishment are permissible.

In the conflict approach it is believed the root cause of the poverty and exploitation is the power structure of society and therefore, what is needed is to mobilize and organize the poor to fight against established power holders: be they landlords, money lenders, traders, bureaucrats, politicians or government staff. They are ........ action methods more often. These methods may include preparation and distribution of pamphlets and petitions meeting, rallies, gharaos, sit-ins, land grab etc.

One may find mixes of these approaches in varying degrees in a single group or movement. Anil Bhatt has analysed these different perspectives a rather unusual phenomenon of small action groups of weaker sections in Gujrat (Bhatt 1989).

P.B. Gajendragadkar has attempted to conceptualize the social justice and defines it as a revolutionary concept which gives meaning and significance to the democratic way of life and makes the rule of law dynamic. He has shown as how various provisions underlined in the constitution of India such as fundamental rights and directive principles of state policy are the constitutional provisions of social justice. Further, he shows the relationship existing between law, liberty and social justice in relation to India (Gajendragadkar 1965).

Rajni Kothari, in his article has stated that the intra-rivalries of the low caste groups is primarily responsible for the dominance of the so-called upper caste groups, and thus this puts the weaker sections into dilemmas of social justice. Besides, the narrowness of approaches, the onward looking, deep fragmentation from within are some of the reasons for making the weaker sections more weakers. According to Kothari there is need for the Dalit movement to emerge as
a movement for genuine emancipation. It must align itself with all social action groups engaged in a politics of transformation. It should also seek a change in the present economistic definition of such transformation and strive for its redefinition in social terms. Even the battles against ‘imperialism’ and the ‘new world order’ should be socially defined, within and across the nations. But there is no need to be exclusivist, either in terms of caste identity or any other social categorization (Kothari 1998).

Dr. D.R. Jatava, in his book, has highlighted the social justice in India with reference to the constitution of India. He has also recovered various theories of social justice and argues that Ambedkar’s contribution would be the most suitable in Indian conditions (Jatava 1998).

According to Prof. Dipankar Gupta, the divergence between Ambedkar and Mandal on their respective reservation policies are significant. It is not just that Ambedkar’s programme envisions the removal of untouchability and with it the undermining of the caste system in public life, but it is also about creating assets among these who have none. This is what brings the moral inspirations of fraternity to the forefront. The assets of the better off are put in the collective pool so that socially valuable assets may be created in sites there were move. This measure has a moral resonance, for out of this collective pooling new assets are being created.

Reservations in the Mandal scheme lack this moral quality. The targeted beneficiaries of Mandal are quite plainly not without socially valuable assets. Further, they are unwilling to merge their existing tangible assets into the collective pool as their express purpose is to convert one kind of asset into another. Caste in the case of the Mandal Commission is an important political resource to be plumbed in perpetuity. The Mandal programme, therefore, is not in the spirit of enlarging fraternity, as the Ambedkar proposal are (Gupta 1997).

Vidhu Verma asks to think beyond Marxian theory of exploitation. According to Vidhu Verma, surplus transfer from one class to another is fundamental to Marx’s theory of exploitation which involves denial of right over one’s product and external resources. But the types of injustices raised by new social movements are exactly the one’s where this surplus transfer to capitalists is missing. This demands a rectification of the exploitation – centered
critique of capitalism an observance of a difference between exploitation and oppression. Any conception of alternative good society then requires not only elimination of exploitative conditions of wage labour but also of structures of domination beyond the sphere of production (Verma 1998: 115 - 121).

Many authors have been writing as new economic policy and social justice particularly since 1991 when India started its structural adjustment programme. Some of these writings have been incorporated in various chapters of the present work especially in chapter entitled: New Economic Policy and Social Justice in India. In following final section of this chapter statement of problems and methodology is stated.

**IV**

**Statement of Problems and Methodology:**

In India hierarchy of caste and economic development to a great extent are complementary. It is a two way process. The economically weaker section is socially backward and since it is socially backward, it is economically weaker.

It is the weaker section that needs a social security cover for its subsistence. Besides, economic under-development spreads beyond the caste coordinate to other religious and ethnic minorities (as in other religion and tribe also the nation of the caste began to penetrate due to influence of the Hindu Social Order on them) like tribes. So the immediate related to the process of economic reform that comes to mind are:

1. How far economic reform will ensure social justice in India?
2. What will be the face of socio-economic policy in this changed required?
3. Will the changed policy be able to uphold and implement the provisions of the Directive Principle of State Policy?
4. Will the changed policy be able to guard the Protection Discrimination Policy devised for down-trodden Indian?
5. Will the changed policy be able to lead social transformation and social development in India?

This research, though limited in its scope, intents to look into the problems on the basis of specific provisions and policies. On the basis of preliminary study of literatures and observations following problems are hypothesized to occur in India if the proper checkmate is undone.

**Hypotheses**;

1. The increase in GDP may not ameliorate the problems like poverty, illiteracy, unemployment etc. due to some defects in the programmes and policies of the Government.

2. The fruits of economic reform may be enjoyed by few. Its impact may not trickle down to the bottom.

3. Increase in foreign and private enterprises may not enhance the employment avenues in India.

4. Modernisation of different sectors may lead to automation. It may increase the demand for the skilled labour i.e. the professional classes, in the short-run but leave many unskilled and semi-skilled labour jobless. Apart from semi-skilled and unskilled labour, many professionals and high educated are also likely to be adversely affected in long-run.

5. The demand of a liberalized regime may hamper the policy of protective discrimination in India i.e the rationale of a liberalized regime may hamper the policy of Reservation in India.

6. The lack of permanency in jobs in the private sectors and the prevalence of constant fear of insecurity among workers may lose their bargaining strength in long run.
7. Education especially higher/professional may be the privileges of the few. The most connected positions may be dominated certain class of people who have opportunity to avail of the professional education.

8. In all the above stated problems, the beneficiaries are likely to be the so-called upper caste Indians, and the gross losers seems to be the down-trodden Indian.

9. Liberalization policy and technological up-gradation are not likely to lead social transformation. The core structure of India 'caste' would continue to be a dominant factor in determining the “life styles” and “life chances”.

10. In long-run, therefore, cast polarization through socio-political mobilization may be speeded up by the various caste and ethnic groups to protect their respective interests, if the prevailing situation is not diluted otherwise through effective measures.

**Area under study :**

For purpose of present research work the selected areas of Delhi would be studied. Geographic detail and demographic composition would be studied from various Government documents such as Census Report, Survey of India etc. Apart from this economy, history, policy and culture would be also studied from various available literatures. The detail methodology of present research work, is stated below.

**Methodology :**

The present research will be based on two sources: Primary and Secondary sources. Under primary services, Government documents such as plan documents, economic surveys, various reports etc. and the international documents such as GATT reports, WTO reports, UNDP reports, International Surveys etc. will be taken into observation.
Before undertaking field study the detail account of Delhi pertaining to its geography, demographic composition, economy, policy and culture would be collected from both officials as well non-official sources.

For purpose of the field study a methodological tool – interview schedule would be put into use. The interview schedule would take care for but closed-ended as well as open-ended questions while collecting data randomly from various parts of Delhi, sufficient case would be taken to make it more representative. For that within the random samples, stratified and clustered samples would be collected with sufficient case. That is to say as a clustered samples, the data would encompass the desired number of samples from four broad sections of people to make it adequately representative. Though the basic purpose of this field study is to analyse the view points of SC/ST/OBC sections, quite sizable number of samples from General Caste would also be considered to have proper and holistic understanding of the topic. Thus 105 samples from General Caste/Upper caste, 125 from Other Backward classes, 120 from Scheduled Castes and 60 from Scheduled Tribes would be collected. Moreover, within various category of samples, the case would be taken into consideration to adequately represent various strata of that particular sample category.

Thus various levels of educational groups, occupational groups, income groups etc would be given due to place within the particular category of samples. Thus, though the field study would largely based on random principle, it would also respect the value of cluster and stratified samples to make it more adequate and representative. Hence, the total 510 samples collected through interview schedule would touch various socio-economic variables considered to be important in our country. Because, this present field study is basically opinion based survey, the tabulation and analysis of data are on opinions of people interviewed rather than as the facts arrested through empirical observation on the present research topic. However, the review of literatures and the observation from various related documents would be compared to test the validity of data collected through interviewed schedule. The secondary sources which are going to be used for present research work are classified as follows:

1. Various research books, research reports etc.
2. Various Journals and magazines related to this research topic.
3. Various newspapers and their materials related to the thesis.

The present research work could be only the first step towards understanding the impact of new economic policy on social justice through people’s perception. The outcome of research may bend supports to the scholars, government and other related agencies for undertaking further research work especially with regard to arresting the ground realities and taking appropriate policy measures for progress of nation and welfare of its people.

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