



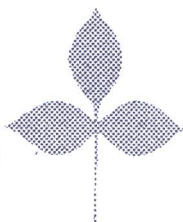
BULLETIN

OF THE

CENTRE FOR POLICY STUDIES

(SANKAR FOUNDATION)

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WE CAN OVERCOME

In 70 countries, according to the 1996 UNDP Report, people are on average poorer than they were in 1980 and in 43 countries poorer than in 1970. Notwithstanding the claims of the protagonists of "the governing economic culture of the world market" the gap between the haves and havenots is widening alarmingly. Of the global GDP of \$23 trillion, the share of the developing countries is only \$5 trillion or a mere 22%. During the last three decades the share of the rich countries increased from 70 to 85 percent while that of the poorest countries dropped from "a meagre 2.3 percent to a disgraceful 1.4 percent." In a thought-provoking article titled "Highway Robbery by the Superrich" in the Guardian Weekly of July 28th, 1996 Victor Keegan shows how the 358 billionaires of the world corner wealth that equals the combined incomes of the poorest 45 percent of the world's population. If these 358 billionaires, says Keegan, decided to keep \$5 million or so each to tide themselves over and give the rest away, they could virtually double the annual incomes of nearly half the people on earth. The author's comment that "inequality has not only grown between countries but within them" confirms that humankind is not getting any closer than before to the alleviation of poverty and suffering. In a perceptive article in Foreign Affairs of May-June 1996 Ethan B. Kapstein says that "the failure of today's advanced global capitalism to keep spreading the wealth poses a challenge not just to policy makers but to modern economic "Science" as well..... Growing income inequality, job insecurity and

unemployment are widely seen as the flip side of globalization."

Market culture is based on ruthless competition which brings out the worst in man and degrades human spirit. The populist and the demagogue set the agenda for human progress and polls dictate policy. In the midst of such growing confusion India's plight is pathetic mainly because of an uncertain situation within and unfavourable setting outside. But if only we turn to those times when the historic tryst with destiny took place, for guidance and inspiration, we can find light at the end of the tunnel. Those were the times when 'the advanced west' was fascinated by 'the most creative thought coming out of the East' and when great western philosophers looked to India for showing 'a way out of the darkness.' Gandhiji said that "true economics stands for social justice; it promotes the good of all equally, including the weakest and is indispensable for decent life." Jawaharlal Nehru who synthesised Western liberalism, Marxist egalitarianism and Indian values in evolving a framework for India's progress reminded us of the path just a few days before his death: "In India, it is important for us to profit by modern technical processes and increase our production both in agriculture and industry. But, in doing so, we must not forget that the essential objective to be aimed at is the quality of the individual and the dharma underlying it." India can still do it. And the world at large will also stand to profit by it.

—Editor

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SOME COMMENTS ON PARTICIPATORY ECONOMIC GROWTH AND THE ROLE OF LITERACY AND SCHOOL EDUCATION

—Prof. B. Sarveswara Rao
(Ex-Vice-Chancellor, Nagarjuna University)

Two major public policy issues have received considerable attention in the recent studies on India's economic prospect in the coming decade, in the context of the on-going economic reforms, structural changes and integration of the economy with the world economy (globalisation). One is the need to achieve substantially high annual growth rate - 7 per cent and above - and sustain it, and the other is to make economic growth broad-based, and widely shared, i.e. to make it really participatory. It is widely realised now that, while a high growth rate is necessary, there will be no early and satisfactory solution to the problems of wide-spread poverty and destitution, and endemic deprivations of a crucial nature, in education, health care, social security, etc. for large sections of the society, unless it is also participatory growth.

India's poor performance since independence in the matter of eliminating deep rooted poverty, illiteracy and ignorance, and other deprivations for large sections of the people is undoubtedly due to its failure not only to achieve high economic growth rate, as compared to several other countries in east and south east Asia, but also due to its failure, even within the constraints of the low growth rate (of 3-4%) and low rise in per capita incomes, to make larger investments in basic education, primary health care, social security and related measures, in addition to anti-poverty and employment generation programmes, with a view to enhance what are called human capabilities or social opportunities. It is a failure to understand, as Amartya Sen has been pointing out, that some basic social changes are essential for significant participation of the deprived people in the economic growth process through enhanced education, skills, attitudes, etc. This is the only way for a country like India to eliminate poverty and destitution and raise the quality of life in a reasonable period of time. The promotion of market oriented and market friendly growth through eliminating bureaucratic controls and regulations on production and trade, investment, and international transactions, which have been found to be dysfunctional and counter productive, will no doubt promote competition and efficiency, and fuller realisation of the economic potential of the country. It will not however by itself contribute significantly to participatory or widely shared growth process. The state has to play now a different but positive role for achieving this goal.

Economic growth becomes participatory when the work force from the poor and deprived sections of the society quickly overcome their economic and social handicaps to work in the various sectors of the economy - agricultural and non-agricultural, and modern as well

as traditional. Growth becomes participatory as the capabilities of this work force continuously increase and the growth process is associated with a steady rise in their productivity through education and improved access to other resources. As their capabilities increase there will be an upward mobility from the less skilled and unproductive occupations to more skilled and more productive occupations. As the work force becomes educated its capability to acquire new skills and new knowledge will also increase, which will facilitate better and better ways of utilising their labour and other resources. When this is the process of growth, it not only helps to raise the rate of growth, but also to eliminate widespread poverty and endemic deprivation. Participatory economic growth is therefore not the same thing as high rates of growth in some modern sectors, nor it is a high over-all growth rate. It is a process in which the poorer and deprived sections of the society not only contribute to rising resource productivity but have a reasonable and just share in the benefits of growth. As participatory growth becomes broad-based it also helps to mitigate social and regional inequalities in growth and levels of living.

Commenting on the fact that industrialisation and economic growth processes had been largely participatory in some of the fast growing economies of East Asia in contrast to what happened in India, Amartya Sen has made an interesting observation as follows :

"....the abysmal inequalities in India's education system represent a real barrier against widely sharing the fruits of economic progress, in general, and of industrialization, in particular, in the way it has happened in economies like South Korea and China—economies which have succeeded in flooding the world market with goods the making of which requires no great university training, but is helped by widespread basic education that enables people to follow precise guidelines and maintain standards of quality. In contrast, even if India were to take over the bulk of the world's computer software industry, this would still leave its poor, illiterate masses largely untouched. It may be much less glamorous to make simple pocket knives and reliable alarm clocks than to design state-of-the-art computer programmes, but the former gives the Chinese poor a source of income that the latter does not provide—at least not directly—to the Indian poor. It is in the making of these unglamorous products, the market for which is very large across the world, that a high level of basic education is a major asset for China—and for many other high-growth economies of east and south-east Asia."

The economic trends during the last 4-5 years seem to indicate that an average annual growth rate of 6% is distinctly possible for India to achieve, (as compared to 3 1/2% in the first generation after Independence and about 5.0% in the 1980's). This would mean a per capita income growth of less than 4.0% which is obviously inadequate to eliminate poverty (measured in the conventional way) totally in the next 10 or 15 years, assuming

at the trickle down effect would be strong. Even then the problem would be more difficult for the most backward states in India. All this still does not mean that growth could be participatory. There can be a significant rise in the growth rate while the masses continue to be illiterate and subject to other deprivations.

The economic reforms and globalisation process initiated in 1991, together with a fair amount of success achieved in macro-economic stabilisation and foreign exchange position, seem to have given, as expected, the necessary stimulus to growth. However, the domestic saving rate is stagnant, (around 20% with public saving actually ceasing). There is increasing dependence on inflow of foreign capital and imported high technology and joint ventures to gear up the processes of industrialisation, trade expansion, infrastructure development and strong export orientation. The sustainability of this process will always be a question mark, given the bad practices of the developed countries regarding international trade, investment and transfer of technology. The threat of moving into serious debt trap will always be there.

The pattern of economic growth associated with this pattern of investment flows in the context of the new market friendly development policy, is unlikely to bring about greater investment in building infrastructure, (land development, irrigation, technology, village roads and communications, schools and health care facilities, etc.) in rural areas where the masses of the poor and deprived live. The Central and State Governments will have to continue to play an active and strong role to correct imbalances of this kind.

It is a moot question whether India can achieve 8-9% growth rate in the near future, which may facilitate the Central and State Governments to overcome the present fiscal handicaps and substantially augment budgetary allocations for the social sector programmes. As now, there is no doubt the over-all public sector fiscal deficit (reported to be about 9% of GDP) is high; and government commitments on defence, interest on debt, and unnecessary subsidies and maintenance of the vast bureaucracy built over the years, constitute a serious barrier to change of policy priorities and action, and resource re-allocation in favour of participatory growth process.

Education and Participatory growth :

Universal literacy and universalisation of elementary education covering all the children in the age group 6-14 in the Indian context, may be considered as the basic essential input for participatory growth. Apart from the intrinsic value of literacy and schooling for human development and well-being and quality of life, they have a significant instrumental value for raising labour productivity, economic efficiency, motivation and aspiration levels, and mobility. They also promote greater

awareness of the social needs and facilitate participation in discussion of socially relevant priorities of public policy and government budgets, and enhance the ability to resist oppressions of various kinds and exploitation in the labour and other markets (an empowering process).

It is widely recognised that education contributes to build up what is called human capital in contrast to physical capital. Its asset value goes on increasing as it is put to use instead of depreciating like the physical capital. Its asset value goes on increasing as it is put to use instead of depreciating like the physical capital. As the stock of educated people increases in a society, faster economic growth becomes easy. There is abundant empirical evidence to support this view - confirming positive and significant impact of primary education on the productivity of agricultural workers through better utilization of material inputs and organization, the effect of literacy and schooling of parents on children's health and growth, the impact on the participatory role of the people in socio-economic development programmes, etc.

There are also a number of studies on the social rates of return on investment in education at various levels. These studies clearly indicate that everywhere primary education has the highest productive value as compared to secondary and higher level education. As shown in the Table below, the social rate of return on primary education is nearly 2 times the return on higher education and 1 1/2 times the return on secondary education. In spite of this there is enormous under investment in the primary education sector in poor countries and in India in particular.

Social Rate of Return on Education - 1980's
(% per year)

Region	Primary	Secondary	Higher
Sub-Saharan Africa	26	17	13
Asia	27	15	13
Latin America and the Caribbean	26	18	16

Further, in a significant comment on the issue who benefits from the investment on primary education, Portha Dasgupta says that, even when primary education is fully subsidised by the Government, it is costly for the poor households as the opportunity costs in terms of foregone services and earnings of children are high and the benefits are therefore captured disproportionately by households that are well off. This is particularly true of rural India. To the extent that wealth is correlated with caste, it can be easily seen that the benefits are captured by the higher castes. It also follows that poverty and illiteracy go hand in hand. (Parther Dasgupta; An Inquiry into well-being and Destitution, 1993)

It is also a well recognised fact that the achievement of high rates of literacy and schooling by the 1960's and 70's provided a strong social base for achieving high

rates of economic growth and living standards later in some of the countries in East Asia like Japan, China and Korea. As the World Bank study of what is called the East Asian miracle (1993), pointed out the high performing Asian countries attained universal primary education early, literacy was high and cognitive skills were substantially above those in the developing countries, and therefore firms had an easier time in upgrading the skills of their workers and mastering new technology.

It may be seen from the table below how much India still lags behind even as of today in this matter.

Adult Literacy Rates in Selected Asian Countries

	1960	1980	1992
Indian	28	36	50
South Korea	71	93	97
Hong Kong	70	90	100
Thailand	68	86	94
China	n/a	69	80

(Source: Jean Dreze and Amartya Sen, India - Economic Development and Social Opportunity, 1995)

The most distressing aspect of the Indian educational scene is that even after five decades of independence, the achievement in terms of universal (effective) literacy and universalisation of elementary education for children is dismally poor. As Amartya Sen has said, while India has a highly developed - if over-extended - higher education sector (sending nearly six times as many people to the universities and institutions of higher learning as China does compared to its population), it remains one of the most backward countries in the world in terms of elementary education. The rate of effective enrollment in school is still low and the drop-out rate very high. More than half of the children entering class-I drop-out before reaching class-V and two-thirds drop-out before reaching class-VIII.

A large proportion of children, more of them being girls, belong to the poorer sections of the society. A significant proportion of them work as child labourers, paid and unpaid, under deplorable conditions, instead of being in school, learning and playing, socialising and growing physically, mentally and culturally. They join the labour force of the country with poor capabilities in terms of education, skills, attitudes and aspirations; and remain so in their productive lifetime with no possibility of upward mobility. Their contribution to G.D.P. is not small but they do not share in the benefits of the country's economic growth.

The National Literacy Mission has been engaged for the last 10 years in a massive literacy drive to cover more than 100 million illiterates. The programme has been facing formidable problems of mobilising non-government organisations, teachers and students, and the community in support of effective implementation, apart from the limitation of resources. Curiously the political parties,

trade unions and labour organisations have hardly shown any interest in this movement.

Total public expenditure on education in India is still less than 4% GNP and is hardly sufficient to meet the needs at the elementary, secondary and higher levels. What is however more significant is the unnecessarily high subsidisation of higher education ignoring the possibilities of collecting more fees from parents who can afford, and keeping the expenditure on school education unjustifiably low. Powerful vested interests in subsidised higher education and the apathy and indifference of the legislators and the public at large regarding total literacy and universalisation of elementary education, explain this development in the country.

The inability of the State Governments to substantially increase the expenditures on literacy and elementary education programmes, apart from choice of wrong priorities and lack of political will, arises from excessive commitments towards interest payment obligations, meeting the losses of public sector units and subsidies of various kinds. As Bimal Jalan said, the goals of the educational policy can not be achieved without some hard decisions on public expenditure priorities. The pattern of public expenditure and along with it the priorities have to change, or the goal of universal literacy and elementary education has to be abandoned (Bimal Jalan, India's Economic Policy, 1996). If we realise the importance of education, and its intrinsic value as well as its instrumental value for achieving the socio-economic goals of the country, there is really no choice. There is no alternative to the State Governments but to reduce non-essential subsidies, eliminate state support for financially unviable enterprises, eliminate state support for financially unviable enterprises, reduce the burden of public debt and cut down non-development expenditures, with a view to mobilise resources for substantial increase in expenditures on education, health, social security and related measures. The achievement of participatory economic growth depends on redirection of State action in this manner.

(Based on his lecture at a symposium organised by the Centre for Policy Studies on December 30, 1995 on "India - Economic Development and Social Opportunity" by Jean Dreze and Amartya Sen.)

PERMISSIBLE POLLUTION

—Prof. M.V. Venkata Rao

Pollution is bad While taking on permissible pollution, it's inevitability is presumed. The need for technological progress demands reconciliation with some level of pollution. It is the relative proportion of development and pollution that is debated, by the crusaders against pollution and the champions of industry. A wise compromise is elusive for several reasons. Firstly scientific knowledge relevant to the disputed issues is grossly inadequate. Next to it, the input information is partly looked

and the rest cooked up. Lastly the vested interests cooked up with black and white money, political aspirations and academic ego of the experts can create enough confusion. Intellectual vacuum tends to suck lot of rubbish. Thus the gaps in knowledge can ensure enough scope for varied prejudices and deliberate distortions in ecological issues like global warming, ozone holes, acid rains and deforestation. Much can be said and is being said on both sides, based on the poor general knowledge of the specialist and the specialised knowledge of the talkative layman. In the muddle of this confusion, certain issues miss the deserved attention. For example, what is industrial progress? Breweries, tobacco industry and production of pharmaceuticals, flooding the market with doubtful formulations, cosmetics, textile dyes and pesticides go in the name of industrial progress, while wasting the precious material and energy resources, endangering the health of the consumers and producing the most obnoxious waste effluents. Should this go? Talking of permissible levels of chemical pollution, among the several hundred thousand existing chemicals the health impacts have been studied on hardly a few hundreds, and permissible standards have been specified for a few dozens. Health impacts vary among persons, vary with concentration, duration and mode of exposure and combinations with other chemicals. As such the prescribed permissible levels suffer considerable arbitrariness. Further the pollution monitoring and controlling agencies do not have the needed intellectual and material infrastructures to function properly. Also, how does it sound if 'permissible' pollution is thrust on the nonbeneficiary millions to cater to the 'progress' and comfort of a few elite? It is under these limitations that the concept of permissible pollution operates.

A NOTE ON STREET CHILDREN IN VISAKHAPATNAM

(A Project sponsored by Centre for Policy Studies)

—Prof. K. Radhakrishna Murty

Street Children are those of 5 to 15 years of age who work on the streets of urban area without reference to the time they spend there or to the reasons for being there. India has the greatest number of street children and this phenomenon is growing rapidly and increasingly visible in most of the sprawling cities and metropolises of our country. Studies conducted in various cities revealed that a large number of street children suffer from destitution, neglect, abuse, exploitation and relative deprivation in the context of urbanization and economic stagnation. The reasons that force these children to be there are mainly: family disorganization, family poverty, and maltreatment and abuse at home. Their activities range from rag-picking to newspaper hawking; from shoe-shining to bogie/car cleaning; from repairing work to vegetable/fruit vending and from begging to pick-pocketing and drug peddling. They are the children in difficult circumstances. Their plight and predicament are

legion. Their most acute problems according to the recent study conducted in the city of Visakhapatnam are: lack of shelter, struggle for survival, basic needs deprivation, socio-cultural vacuum, unprotected and exploitative work they perform and the stresses and strains they undergo regularly at their tender ages.

The problem needs to be tackled urgently with a multipronged approach of preventive (like elimination of urban poverty, provision of free and fair education to children, etc); curative (weaning them away from street life by providing vocational skills and training etc) and containment measures (institutional and reform active means). But while the containment strategy has largely failed, cure strategy has yielded some positive results. The preventive strategy is the best but least tried upon. It appears that whatever action has been taken so far for the welfare of street children, it has been done by the non-government Organizations. The governments' and municipal corporation's efforts give a dismal reading on this front.

A REPORT ON THE MEDICAL PROGRAMMES OF SANKAR FOUNDATION

—Dr. G. Prabhakar

(Coordinator, Health & Projects, Sankar Foundation)

Sankar Foundation has been established By Sri. A. Sankar Rao and members of this family to serve the needy and poor patients and poor people of Visakhapatnam, in particular and north Andhra and neighbouring districts of Orissa and Madhya Pradesh in general.

The Foundation has launched programmes and projects in the field of Health and Education in a modest way. The main objects of the Trust is to provide in the City of Visakhapatnam, infrastructural facilities on modern lines to alleviate the sufferings of the people suffering with eye diseases and tuberculosis and to help in the promotion of family planning programmes, housing for the poor, better sanitation and safe drinking water for the poor in rural and urban areas.

A large number of people, especially those living in the rural areas, are afflicted with eye diseases and tuberculosis and proper care and treatment seem to be beyond the reach of many. Sankar Foundation has therefore, decided to start an Eye Hospital and TB Hospital with latest facilities for treating the poor patients. Every effort will be made to help the people in preventing and curing blindness and tuberculosis.

Tuberculosis is not only a medical problem, but social and economic problem as well. Hence, the entire society and the community must be involved in tuberculosis control measures. If the Community do not accept the health programmes, and do not cooperate with the health agencies and do not utilise the health facilities available to the maximum extent, no programmes could possibly succeed. The community involvement is

CRUSADE FOR DEMOCRACY

achieved mainly through the Voluntary Organisations and community leaders. In this direction, Sankar Foundation is co-ordinating the TB programmes with various Voluntary Organisations in Vizag district. The Foundation conducted the First TB Detection camp at "mapala village near Anakapalle on 17th July 1996 and the second camp on 2nd September 1996. Complete investigations were conducted for around 100 patients and 54 patients were diagnosed with tuberculosis, and treatment was started. The Foundation will supply medicines to all patients every month, till they are completely cured, which takes generally 8 to 10 months. The local Voluntary Organisations will take the responsibility of supervising the intake of medicines, follow up action and referrals. The Gandhi T.B. Clinic at Anakapalle is helping the Foundation in Anakapalle area.

Sankar Foundation has started its free TB Clinic for outpatients, near St. Josephs Hospital in Visakhapatnam to cater to the patients from Visakhapatnam and rural areas. Dr. CSRL Narasimham, Retd. Civil Surgeon and District TB Officer has joined the Foundation as Deputy Director for TB Project and is available at the clinic daily for consultations. Dr. Vijaya Lakshmi, Physician is also rendering services for the TB Project. The TB Project is marching ahead very successfully under the able guidance of Dr. B. Swamy, Sri. V. Seetharamaiah, Prof. Prasanna Kumar and Dr. Chakrapani Rao.

The role of Voluntary organisations and their workers in Health care delivery systems is very crucial and important for effective results. They form a strong and viable link between the Community on one hand and Health Institutions on the other.

Sankar Foundation is keen to conduct Training programmes and programmes on Health Education to sensitize the workers of Voluntary Organisations, on various Health problems, especially some of the threatening health problems globally, like AIDS and Tuberculosis. The first Training programme on Health was conducted from 26th to 28th Sep. 1996, in collaboration with Andhra Pradesh Voluntary Health Association, Hyderabad at "MCA Visakhapatnam. 40 workers from 20 Voluntary Organisations in Visakhapatnam attended the training programme. Eminent doctors from Andhra Medical College and Professors from Andhra University conducted the training programme as Resource persons. Health Education material on various problems, posters and booklets were distributed to all participants.

Sankar Foundation will be taking up construction of Community latrines, drinking water bore wells shortly in villages near Anakapalle. Sankar Foundation is also planning to provide financial assistance to poor, for housing.

Democracy is in peril and unless a vigorous movement is launched at the grassroot level the future of India is bleak. Dr. N. Jayaprakash Narayan I.A.S., at a meeting of the Centre for Policy Studies on September 1996, a forty year old well known civil servant who held prestigious positions as secretary to the Chief Minister and Secretary to the Governor of Andhra Pradesh has sought voluntary retirement in order to launch a movement for the revival of democratic institutions and restoration of human rights of the underprivileged classes. The articulate official had hit the headline sixteen years ago by securing the fourth rank in the All India Civil Services examination. The young medical graduate then chose to join the administration giving up medical profession for which he was trained.

Detailing the ills that have come to afflict Indian democracy Dr. Narayan placed particular emphasis on the threats to individual liberty, rule of law and local self-government. The failure of the system to empower the masses and its inability to provide for a self-correcting mechanism have enfeebled the nation. Lack of awareness and fear of authority have led to 'a tunnel view' and it is time people got together to put the system back on rails. "Awaken" and "empower" — are the two main goals of Dr. Jayaprakash Narayan's movement soon to be launched.

ABOUT THE CENTRE

CENTRE FOR POLICY STUDIES was launched by SANKAR FOUNDATION, at 'SOLIDAMINI', 10-50-19, Stripuram, Visakhapatnam 530 003, on October 2, 1995 the 125th birth anniversary of Mahatma Gandhi, with the object of providing a forum for the intellectual, the academic and the expert to interact, focusing on issues and policies of contemporary relevance.

The Centre is regularly organising seminars and meetings on policies and issues relating to the areas of —

- i) Gandhian Philosophy
- ii) Politics and Society in the sub-continent and
- iii) Economic Democracy in a Federal Polity.

The Centre has brought out a project report on "Street Children in Visakhapatnam" — a study undertaken by Prof. K. Radhakrishna Murthy of Andhra University. Prof. M.V. Venkata Rao, Professor of Civil Engineering (Retd.) who has a number of projects to his credit heads the Environmental Division of the Centre. The Centre is headed by Prof. A. Prasanna Kumar former Rector of Andhra University.