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Paper: CC12

Subject: Economics (ECO A)

Semester: 5

PAPER REVIEW

Vijay Joshi- (2019-20) (30th /31st edition), 'India's Economic Reforms: Reflections on Unfinished Agenda', in Uma Kapila

(Ed)- 'Indian Economy since Independence'.

This paper is a review of India's progress in the 50 years of Independence, which is regarded as a mixture of the impressive and the disappointing. The country has managed to protect national unity, preserve democracy and dilute traditional social hierarchies. There has been economic growth and a reduction in the proportion of people falling below a standard poverty line. But the main requirement now is a sustained increase in the growth rate of national income that also increases the demand for labour. The relative failures of past decades are considered, and ways in which the reform programme begun in July 1991 could be strengthened are suggested.

The paper focuses on India still having the quarter of its billion-plus population surviving in extreme poverty, and two-thirds of its people poor enough to have extremely circumscribed opportunities to lead a fulfilling life. To become a prosperous, high-income country in the next two decades, India will have to achieve, over that time-span, economic growth that is super-fast and inclusive. Here, "super-fast growth" i.e, a growth rate of 8 percent a year or more and by "inclusive growth" which means growth that is widely shared. The magnitude of the task can be understood by contemplating the sobering fact that fewer than half-a-dozen of the 200-odd countries in the world have achieved super-fast and inclusive growth for two or more decades on the run, and almost all of them were autocracies during their rapid sprints. Can a *democratic* India do a China or a Japan? That is the overwhelming question. However, the current context is that far from speeding up, India's growth has shown signs of slowing down. While some temporary and special factors are involved, it is also the case that the 'partial reform model' that has been in operation since 1991 has been running into diminishing returns. India urgently needs another round of radical reforms to keep the engine of productivity growth firing on all cylinders. Despite some liberalization, the country has not fully recovered from a bad case of old-fashioned socialism, with its fond belief in the benefits of state ownership of the means of production, and its marked propensity for arbitrary state intervention in the operation of the markets. We have yet to complete the move to becoming a modern social democracy. This implies retaining the socialist emphasis on *shared* prosperity, and the liberal-democratic emphasis on individual freedom and rights, while moving towards greater reliance on private ownership and the market mechanism, with the state performing competently its essential core functions.

This paper describes about the social economic agenda which implies the various areas that required to cover under radical economic reforms to achieve super-fast and inclusive growth for an extended period. State ownership was justified as a way to correct market failures, increase investible surpluses, and pursue wider social goals. The results have been blatantly unsatisfactory. Public sector managers who were given a multiplicity of aims, and were backed by the deep pockets of the state, lacked the rewards and penalties to innovate, cut costs, and respond to consumer preferences. At the same time, there was a good deal of unproductive scrutiny by investigative

agencies, which served to make managers risk-averse, and opt for a quiet life. Supervision of public sector enterprises (PSEs), via 'memoranda of understanding' with the government, has not worked to increase productivity. What *has* worked, up to a point, is allowing private-sector entry. Even so, success has been far from complete. This is because the logic of competition requires that the government maintain a level playing field between PSEs and private companies, which includes allowing PSEs to die if they continually underperform. Not surprisingly, the government has been unwilling and unable to follow such a path.

One-third of the 244 non-financial Central PSEs made losses in 2015/16; and of the 78 loss-makers, more than a half made losses for three years in row. There are also several perennial loss-makers, including Air India and two public telecom companies; and some profitable companies such as Coal India owe their performance not to efficiency but to their monopoly positions.

'Employment' is now regarded by many commentators as the central long-term challenge facing the country. The focus here is on how to increase employment for *low-skilled* workers in the organized sector. I emphasize *low-skilled* workers because India cannot in one giant leap become a high-skill economy. To ask for a swift short-cut to hi-tech jobs for most workers is to ask for the moon. Even on optimistic assumptions, half of India's labor force 10 years from now will have completed only secondary education or less; and one-third of the labor force will have completed only primary education or less. In the land of reality, India has perforce to create productive employment for millions of workers with modest education and skills who are already present in the unorganized sector or who will enter the labour force in the course of the demographic bulge. Needless to say, India's capital and skill intensive activities could and should continue to grow rapidly, provided they are internationally competitive, which many of them now are. But India urgently needs *extra* growth of an inclusive variety, which can only come from expansion of relatively low-skilled jobs in the organized sector.

This paper attempts to show how the substantial liberalization in India of goods and services in the domestic and international markets showed an extremely positive step in creating an efficient indirect tax regime that will at last make India a genuine common market. Even so, the process of removing distortions in the markets for goods and services is far from complete. Perhaps the most flagrant problem concerns price controls. Extensive price controls still remain on food, fuels such as kerosene and cooking gas, and many other key inputs such as fertilizers, electricity, water, and rail fares. These controls have a number of harmful effects. Firstly, they damage resource allocation. Since the prices charged are well below costs of production, investment in supply is discouraged and wasteful consumption is stimulated. Secondly, they create a fiscal burden since they require subsidies, either explicitly from the budget or implicitly in the form of losses or reduced profits for producers. Thirdly, they are hugely regressive,

which is not surprising since a price subsidy per unit consumed provides larger benefits to those who consume more, i.e. to well-off people. The subsidies also leak all over the place and much of the money that is meant for the poor is pocketed by intermediaries.

Investment and growth would be boosted by removing the subsidies and charging cost-reflective prices, while distributional concerns are handled by direct cash transfers, which are now increasingly feasible. The fiscal savings that would be created by the elimination of subsidies would be more than sufficient to compensate the poor for the loss of subsidies. Needless to say, a radical programme of 'deep fiscal adjustment' would require close coordination between the union and state governments. It would also face many political obstacles. But the prize would be enormous because there are so many constructive uses to which the fiscal savings could be put.

This paper also analyses that every country that had rapid long run growth, progressively improved its attention to the enhancement of human stock capital providing the primary education which is the base of the educational system irrespective of gender distortion. Unfortunately, although India has made impressive progress in increasing school enrolments, the quality of primary education is atrocious and declining. Part of the problem arises from teaching methods. The system places an enormous emphasis on 'finishing the curriculum' in each year, whether or not children are actually learning. As a result, only a small layer of students at the top of the distribution keeps up; the rest fall behind and become progressively less interested. So unless India improves the quality of primary education by either way, economic development is likely to be severely damaged.

The conclusion is that the overview of the trend and performance of economic growth in the context of changing macroeconomic scenario over the past three and a half decades reveals that the high growth in income and other economic indicators have been associated with increase in regional and social inequality. There has been systematic reduction in poverty but inequality in consumption expenditure has gone up both in rural and more significantly urban areas. Furthermore, poverty has got concentrated in a few regions and social groups where poverty alleviation is much more difficult. Education is a critical variable in poverty alleviation. Men with primary and secondary education constitute a major part of the (male) migrants in urban areas as employment opportunities for them have gone up. Illiterate unskilled males have less chance of putting their foothold in large cities or getting a job. However, for women, illiteracy is not a handicap, as they find employment in low productive service sectors including as domestic help. The liberalization measures have put a large majority of small and traditional enterprises under serious strain, resulting in their liquidation unless they get linked with globalised sectors. Studies reveal that informal sector is an extremely heterogeneous category in terms of productivity, profitability and growth performance.

Form No : 0130273

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Dated : 03.10.2019

Serial No : Scroll 211 of 315

Debasis Das
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Name of the examination: CC12 Tutorial Paper Review.

College Roll No.: 19/BSCH/0196.

CU Registration No.: 013-1211-0211-19.

CU Roll no.:193013-11-0012.

Name of the subject: Economics (ECOA).

Paper: CC12 (Indian Economics)

Paper Review

The present review attempts to take a look into the abstract set forth by Geeta Gandhi Kingdon in the paper "The progress of school education in India" published in the 23rd volume of the Oxford Review of Economic Policy in 2007. The aim of the paper is to present an overview of school education in India.

One of the major components of human capital accumulation is education. So, in order to pave the path of development one of the major concerns is primary and secondary school education in India. Hence, the purpose of the paper as seen from a third person's perspective is to portray growth of education system in India from the late 90's till now so that we, readers can get a clearer idea of the current education system and how it has evolved over the years. Education is probably the most important tool to change one's life. It certainly determines the quality of an individual's life. It improves one's knowledge, skills and develops their personality and attitude. Most noteworthy, education affects the chances of employment for people. The propensity to perceive a better job/career increases with attainment of higher education. Hence, it is very necessary to keep track of the education system of a nation and incorporate it as a measure of developing index.

This paper deals with India's educational achievements keeping international education as its backdrop, particularly against countries with which it is now increasingly compared, especially China. It has been noted that while it does relatively better than its South-Asian neighbours, Pakistan and Bangladesh, in certain educational indicators, it lags seriously behind the other countries with which it is increasingly compared, such as BRIC economies in general and China in particular, especially in terms of secondary school participation and youth literacy rates.

The paper also draws inter-state comparisons to give a better clarity on schooling access in terms of enrolment and school attendance rates, and schooling quality in terms of literacy rates, learning achievement levels, school resources, and teacher inputs. Apart from these this paper also talks about the role and growth of private schooling in India and about some of the major public education initiatives taken by the government of India.

Even though Kingdon draws comparisons between India and the BRIC countries (Brazil, Russian Federation, India and China) and between India, Bangladesh and Pakistan as well, she stresses more on the comparison with China and how India is massively lagging behind then in education terms. This may be particularly because China and India are two emerging economies in the world, China being the 2nd largest economy.

Various data, figures and graphs have been used to shed light on the cross country as well as inter-state gross enrolment ratios in secondary education and marginal returns to education based on gender year and level of education. Kingdon's presentation of income based differential access to school and gender parity index between the different states serves as the most important means of measuring how access to education has been varying across the states, portraying 'BIMARU' (literally 'sick', but meaning generally backward) states—Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh—lagging behind in many other indicators (high income inequality and gender inequality) of social development and West Bengal and Kerala being on brighter side.

A large section of this paper talks about the private schooling system in India in the early 2000s and how it is greatly under-estimated in official published statistics, particularly at the primary level, owing to excluding 'unrecognized' schools, given that more than 50 per cent of all private primary schools are unrecognized. The literature on the relative effectiveness of private and public schools in India suggests that, controlling for student background,

private schools are more effective in imparting learning and do so at a fraction of the unit cost of government schools. The major reason for private schools' massive cost advantage over public schools is that they can pay market wages while government school teachers' bureaucratically set salaries have large rents in them which teacher unions have fought hard to secure.

Along with private sector education Kingdon also talks about some public education initiatives. The Sarva Shiksha Abhiyan, MDM scheme, and the para-teacher scheme were each discussed briefly.

Overall, this paper deals with a number of elements in order to examine the education level in India and gives a broad overview that can envision a better educational environment in order to bridge the gap between developing and developed nations.

Inter-state education has been portrayed in a way that gives a better clarity to the paper but at the same time inter country comparisons could have been more detailed. This paper presents a vivid explanation in the context of interstate primary-secondary education segregating in on the basis of public and private schooling. This helps a reader to interpret the differences on the basis of each of these parameters and provides a scope of further research on the grounds of related comparisons.

The afore mentioned paper includes a significant number of data tables which are accompanied by charts and pictorial figures which enables reader to visually understand the concept of education and makes it easier for analysis.

A major portion of the paper focusses on the comparison between education level of India and china which can be seen as a striking feature but owing to the differences between Chinese and Indian economy, the focus could also be shifted to American countries along with Bangladesh, Pakistan and the BRIC countries as well. A large section of this paper has mainly focussed on the characteristics of public and private schools to analyse the education system in India. To pertain to the afore mentioned title the focus could have been shifted towards the general parameters of education in more detail.

One of the significant research gaps of this paper is unavailability of data from 2008-2021. Further research work can be taken up from this time era taking this particular paper as a yard stick. Another research gap which can be found is the absence of other official educational data. Although data are becoming more readily available (Mehta, 2005), many expensively collected education data sets are not shared with researchers and there are inordinate delays in the compilation and release of official education data.

So, it can be concluded that the paper has sought to build a picture of school education in India. The data presented on student learning levels, teacher absenteeism, and school facilities paint a somewhat grim picture of the state of schooling quality in India.

Paper reviewed:

Geeta G. Kingdon, 2007, —The Progress of School Education in India, Oxford Review of Economic Policy

Form No : 0130386

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Serial No : Scroll 237 of 315

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The present review attempts to take a look into the analysis drawn by C. Rangarajan and S. Mahendra Dev in the Paper "Counting the poor: Measurement and other Issues" Published by Indira Gandhi Institute of Development Research, Mumbai December 2011. The key words of this paper are poverty line, poverty ratio, multi-dimensional poverty, Poverty alleviation programmes, measurement of poverty.

In this paper ~~growth~~ the benefits of growth accrue to all sections of society is the sole objective of economic policy. This article presents a review of the methodology recommended by the Rangarajan Committee for poverty estimation. In line with existing practice, the committee has also recommended the use of absolute poverty measures. It, however, deviated from Tendulkar Committee method by anchoring the poverty lines on nutritional norms of Calorie, protein and fat and deriving separate poverty lines for rural and urban areas. However, the use of average all India requirement of Calorie, protein and fat for identifying food-deprived individual households resulted in false identification and under-estimation of nutritionally deprived.

The use of Consumer expenditure data collected by using modified mixed reference period without verifying its quality, particularly the extent of telescopic errors due to the use of shorter reference period, design effect due to disproportionately larger representation of affluent households within a reduced sample size and non-sampling errors due to poor quality of field work made the entire exercise futile. Further, there does not exist any monthly per capita consumption expenditure fractile which met all nutritional norms as claimed by the committee and as such the selection of such a fractile as poverty line basket is doubtful. Above all, the poverty estimates given by the committee for the years 2009-2010 and 2011-2012 lack credibility as the reductions in headcount ratios over a 2-year period were unbelievably high in respect of states like Andhra Pradesh, Bihar, Rajasthan etc. Although the estimated reductions were not very much different from those given by the Tendulkar Committee.

The Expert group (Rangarajan) estimates that the 30.9% of the rural population and 26.4% of the urban population was below the poverty line in 2011-12. 343 million were below poverty line in 2011-12. This group recommends the updation of poverty line in the future using the Fisher Index. This Expert group recommends the updation of the poverty line in the future using the

In this paper it may be noted that poverty line computed by Rangarajan group has three components (a) food component ...

(b) normative level of expenditure for essential non-food items such as education, clothing, conveyance and house rent and (c) behaviorally determined expenditure for other non-food items. In the minds of most people, being rich or poor is associated with levels of income. The various non-income indicators of poverty are in fact reflections of inadequate income. Defining poverty in terms of income or in the absence of such data in terms of expenditure seems most appropriate and it is this method which is followed in most countries.

In this paper it may be noted that Lakshminarayana Committee based estimates for 2014-05 showed that 10 out of 28 states showed higher urban poverty than rural poverty. Poverty line is based on private consumer expenditure. The planning commission has earlier decided to delink the consumption based poverty estimates for allocating resources to states. The Expert group deliberated on the issue of use of poverty ratio for determining the eligibility and entitlements for a wide range of poverty alleviation programmes and social welfare schemes implemented by various Ministries and departments of Government of India in association with the state government.

Poverty ratio of planning commission can play an important role in deciding allocation of resources among states. ~~although~~ ~~the ministries and departments in association with the state governments may draw the guidelines for defining the beneficiaries for their programmes.~~ The ministries and departments in association with the state governments may draw the guidelines for defining the beneficiaries for their programmes. The process could be similar in rural and urban areas.

One has to review from time to time the methodologies for arriving poverty estimates in keeping with the changing needs of population. Poverty lines are only approximations to the socially accepted minimum standards. An attempt has been made in the report of Expert Group (Rangarajan) to approach the subject on methodology of measurement of poverty as systematically as possible.

So, it can be concluded that the methodology adopted by the new group on poverty is based on sound principles. This measure is not considered as an appropriate basis for determining entitlements under various programmes. Policy makers must continue to follow the two fold strategy of letting the economy grow fast and attacking poverty directly through poverty alleviation programmes.

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EXAMINATION (UNDER CBCS)

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Name of the subject:

Economics (ECO A).

Paper: CC 12 (Indian Economics).

PAPER REVIEW

The present review deals with the challenges for the revival of the agricultural sector in India. The lecture was delivered by S. Mahendra Dev in the National Centre for Agricultural Economics and Policy Research, New Delhi.

Agriculture has been one of the marginalized sectors during the reform period which showed poor performance and slow growth. Records suggest that growth has been higher in the past two decades and India is one of the fastest growing economies of the world but inclusive growth in terms of agriculture is still a requisite. In a country like India where agriculture is a dominant sector, not paying heed to its contribution will adversely affect all of its population.

Agriculture contributes to the growth of the entire economy by providing food security and maintenance to a nation ridden by poverty and by employing a large amount of labour. This paper is divided into 3 segments- the performance and problems existent in the agricultural sector, the policy challenges for its revival and concluding remarks.

India has undergone a decline in the share of agricultural workers in total workers. This decline has been slower than the share of agriculture in GDP. In terms of growth, the post-independence era reflects significant improvement. Data suggests that the growth in GDP in agriculture was around 2.2 to 2.5 percent during 1950 to 1980. Later it increased to more than 3 percent per annum. But then after the post reform period the sharp decline to 1.8 percent per annum brought about a deterioration in the growth rate of the sector. Yield of crops like rice, wheat and coarse cereals was compromised. The stagnant output of food crops added to the concern regarding food security. This also depressed the farm business incomes, adding to their misery. The reduction in subsidies could be counterbalanced by higher output prices but the level at which the farm incomes dropped was couldn't be compensated by the increase in output prices. Private investment improved due to increase in terms of trade, which are one of the important factors contributing to agricultural growth.

Regional disparities in output across states contributed to the poor performance of the sector. Certain regions like Haryana, Tamil Nadu, parts of Andhra Pradesh benefitted more during the first phase of the green revolution than others. NSS data on status of farmers poses the question that is their income sufficient enough compared to the labour they put into the work? And is the

income sufficient enough for them to enjoy health and education necessities? Farmers are keener towards farm income per cultivator rather than price-cost ratio or FFI per hectare. The author then draws attention towards the increasing rates of farmer suicides. This is reflective of the darker sides of Indian agriculture. The number of suicides has upped in the previous decades. Indebtedness, sharp decline in absolute productivity, price uncertainty due to trade liberalisation, increase in costs due to domestic liberalisation, household indebtedness are the major factors responsible for farmers' suicides. Long-term factors include decline in farm size, groundwater depletion, poor soil quality, which have contributed to the agrarian crisis. The government is expected to take measures concerning both the short run and long run. The design of schemes doesn't match the requirements of these workers, they are also rigid and don't benefit circumstantial issues, and the problem of lack of infrastructure remains unabated. Farming has become a non-viable activity. Environmental concerns continue to plague the lives of these workers. These include — land degradation, infertile soil, soil erosion, overgrazing, waterlogging, decline in surface irrigation expansion rate and reduction in groundwater table, degradation in natural resources and failure in conservation and improvement of rain-fed land. Difference in total productivity across regions and crops have persisted. Long term factors like sharp decline in per capita land availability and shrinking of farm size are responsible for the agrarian crisis. Little or no attention towards women farmers, knowledge gap with rapidly changing technology and methods of educating, low market infrastructure and excessive regulation accentuates slowdown in the agricultural output generation.

The paper then sketches the policies required to revive the sector concerned. The major underlying focus of the price policy adopted by the Indian Government is to strike a balance between consumer and producer prices. Minimum support prices (MSPs) are announced by the government at the beginning of the sowing season under the directive of the CACP — the commission of agricultural costs and prices. There is a need to increase the incomes of farmers to protect food security and the future of farming, in the context of globalization, it's important to oversee exports, imports and global supply and trade liberalization should lessen. Undertaking macro policies like pro-poor approach like increasing tax, building infrastructure, improving capital expenditures, shortening the gap between lending and deposit rates, less volatile prices, pro poor trade liberalisation would stand useful for. The government needs to shift its attention towards the industry and take best

possible actions for agriculture to flourish not only in India but the entire world at large. The complexity of land relations poses difficulties in the agrarian crisis. The author cites the example of a scheme of the Deccan Development Society (DDS) where it provides subsidized loans to landless women farmers. They then identify the land and divide it among themselves, each woman being an owner of an acre. This provides security to female farmers. Input subsidies in agriculture lead to degradation of land and water and other environmental concerns like waste of canal water, ecological degradation, waterlogging, salinity and so on. The fertilizer industry also suffers inefficiency due to heavy subsidy on nitrogenous fertilizers. Besides subsidies, there has been a sharp decline in the public and private investment which makes it difficult or even impossible to improve infrastructure and further agrarian growth. Rural development and infrastructure ensure timely and sufficient delivery of inputs to the farmers and serves as a connection between local markets and national and international markets. The leading and one of the most dominant inputs in agriculture is water, and irrigation management is a necessity to reform this sector. Conservation of surface and groundwater is best achieved when water and power are priced according to the amounts of their consumption. When considering credit expansion, both supply and demand sides are to be taken into account. Diversification of crops brought about by a hike in income, production of highly income elastic agricultural products like dairy, livestock would grow at a faster pace but the government has to be more sensitive to the distributional and quantitative aspects of farm credit. Small and marginal farmers still have trouble accessing the credit. Insurance based on rainfall is to be considered more instead of yields. The ICICI Lombard General Insurance company began one such programme which will pay farmers when there are rain shortfalls in an area and pay others where there is excess of it. Price risks are taken care of with future markets. Crop insurance is not a long-term solution for diversification; hence, future markets are to be advocated. Many countries have been enjoying this benefit and India should not be denied. Research is to be met with a change in perspective. The Indian Council of Agricultural Research (ICAR) has received some criticisms for its biased approach towards rice and wheat, inadequate attention towards rainfed areas, little or no priority to emerging challenges. The focus should be essentially on irrigated areas towards research on crops in dryland areas. Due to the massive population of the Indian subcontinent, there is a growing demand for food. Infrastructural support and price policy should be aimed at diversification of crop yields.

For small and marginal farmers, marketing of their products is a problem. There are very narrow chances to advertise those and letting consumers know about them. The contract farming arrangements need to be strengthened in order to aid small farmers. To compete in the global market, post-harvest costs should be reduced and efficiency must be restored in the domestic markets. Districts should concentrate their efforts on planning targets to be achieved in a year — the yield of crops, the most appropriate time of harvest and correct methods of farming, employing the right labour. In India, agriculture is a key sector for alleviating poverty in both rural and urban areas.

This paper provides a detailed picturization of Indian agriculture which happens to be a vital area because it is a major source of employment in this country. Dealing with such a vast subject comes with various difficulties like addressing each area, designating various comparisons in context of the same and acknowledging all the related issues. But this paper successfully stands out on each of these grounds and the usage of numerous data tables from various sources provides a sense of clarity that keeps the reader engaged. This seemingly long read has been segmented into concrete subject matters that eases out the understanding of each of them. The data availability is restricted till 2008, so this research gap can be taken up in order to work on the same topic in the subsequent years. Although the enumeration of the problems is a strong suit, further suggestion of solutions of the same could have added more strength. In conclusion, the presentation of a vast subject like agriculture in such a simple form opens up doors for new researchers and allows readers to get a perspective on one of the most important sectors in India.

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Name of the Subject-Economics(ECOA)

Paper:CC12 (Indian Economics).

Paper Reviewed:

Rama Baru, 2010 “Inequalities in Access to Health Service in India: caste, class and region”, Economic and Political Weekly, September.

National family health service survey shows sharp regional and socio economic splits or differences regarding health sector with the lowest rung of the strata according to cost and income, face much of the burden as well as the less developed states. This is true since high infant mortality and U5MR (mortality among children younger than five year) is inversely proportional to income and this gap is further supplemented by gender and caste divides. Kerala has shown that education educating mothers helps in bringing down the U5MR even in India. Though the All India average U5MR has come down to 74 (per 1000) from 101 from 1998 to 2006, the inequalities have increased especially inter caste ones, it has worsened the most for the STs. The decade of the 90s has been a decline in the improvement of IMR.

The present review attempts to take a look into the analysis drawn by Rama Baru, Arnab Acharya, Sanghamitra Acharya, A.K. Shiva Kumar, K. Nagraj in the paper ‘Inequalities in access to health service in India: caste, class, region’ published in Economic & Political Weekly, September 18, 2010. Baru and others described the aim of the paper as the ‘inequalities in health and access to health services which continue to persist and have even widened across states, between rural and urban areas, and within communities’. The socio-economic inequality manifest in caste, class and gender differential. This paper seeks to examine the status of health service delivery in India and the constraints it faces for achieving equity by addressing the following objectives:

- ¶ **To examine the inequities in availability, accessibility and affordability across geographic, social and economic groups.**
- ¶ **To examine key health service barriers that are responsible for inequities in access.**
- **To examine recent initiatives for reducing inequities in availability, accessibility and affordability of health services.**

National Facility Survey Report conducted in 2003 as part of the reproductive and child health survey on primary health centres (PHCs). To assess utilisation of health services and the associated expenditure, three rounds of National Sample Survey. This paper focuses on public and private sectors, but failed to focus attention on the synergies between the role of the centre and the states financing, provisioning and administration of health services. There are several public insurance schemes for employees in the organised sectors such as the employees’ state insurance scheme, central government health scheme, railways and posts and telegraph services. The private sector, constituting both “for profit” and “non-profit” institutions, has a sizeable presence in delivery of health services.

In this paper author has highlighted the problem of inequalities in access to health services. The utilisation of preventive services such as childhood immunisation and ANC are effective indicators for assessing the availability, accessibility and quality at the primary level of health services provisioning. The all-India average for full immunisation coverage for the year 2005-06 was 44%. The rural-urban differential was substantial, with a coverage rate of 39% among

the rural and 58% in the urban populations. While the all India immunisation coverage is low (44%), there is considerable variation across socio-economic groups. All India rate for receiving full ANC stood at 51% of women in 2005-06, with a rural-urban differential of 43% and 74%, respectively. An imperceptible increase in ANC coverage was reported: from 43.9% in 1992-93 to 44.2% in 1998-99; an increase to 50.7% was seen in 2005-06. For Kerala, the overall figure was 94% with a rural-urban coverage of 92% and 97%, respectively. Similar to the case of full immunisation coverage, a slight decline in ANC coverage has also been reported in Kerala: from 99% in 1998-99 to 94% in 2005-06. In UP, the overall figure for 2005-06 was at a low of 26%, with the rural-urban differential of 23% and 41%, respectively. Data across all states show an upward trend in ANC coverage, with some notable decline among the top performers, such as Kerala.

This paper provides us with lots of data and state wise comparison of health services with deep detail and information. The evidence for recent years shows a high (80%) dependence on the private sector for outpatient care, which is largely due to the weakness in the delivery of public health services. For inpatient care, from a 60% utilisation of public services in the 1980s, the rural and urban utilisation rate has fallen to 42% and 38%, respectively. Interstate variations occur in the utilisation of public services for outpatient treatment. Kerala and Tamil Nadu, which have better developed and administered services at the primary level, show a slightly higher level of utilisation of the public sector than the all-India average, whereas poorer states like Madhya Pradesh, Bihar and UP show lower levels of utilisation than the all-India public level.

The paper has discussed about many factors which influences factors affecting equity in access to health services. **The first factor is Insufficient investment in public sector**: the low public investment in health services over the last six decades has been a significant cause for the poor functioning and utilisation of public services. The per capita aid over a three-year average, from 2004 to 2006, was approximately \$0.80, the corresponding government spending was at \$6.50 and total per capita health expenditure was around \$35.00. **The second factor is Unregulated Commercialisation and Rising Costs**: Unregulated commercialisation of provisioning, medical technology, medical and paramedical education has adverse impact on quality and cost of healthcare. The recent enactment of the Clinical Establishment (Registration and Regulation) Bill 2007, seeks to regulate private and non-government health institutions by laying down minimum standards for services at the secondary and tertiary levels. It is evident that regulation of the provisioning, pharmaceuticals and technology are still in a rudimentary state of development. **Third is Health Sector Reforms: Commercialisation was furthered during the period of liberalisation and structural adjustment through the health sector reform initiatives during the 1990s.** Many of these initiatives were introduced through the health sector reform initiative as a part of the Structural Adjustment Programme of the World Bank during the 1990s. **Fourth is Variable Quality of Care in Public and Private Sectors**: The quality of health services is dependent on a number of factors related to technical competence, accessibility to services, interpersonal relations and presence of adequate drugs, supplies, staff and facility amenities. This is followed by "lack of availability of services" in rural, and "long waiting" in urban areas. Studies on informal practitioners in rural and urban areas show that they often lack qualifications and adopt irrational practices in prescribing medicines for the treatment of common illnesses. **The Fifth Factor is Lack of Accountability in Public and Private Sectors**: The regulatory and institutional mechanisms for promoting accountability to consumers of health services are extremely weak in both the public and private sectors. Some

key areas in the public sector that lack accountability are absenteeism of providers, indifferent behaviour of service providers and corruption. The private sector is prone to the overuse and misuse of technology and unethical practices and there is very little accountability. **The sixth point is Barriers for marginalised population** ; The systemic weaknesses in the Indian health services have perpetuated socio-economic and regional inequities.. The national level NSSO data also shows that untreated morbidities are higher for the following groups: Rural versus urban; females versus males; SCs and STs versus forward castes; and lower consumption classes versus the higher ones. Indian health services have perpetuated socio-economic and regional inequities. The national level NSSO data also shows that untreated morbidities are higher for the following groups: Rural versus urban; females versus males; SCs and STs versus forward castes; and lower consumption classes versus the higher ones.

India, over the last two decades ,has enjoyed accelerated growth, but has fared poorly in human development indicators and health outcomes. Population averages of health status indicators, such as child health and maternal mortality, remains unacceptably high compared with countries in the south and east Asian region that have similar income levels and rates of economic growth. Worrisome inequalities coincide with the multiple taxes of caste, class, gender and regional differences. **The National Family Health Survey (NFHS 2005-2006)** reveals sharp regional and Socio-Economic divides in health outcomes, with the following categories bearing burden of mortality disproportionately the SC-(16% of population), the ST (8% of the population),the poor and the less developed states. High rates of infant mortality and U5MR are ,in general, inversely associated with income,gender,caste. The risks of U5MR are higher in girls than in boys; among SCs,STs OBCs compared to others; rural areas of Uttar Pradesh (UP), one of the poorest states in India, the urban Kerala, in the poorest quintile earners by three times than richest income quintile earners.

In conclusion despite India's impressive economic performance after the introduction of economic reforms in the 1990s , progress in advancing the health status of Indians has been slow and uneven. U5MR for the richest income quintile earners is three times lower than that for the poorest .Historical inequalities have their roots in the policies and practices of British colonial India, many of which continued to pursued well after independence. To ensure health for all in the immediate future will be effective with which India addresses inequalities in provisioning of health services and assurance of quality care . Baru remarkably outdone herself by writing the paper "Inequalities in Access toHealth Service in India: Caste, class , and Region", Baru has explained each and every topic in a comprehensive way , with simple words and has pointed each and everything like , Causes,Factors,Determinants,data issues and Remedies are very well written by Baru, so one can easily understand this paper , This paper does leave a mark and while addressing a topic frequently talked about ,this is indeed one of it's kind .

Form No: 0130135

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Dated: 03.10.2019

Serial No: Scroll 172 of 315

Subash Chandra
Registrar (Acting)

**Name of the Examination: B.Sc. (Honours) Semester V Examination December
2021(under CBCS)**

CC12 -TUTORIAL EXAMINATION-PAPER REVIEW

Registration No: 013-1212-0172-19

Roll no: 193013-11-0021

College Roll No: 19/BSCH/0006

Subject: ECOA

Paper: CC12 (PAPER REVIEW)

Date: 31.12.2021

Total No. Of Pages: 3

PAPER REVIEW: Panchanan Das. (2012), Wage Inequality in India - Decomposition by Sector, Gender and Activity Status, Economic and Political Weekly, 47(50), pp. 58-64

This paper contributes to the literature on inequality by taking into account different dimensions of wage inequality as observed in the Indian labour market during one and a half decades of the post-economic reforms period in a comprehensive way and employment in India with the 61st round (2004-05) household survey on employment and unemployment conducted by the National Sample Survey Office. We know that wage inequality or income inequality is the main problem in India. Gender inequality in India is also considerably on the higher end of the spectrum. In the developing world, a large part of people is either unemployed or they're engaged in a contractual work where, they get extremely low wages. Increasing trade openness in India is associated with increasing labour productivity and also wages inequality among skilled and unskilled workers in the organised manufacturing sector. A few studies captured some aspects of wage inequality in India. Using employment and unemployment surveys 1993-94 and 1999-2000, Glinskaya and Lokshin (2005) investigated wage differentials between the public and private sectors in India, and found, by applying their own methodologies that the public sector premium ranges between 62% and 102% over the private formal sector. But there're some methodological issues in measuring wage inequality and the wage regression model. The Gini index (Gini 1912), associated with Lorenz (1905), and is used in this study as a summary measure of wage inequality both within and between groups of workers by sectors in rural and urban India. In analysing the structure of wage inequality it considers three major sectors, the public, private formal and informal sectors. Wage inequality in the private formal sector is higher than the inequality even in the informal sector. Wage differentials in India are higher in rural as compared to urban areas, and are higher among women than among men workers. The survey is based on stratified two-stage sampling. The 2001 Census villages in the rural sector and urban frame survey blocks in the urban sector are the first stage sample units. The final stage ultimate sample units are households selected by simple random sampling without replacement in both the sectors. It also covers all geographical areas in India excepting for few regions. We define total wages as the sum of weekly cash and in-kind wages from the principal activity. Workers reported in the NSS schedule are of eight categories by enterprise type. Later NECUS reclassified them again in public sectors, private sectors informal and formal sectors. This study concentrates on the usual principle activity status of a person, who spent a relatively longer time during 365 days preceding the date of survey. Person who operate their own farm or non-farm enterprises or other's farm, from where they're getting regular salary or wages or getting salary according to the terms of the daily or period work contract. The self-employed workers operating their enterprises on their own account without hiring any labour are defined as own-account workers and those run by hiring labour are employers. We have estimated mean weekly wages, employment structure and wage inequality measured by Gini index of wage distribution by sectors, location, and activity status and gender division of workers. It is decomposed into within, between and overlapping groups to locate the major sources of overall inequality. Wage inequality in the private formal sector is significantly higher as compared with the public sector and, indeed, is higher than the degree of inequality as prevailed in the informal sector in Table 1. The overall wage inequality among workers persists in India mainly because of significant wage differences between sectors. The rural economy in India absorbs more than 70% of total workers, but the average wage for rural workers is roughly one-third of the average urban wage in Table 2. Urban workers earn significantly higher wages in the public sector as well as in the informal sector in Table 2a. In private formal sectors, rural wage is higher than urban sectors and also, wage inequality is higher in rural economy in both private and public sectors and less in informal sectors compared with urban sectors. A considerable wage differentiation persists between men and women workers in the Indian labour market. The average wage for men workers, consisting of three-fourths of the total workers, is more than two and a half times the wage for women counterparts that have shown in table 3. Wage differential among men workers is relatively

more in the private sector. Gender division of the workforce, the within group inequality contributes significantly more to overall inequality. Self-employed workers do not earn wage income; we have ignored them in analysing wage distribution. Workers with regular employment have a better chance of securing employment security, work security and social security than the casual workers. We've estimated the wage regression model. In estimating wage regression for the Indian labour market and decomposing wage inequality based on the estimated wage equation, we have drawn on human capital theory which calls for inclusion of skill variables such as education, training and experience into the model. By following Mincer (1974), the wage equation is specified as $y_i = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \beta_4 x_{23i} + \epsilon_i$. It's clear from the analysis that this study is essentially an empirical exercise in exploring inequality in the Indian labour market. It comprehensively examines the structure of wage inequality and employment for different types of male and female workers engaged in formal and informal sectors both in the rural and urban economy in India with the NSS 61st round (2004-05) household level information on employment and unemployment in India.

The view expressed through this paper is as prominent as it can be. The main objective of this paper is justified very well, so those, readers can understand the whole topic. This paper has been written in simple language so it's easy to read. Even the details of every reference has been included, making the data used in the paper most reliable and convincing. Not only that, the true investigation to find the proper answer of the prime question has elevated this paper to a new level by fulfilling its objectives. After analysing the whole paper, it can be said that, the paper is acceptable and there're no major flaws that can be noticed. The paper will help readers to grow more knowledge and interest on this topic. The main objective of this paper has been fulfilled and also, the facts and information are accurate. All the tables are very important and many relevant topics are included to enable readers to better understand the manuscript. The author elaborated the approaches to overcome all the shortcomings to achieve the growth that has enlightened us. In conclusion, this paper has enriched us by its relevance and importance in present day's world.

Although almost no shortcomings can be pulled out from the paper, but, if there would have been any graph for each explanation, then the paper may become completely flawless, otherwise it has expanded our knowledge and brings exposure to the world.



Form No : 0130157



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Dated : 03.10.2019

Serial No : Scroll 180 of 315

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Registrar (Acting)

Name of the examination: BSC SEMESTER 5 HONOURS
EXAMINATION (UNDER CBCS)

Tutorial Paper Review.

College Roll No.: 19/BSCH/0193

CU Registration No.: 013-1211-0180-19

CU Roll no.: 193013-11-0008

Name of the subject: Economics (ECOA).

Paper: CC12 (Indian Economics).

PAPER REVIEW

This present review attempts to take a look into the abstract set forth by Rahul Anand, Kalpana Kochhar and Saurav Mishra In the paper make in India which exports can write the next wave of growth. This paper breaks ground in analysing India's exports By the technological content, quality, specialization, sophistication and complexity of the export basket. This has shown the spotlight over the evolution of India's exports along various dimensions Why analysing its implications for future export performance, structural transformation and growth.

The evolution of Indian exports is characterised by a large and growing share of services exports, dominated by modern services, increasing share of manufacturing exports to still dominated by relatively low technology contain, and a will diversified export basket, both in terms of destination and product. Increasing the share of manufacturing, particularly medium and high tech expanding trade to new destinations and further diversifying manufacturing and service exports remains some of many key policy priorities. The integrated thoughts on highly sophisticated and complex service have been elaborately discussed in this paper along with the improvement of the quality sophistication and complexity of goods exports and further enhancement of the complexity of service exports. Consequently the limelight on analysing implications for future exports performance and growth using product space and network approach is drawing bring a new era of studying the potential of Indian exports. Another measure of relative export performance by a country for a specific export product is Revealed Comparative Advancement (RCA) diversifies new products of higher productivity based on factor accumulation. In a nutshell

, having classified Indian exports into various categories, using these two analysis, the income enhancing potential of Indian exports has been examined thoroughly in this context. It has been suggested from the inspection that India is well positioned to benefit from these structural changes in the export basket. In authors' opinion, diversifying into products and services of higher quality, high income potential and central in the world network will be essential to amass new sources of comparative advantage, including geographically and product-wise diversified exports than those of comparator countries in particular. Authors have portrayed the approach for the achievement of the growth through various measures ,some of which are also have taken into action under , "Make in India" program. It has been stated that for the fulfilment of the said

goals , reducing trade barriers, fostering integration , liberalization of trade, transformation into central hub in Global Value Chains (GVC) and certain trade reforms will be necessary to expand trade and to realize trade with new regions. A recent study by the World Bank shows that India's Overall Trade restrictiveness Index, which is the restrictiveness of tariffs which is higher for any given tariff if demand is elastic. Fostering regional trade integration will reduce trading costs, help in integrating with the rest of the world, and improve competitiveness. Expansion of trade and trade integration can accelerate the process of productivity convergence. For India, firm level evidence suggests that trade Liberalization has encouraged greater competition and generated efficiency gains, and is also associated with increases in the growth rate of productivity. This rigorous evaluation suggests that Policies can foster cooperation between firms in clusters, and between firms and universities to enable and prepare communities across India to export. Liberalizing FDI is another prime aspect, which will ensure to boost exports enhance productivity and export competitiveness by lowering production costs and boost exports performance. Suggestion and implementation of improvements regarding investments for export-related infrastructure and boosting industrial production has taken vital role in this context. Unique new inventions could be a source of growth engine in India too, and would require an enabling environment for openness and creative inventions in India. This could help move faster towards convergence.

The view expressed through this paper is as prominent as it can be. It is clear from the analysis that this study is essentially an empirical exercise in exploring how growth of GDP and world's total export is being affected by the expansion of export in India. The data used in this study come from IMF export quality database , where relevant graphs and tables have been included for easy understanding of the paper. Even the Appendix for all the necessary words and details of every reference has been included ,making the data used in the paper most reliable and convincing. Not only that , the true investigation to find the proper answer of the prime question has elevated this paper to a new level by fulfilling its objectives. The authors , elaborating the approaches to overcome all the shortcomings to achieve the growth has enlightened us. All the pros and cons regarding the structural transformation through exports have been thoroughly examined throughout the study which explicitly makes this paper much better than most of the other , working on the same field. The literature is easy to understand i.e. not in a round about way that makes a demonstration as well as presentation in a lucid manner. In conclusion , this paper has enriched us by its relevance and importance in present day's world.

Although almost no shortcomings can be pulled out from the paper , but , if there would have been short explanations for each tables and graph , then the paper may become completely flawless, otherwise it has expanded our knowledge and bring exposure to the world.

aspect, which will ensure to boost exports enhance productivity and export competitiveness by lowering production costs and boost exports performance. Suggestion and implementation of improvements regarding investments for export-related infrastructure and boosting industrial production has taken vital role in this context. Unique new inventions could be a source of growth engine in India too, and would require an enabling environment for openness and creative inventions in India. This could help move faster towards convergence.

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Although almost no shortcomings can be pulled out from the paper , but , if there would have been short explanations for each tables and graph , then the paper may become completely flawless, otherwise it has expanded our knowledge and bring exposure to the world .

Form No : 0130123

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Serial No : Scroll 170 of 315

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Paper: CC12

Subject: ECOA

Semester : V

**Paper Review: Jean Dreze and
Angus Deaton, 2009, Food and
Nutrition in India: Facts and
Interpretations, Economic and
Political Weekly, February**

Paper Review

The present review attempts to take a look into the analysis drawn by Jean Dreze and Angus Deaton in the paper "Food and Nutrition in India: Facts and Interpretations" published in Economic and political weekly, February, 2009. They describes the aim of the paper is to present the most important facts, to point to a number of unresolved puzzles, and to present an outline of a coherent story that is consistent with the facts. One of the main points is that just as there is no tight link between incomes and calorie consumption, there is no tight link between the number of calories consumed and nutritional or health status.

The estimation of calorie intake based on NSS data involves converting the reported quantities consumed of specific food items into calorie figures, using pre-specified conversion factors and adding up over all the food items. The per capita consumption of calories and of protein is falling in rural India, and shows no trend in urban India. If, they were to compute a measure of equivalent adults, in which children counted as less than one, They would find that the number of equivalents has been growing faster than the number of people, so that the decline in calorie per equivalent would be even larger than the decline in calorie per person. There is no evidence in the NSS data of widespread impoverishment in India, although the decline in poverty is a good deal less than might be expected given the rapid growth of per capita GDP. When an increase in per capita expenditure is accompanied by a decrease in per calorie consumption, there will be a divergence between poverty measures that are based on real expenditures and those that are based on a calorie cut-off. That calorie consumption should fall over time alongside an increase in total expenditure is in sharp contrast to what happens when they look across households at a moment of time, where there is a strong positive correlation between the two. In rural India, the total calorie curves shift down in a roughly parallel way, so that the percentage decline in total calories is more or less the same for the rich as for the poor. It is puzzling that a country as poor and malnourished as India should react to growing prosperity without increasing real food consumption and by actually cutting back on its calorie consumption, so it is important to check that the facts are indeed correct.

In the preceding section they have scrutinised the recent decline in per capita calorie consumption – one of the many variables that influence nutritional status. For children, anthropometric indicators are typically based on age, height and weight. Three standard indicators are "height-for-age", "weight-for-height", and "weight-for-age". In many cases, being short or lean is not a serious impairment. However, there is evidence that pronounced stunting or wasting in childhood is associated with serious deprivations, such as ill health, diminished learning abilities, or even higher mortality. Data on the height of Indian adults also shed further light on nutrition and nutritional trends in the past. The heights or weights of children, or the "Body Mass Index" (BMI) of adults, the dominant pattern was one of sustained improvement. Recent nutrition trends can be further scrutinised from available data on adult weights and heights. A useful starting point is the BMI, defined as the ratio of weight (in kilos) to the square of height (in metres). There is no evidence in China of the differential disfavouring of women that we see in India. In this respect, other neighbouring countries also appear to be doing better than India, although not as well as China.

The Interpretations looks at the possible reasons for the reduction in calories and how this fits into the general picture of economic growth and malnutrition in India. Returning to the puzzle of falling calorie intake, the first possibility to consider is that the decline was driven by an increase in food or calorie prices relative to the prices of other things. All four indexes, CPIAL food, CPIAL general, CPIIW food, and CPIIW general have been scaled to be 100 in 1993-94, and are shown as ratios of food to general within sectors. Although food prices may not have risen in general, it is conceivable that some component of food prices has risen, and in particular that the decline in coarse cereals was driven by an increase in their relative price, and that this, by itself, might go at least some way to explain the decline in cereal and in total calorie consumption. Further, the impoverishment argument jars with the fact that the decline of nutrient intakes has been proportionately larger – much larger – in the higher per capita expenditure groups. But with a few minor exceptions to do with weighting, the inflation rate in the CPIAL is supported by the unit values observed in the NSS surveys. Households around the poverty line could still achieve the recommended calorie intakes *within their current food budget* by spending their actual food budgets, not as they do, but on the foods that yield the same number of calories per rupee as are actually purchased by people below the poverty line on average.

It is difficult to deal with this problem in a convincing way. The standard treatment is to look for some variable that is correlated with total expenditure, but which is measured in a way that is not contaminated by the measurement errors that are common to calories and to expenditures. These experiments yield suggestive but ultimately inconclusive results. The simple count of the number of durable goods owned is (a) strongly positively correlated with per capita total household expenditure, and (b) negatively correlated with per capita consumption of cereal calories, which is consistent with the view that per capita cereal calories are negatively correlated with income. There are various possible reasons for this decline: growing emulation of the consumption patterns of affluent groups, exposure to new food items, influence of advertisement, and changes in food habits induced by the Public Distribution System. The importance of accounting for activity levels in any calorie-based assessment of nutritional status arises from the fact that calorie requirements increase quite sharply with the level of activity. It is also reasonable to expect that the percentage activity reductions would be larger among the better-off households, especially if a substantial part of the calorie reduction reflects a substitution of mechanical for human power. This would help to explain why the reduction in calorie intake is itself larger at higher levels of per capita expenditure. This interpretation of the calorie decline, in terms of reduced requirements associated with lower activity levels, is difficult to substantiate further in the absence of reliable data on activity patterns.

Because of the uncertainty as to what is going on, it is also difficult to assess the welfare implications of the decline in calorie intake. One important lesson from the preceding discussion is that average calorie intake per se is a poor indicator of the nutritional status of the population. Calorie requirements seem to be highly context-specific, depending on activity levels, the epidemiological environment, the composition of the population, and other factors. Thus, simple comparisons of nutrition levels based on average calorie intake can be very misleading. In fact, the mean z-scores are negative throughout the wealth scale.

In this paper, we have examined recent evidence on nutrition in India, and discussed possible interpretations of the facts. The proportionate decline was larger among better-off sections of the population, and close to zero for the bottom quartile of the per capita expenditure scale. In urban areas, there was little change in average calorie consumption over this period. The decline of per capita consumption is not limited to calories. Thus, the main point is that per capita calorie consumption is lower today at a *given* level of per capita household expenditure, and this applies across the expenditure scale, at low levels of per

capita expenditure as well as high. In other words, the decline in calorie consumption in rural areas is associated with a steady downward drift of calorie Engel curves, the plots of per capita calorie consumption against per capita expenditure. One possible explanation for this drift is that calorie requirements have declined, due to better health as well as to lower activity levels. There are fragments of evidence to support this hypothesis. They have argued that average calorie intake has serious limitations as a nutrition indicator. Because there is considerable uncertainty about the causes of the calorie decline, it is difficult to assess its welfare implications. It is almost certainly the case that faster income growth among the poor would have moderated or even reversed the calorie decline. But some of the calorie decline may come from a better health environment or a reduction in the burden of hard labour, each of which is a positive development in its own right. The limitations of intake-focused nutritional assessments reinforce the case for supplementing intake data with outcome-focused indicators, such as anthropometric measurements. However, anthropometric data have some limitations too. Some of the available anthropometric evidence, particularly from the NFHS, raises troubling questions about the speed of nutritional improvement in India. Among other messages emerging from this enquiry is the urgent need for better nutrition monitoring arrangements in India. This examination of recent evidence on nutrition in India is far from conclusive. Indeed, it makes clear that the nutrition situation in India is full of "puzzles".

Form No : 0130340

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Dated : 03.10.2019

Serial No : Scroll 228 of 315

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Name of the Examination: *CC12 Tutorial Paper Review*

College Roll No.: *19/BSCH/0080*

CU Registration No.: *013-1211-0228-19*

CU Roll No.: *193013-11-0016*

Name of the Subject: *Economics (ECO A)*

Paper: *CC12 (Indian Economics)*

Paper Reviewed – Papola, T. S. and Alakh Sharma, “Labour and Employment in Fast Growing India – Issues of Employment and Inclusiveness” in U. Kapila (ed.), *Indian Economy since Independence*, Academic Foundation, 30th Edition

The aim of the paper is to present an overview of labour and employment in India. It is widely agreed that India is progressing but only for a small minority of around 10%, mostly consisting of the rich and higher middle class in urban areas. Are all the segments of workers included in this group? What are the emerging prospects of securing employment for the large mass of the unemployed and new entrants in the labor markets? Is the quality of employment – earnings, regular availability of work, working conditions and elements of social security of those employed, improving? Are the workers’ rights now better guaranteed and institutions struggling for their protection better organized?

Employment has experienced a steady growth hovering around 2% per annum over a period of 30 years, 1960 to 1990. This is no mean achievement if compared internationally against a relatively low rate of growth of Gross Domestic Product (GDP) of around 3.5% per annum. When compared with the labor force growth of about 2.5% per annum, unemployment rate increased from 3.6% to around 5% of the labor force. Unemployment rates are measured by various definitions of 'workers' – usual status, current weekly status and current daily status (CDS) have increased. For example, according to CDS criterion, the unemployment rate which was around 8% between 1977-78 and 1983, declined to around 6% between 1987-88 and 1993-94, but then increased to 7.32% in 1999-2000. Thus, during the 1990s employment growth dipped, and a higher GDP growth rate did not help in accelerating it. Net addition to employment during the seven-year period 1993-2000 is estimated to have been of the order of around 21 million while the labour force grew by about 27 million, thus adding to the backlog of unemployment by six million.

The employment scene is developing for those who have been able to find jobs in the fast-growing information technology sector. It is worth noting that the IT related employment is concentrated in a few large cities such as Noida, Gurgaon, Mumbai, Pune, Bangalore, Hyderabad, Bangalore and Chennai and very few persons of rural and poor background find jobs in this sector due to a lack of requisite skills. Hence, a 'digital divide' continues and is widening. It is reasonable to surmise that most of the new employment is from the unorganized sector. Organized sector employment has experienced a virtual stagnation over the period 1994-2000 showing a growth rate of only 0.56% per annum. During a single year 2001-2002, organized sector employment declined by 4.2 lakh. Unorganized sector employment has shown consistently higher growth than the organized sector. The share of unorganized sector employment which was estimated to be around 93% earlier has gone up and may further increase over the coming years.

It is well-known that quality of employment vastly differs between the organized and unorganized sectors. Workers in the organized sector enjoy better wages and salaries, job security, reasonably decent working conditions and social protection against such risks as sickness, injury, disability and death arising out of hazards and accidents at work, separations and old age. Those in the unorganized sector generally have no protection against these risks, have low earnings, often lower than the modest statutory minimum wages and have no regularity of jobs. An increase in the share of unorganized employment obviously means an overall deterioration in the quality of employment and the shedding off of jobs by the organized sector and workers rendered redundant in the process of finding refuge in the unorganized sector implies an absolute fading of whatever little hope a small segment of the workforce had in

their jobs. Another dimension of deterioration in the quality of employment is seen in the increase in the casualization of the workforce. The category of casual employment characterized by all the vulnerabilities and risks has steadily increased. From 23% in 1972-73, the proportion of casual workers in the total employment increased to 30% in 1987-88 and rose further to 33% in 2000.

The forces unleashed by technology, liberalization and globalization have adversely affected the rights of workers and their bargaining capacity vis-à-vis employers. While the trade unions have weakened, the militancy of employers is on the rise. Unionization was largely confined to the organized sector in which the public sector accounted for two-thirds of employment. Privatization, downsizing, and resort to contingent and flexible categories of workers have all exacerbated this situation. Redesignation of workers has led to agreements between local and plant level unions and employers which have adversely affected the interests and welfare of workers.

The shift in the ideology of the state from welfarism to the neo-liberal values of market that call for labour flexibility is pushing such reforms through legislative, executive and judicial action. The heaviest blow was the recent judgement of the Supreme Court declaring that government employees have no legal and moral right to strike where collective bargaining will lose its meaning. A sense of resignation pervades the working class and its leadership. It is obvious that the ranks of the voiceless workers are swelling. The neo-classical figment of a trade-off between work and leisure amounts to an option between work and starvation. There is, however, a big question mark on the qualitative dimensions of the new jobs in terms of levels of earnings, working conditions and social protection. Even in the organized sector the trend has been towards increasing casualization, contractualization and informalization in the name of labour flexibility

Given these trends, what is in store for labour in India? There are reasons to believe that there would be more jobs created with accelerated economic growth. There would be some better quality jobs for the few with high professional skills and social mobility. However, most jobs are likely to be low-end ones with low earnings, little upward mobility and limited social security. The organized voice of and on behalf of workers is likely to further weaken. This appears to be the likely scenario on the labour front in India. Faster employment growth may result in some tightening in the labour market thus leading to an improvement in economic dimensions of quality of work. But a reversal in the trend of social and political decline of labour that set in over the last couple of decades is unlikely without a conscious, collective and sustained effort by political groups and civil society.

Form No: 0130174

UNIVERSITY OF CALCUTTA



Registration Certificate



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Serial No: Scroll 184 of 315

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NAME OF THE EXAMINATION : – B.Sc. (Honours) Semester V
Examination December 2021(Under CBCS)

REGISTRATION NUMBER : – 013-1211-0184-19

ROLL NUMBER : – 193013-11-0009

COLLEGE ROLL NUMBER : – 19/BSCH/0063

SUBJECT : – ECOA

PAPER : – CC12 – TUTORIAL EXAM – PAPER REVIEW

DATE :– 31.12.2021

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PAPER REVIEW

Dipak Mazumdar , Sandip Sarkar (March 2009), ***THE EMPLOYMENT PROBLEM IN INDIA AND THE PHENEMENON OF THE “MISSING MIDDLE”*** , Indian Journal of Labour Economics

Economic growth in India is inordinately affected by bi-modal distribution in employment and is an abode to persistent dualism in the manufacturing sector. The paper is essentially appportioned in perceiving the sources and repercussions of the above predicaments. The research has extensively considered the trends in industrial structure of employment and the relative labour productivity and earnings across the broad sectors along with its international perspective. The study also considered the grave impact of reforms on the structure of manufacturing. It has thoroughly assessed the reason behind dualism hatching significant problems for manufacturing growth. The research has distinctly noted the causes of emergence and persistence of dualism. The study dissolves with an abridged version of the entire discussion along with an intelligible suggestion that the manufacturing sector of India is the heart of the unemployment problem.

The paper sets out with a critical appraisal of the premier roots of skimpy absorption of labour in the manufacturing sector with the tertiary sector exhausting the entire loss of the employment share by agricultural sector during the post reform decade of 1993-94 to 2004-5. It has simultaneously stated the justification to such increase in tertiary employment to be the public sector's lead in creating employment in government related services as well as the development of the information technology sector (IT). International contrast has also been drawn by assessing the other industrializing countries of Asia such as Korea and Taiwan who had share of employment in manufacturing sector increasing much faster than that of the tertiary sector during their initial growth period in the 1970s. It has examined the NSS rounds and has underscored the differential problem in the mean productivity of labour across the different sectors before and after the post reform date 1993-94.

The paper has led in front the ascendancy of the household sector as well as it's low productivity as the oddity in the Indian structure of the manufacturing sector which chiefly makes use of hired labour as proponent type of employment in both the Directory Manufacturing Establishments (DME) and the organised sector as expounded under the Factory act. The evaluation puts forward the two acute modes in distribution of employment in modern manufacturing- the "500 and more

category” and “5-9 category”. But the proportion of employment in the intermediate middle size groups is exceedingly small and this phenomenon is patently presented here as the “missing middle” which differs strikingly with that in other Asian countries such as Korea, Thailand, Hongkong, Malaysia and Taiwan. The study has limned the colossal gap in labour productivity between large and small size groups in India in the order of 8:1 as against 3:1 in Japan, Korea and Taiwan. This strongly brings out the anomaly of the Indian case relative to the other countries in the mid 1980s.

The paper took the aid of the research by Yosuba(1976) to collate the sore condition of India with that of Japan. It has established that for manufacturing as a whole, the wage differential in Japan was never at the Indian level. The study had manifestly affirmed the rationale behind dualism being called accountable for the laggard growth and performance of the manufacturing sector. First, it is due to the stagnation in the growth of markets for manufactured goods which is the resultant effect of heterogeneity of labour quality and technologies found in the capitalist sector. Second, it is the potent impact on the growth of skilled labour and entrepreneurship. Third, it is the impact on the allocative efficiency and inequality. It propounds the existence of a large gap in the marginal products of labour and capital between the two classes.

The research also recounts the causes of advent and continuance of dualism. It has provided a thumbnail of the labour legislations involving the Factory act and Job security legislation which imposes cost on units increasing beyond the threshold sizes. Infrastructural issues occur as one of the major causes of limited vertical mobility of small enterprises due to inadequate supply of electric power. Educational policies, since it have been biased towards the promotion of tertiary sector and have neglected the basic primary and lower secondary education. It has concurrently stated the importance of the protection of small scale units in the industrial policy since independence. The policies have always provided an incentive for entrepreneurs to expand horizontally with more small units rather vertically with larger middle sized units. However the policy of reservation for the small scale units ended with the post 1991 reform process.

The paper palpably puts forth the phenomenon of “missing middle” and the offbeat gap between the small and large units as an significant cause of unemployment in India. But as I see it I feel the authors could have also spotlighted few methods in which the severe plight of dualism in Indian economy could be minimised. If at all there is a bounded solution will it be accompanied by additional monitoring to control the inbetween resultant corollaries if so then will it end to be a success in narrowing the unemployment rate. These are the few questions I felt could be accounted along with other findings.

The paper is written in a straightforward and understandable pattern. The abstract has been laid out in an comprehensible form. The chosen topic of discussion being related to unemployment did engross me a lot into it as it being one of the presently dealt issues of the Indian economy . The analysis has been faultlessly structured with graphical presentations and imperative citations. The paper has also introduced valid arguments across the study which assisted me to develop auxiliary knowledge regarding the subject.

Name of the examination: CC12 Tutorial

Paper Review.

College Roll No.:19/ BSCH/0151

CU Registration No.: 013-1211-0212-19

CU Roll no.:193013-11-0013

Name of the subject: Economics (ECO A).

Paper: CC12 (Indian Economics).

The paper "Economic growth without employment. The story of Indian manufacturing " by Jayan Jose Thomas reflects the striking features of economic growth during the 18th century. The author highlights the key features about India's development post colonial domination. Even though India's GDP when measured at purchasing power parity (PPP) is the third largest in the world as well as India's economy is the fastest growing economy it fail to convert its relatively good performance in economic growth into even modest improvements in conditions of living for millions of its poor citizens as a result India ranked only 135 out of 187 countries in Human Development Report of 2014. The author found the root cause in the nature of India's economic growth which had been driven mostly by service sectors. The author throws a light that the employment rate of increase in India's working age population in industry and services could potentially have grown at the rate of 15 million a year between 2004-05 and 2011-12 but the actual growth was only about 7 million.

The author brings out points which has led to slow economic growth and development. The main root cause lies as India came under colonial domination. With the arrival of Europeans there was a sheer decline of handicrafts industry, Indians were unable to compete with British manufactured machinery products. There was a decline in the share of the workforce engaged in industry during the nineteenth century as a result of this massive process of de-industrialisation. The growth of agriculture and especially food grain production was extremely sluggish during the first half of the twentieth century. One of the driving factors behind the national struggle for the Indian independence was the set back faced by the country's economy during the colonial period. It was these economic circumstances that led India to inaugurate state directed efforts to promote modern industrialisation immediately after independence. More emphasis were given of building heavy capital intensive industries that were capable of substituting imports with domestically produced machinery.

India's industrial policies during the early years of planning (1950-60) accorded primary importance to the public sectors in many areas especially in infrastructure building. Trade and tariff barriers were introduced to protect domestic industries from foreign competition. Investments by the private sectors were subject to a wide range of regulations such as controls on the creation of production capacities, on prices and on the import of machinery. At the same time, private entrepreneurs received financial assistance through public sector financial institutions. But even as India's policy makers envisaged a revolutionary changes in the sphere of industry, the country's agrarian base and social settings remained largely untouched by the planning process. The unfinished agrarian transformation was in many respects responsible for the slow growth of Indian agriculture during the post independence period. India's industrial stagnation from the mid-1960s mainly to the slow expansion of domestic demand arguing that the slow growth of demand was a consequence of the unequal distribution of incomes and the sluggish growth of agricultural incomes in the country. Slow agriculture growth depresses the incomes of the majority, it leads to a rise in inflation which affects urban workers and landless agricultural workers in particular. In short the licensing regime in particular was ill designed and concerned itself with excessive detail, showing down industrial growth (1970).

India seen a significant growth during the 1980s. There was an improvement in public sector investment from the mid 1970s on. There had been a general productivity reflected on pro business attitude in government. Capital intensive industries such as chemicals, petroleum and plastics underwent significant growth. Overall manufacturing industry employment in India increased by a substantial 7.6 million during the 1980s.

India has seen a remarkable growth during 1991-92. External reforms were accelerated during the 2000s. There was a steep rise in the output and employment growth during the early years of economic reform. India tried to decrease its public expenditure and fiscal deficit. Capital and skill intensive industries recorded extremely fast rates of growth. Banks were encouraged to lend more, employment in India's formal sector manufacturing had increased substantially.

The paper reflects how India transformed economically from colonial domination to post colonial domination. It highlights striking features what were the setbacks that we were behind the greatest

economic countries of the world. We come to know what were the mistakes in the reformation structure which can be mended and implemented in the upcoming future. The paper carves out the development and helps us in the understanding how our economy worked in the 18th century. The paper gives us insights about the employment rate in various sectors. As a student of economics it is very important for us to know what history beholds in the reform structure. The paper tells us about how the industries function during that era. The author makes sure that the readers can gather preferable knowledge about the economic structure post colonial domination.

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Serial No : Scroll 198 of 315



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EXAMINATION (UNDER CBCS)

Tutorial Paper Review.

College Roll No.: 19/BSCH/0193

CU Registration No.: 013-1211-0198-19

CU Roll no.: 193013-11-0011

Name of the subject: Economics (ECO A).

Paper: CC12 (Indian Economics).

Paper Review

An overview of the Paper:

The article attempts to take a look into the analysis drawn by Rakesh Mohan, "The Growth Record of the Indian Economy, 1950-2008" published in 'Economic & Political Weekly' in the year 2008. He describes the as "A Story of Sustained Savings and Investment". This paper glorifies our knowledge on the growth acceleration over the decades in India. Indian Economy witnessed a stagnant growth rate till 1970s. Indian economy has not been able to achieve a required growth rate in 1970s. According to Rakesh Mohan, if we look at very closer angle, there has been a continued increase in real GDP. Even though it was a small or slow as acceleration but there has been a continuous increase in real GDP over five decades except for when there was a change in Government, particularly in 1970s. Except for that period, there has been an increase in real GDP growth over each year.

According to Rakesh Mohan, the growth of the manufacturing sector was more or less 5.6% to 5.9% in the first five decades after independence, except for the 1970s. There are two other features of our growth history that are notable. First, agricultural growth has been subject to large variation over the decades. The 1970s interregnum is particularly marked by the severe deceleration in agricultural growth, followed by a marked recovery in the 1980s, and a slowdown thereafter. Second, until the 1990s, little note had been taken of growth in the services sector. A glance at the growth record suggests that it is the continuing and consistent acceleration in growth in services over the decades, that had earlier been ignored, that really accounts for the continuous acceleration in overall GDP growth, once again, except for the 1970s interregnum.

The secular uptrend in domestic growth is clearly associated with the consistent trends of increasing domestic savings and investment over the decades. Gross domestic savings have increased continuously from an average of 9.6 per cent of GDP during the 1950s to almost 35 per cent of GDP at present; over the same period, the domestic investment rate has also increased continuously from 10.8 per cent in the 1950s to close to 36 per cent by 2006-07. A very significant feature of these trends in savings and investment rates is that Indian economic growth has been financed predominantly by domestic savings. The recourse to foreign savings – equivalently, current account deficit – has been rather modest in the Indian growth process. We may also note that the two decades, 1960s and 1980s, when the current account deficit increased marginally towards 2 per cent of GDP, were followed by significant balance of payments and economic crisis. The long-term upward trends in savings and

investment have, however, been interspersed with phases of stagnation. In particular, during the 1980s, the inability of the Government revenues to keep pace with the growing expenditure resulted in widening of the overall resource gap. Accordingly, the public sector saving-investment gap, which averaged (-) 3.7 per cent of GDP during the period 1950-51 to 1979-80, widened sharply during the 1980s culminating in a high of (-) 8.2 per cent of GDP in 1990-91. The resultant higher borrowing requirements of the public sector led the Government to tap financial surpluses of the household sector through enhanced statutory pre-emptions from financial intermediaries at below market clearing interest rates. As fiscal deficits widened beginning in the 1970s, periodic increases in the statutory liquidity ratio (SLR) were resorted to finance the rising fiscal gap, indicative of the financial repression regime in place. The SLR was raised from 20 per cent in the early 1950s to 25 per cent by 1964, and it remained at this level for the rest of the decade. Beginning in the 1970s, the SLR came to be used more actively and it was raised in phases reaching 34 per cent by the late 1970s. The process continued during the 1980s as fiscal deficits expanded further, and the SLR reached a high of 38.5 per cent of net demand and time liabilities (NDTL) of the banking system in September 1990.

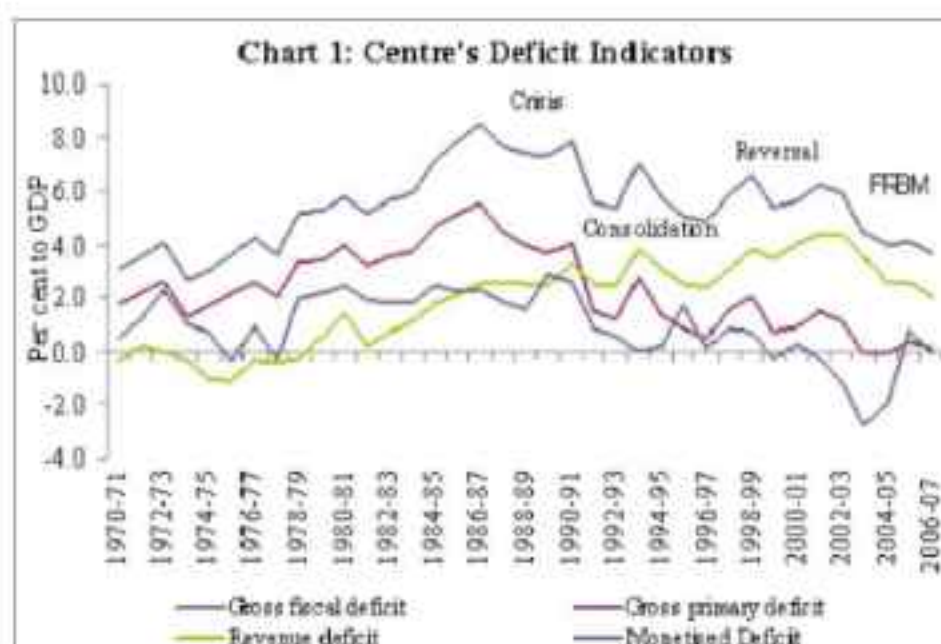
But this increase in SLR was not sufficient to finance the share of burden of the Government. so, Govt have to depend on RBI for correcting its budget deficit and that correction lead to inflation. In view of the deterioration in fiscal deficits over the period 1997-98 to 2002-03 and rising public debt, and its adverse impact on public investment and growth, a renewed emphasis was laid on improving the health of public finances on a durable basis. In order to achieve this objective, fiscal consolidation has been guided by the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 at the Centre and similar fiscal responsibility legislations at the State-levels. Since 2002-03, significant gains have been witnessed in the fiscal consolidation process, both at the Centre and the States, partly as a result of the implementation of the rule-based fiscal policies at the Centre and the States. Reflecting the measure, the tax-GDP ratio of the Centre has steadily risen from 8.8 per cent in 2002-03 to 11.3 per cent in 2006-07(RE) and 11.8 per cent in 2007-08 (BE). The entire increase in tax revenues was mainly on account of the buoyancy in direct taxes.

methodology

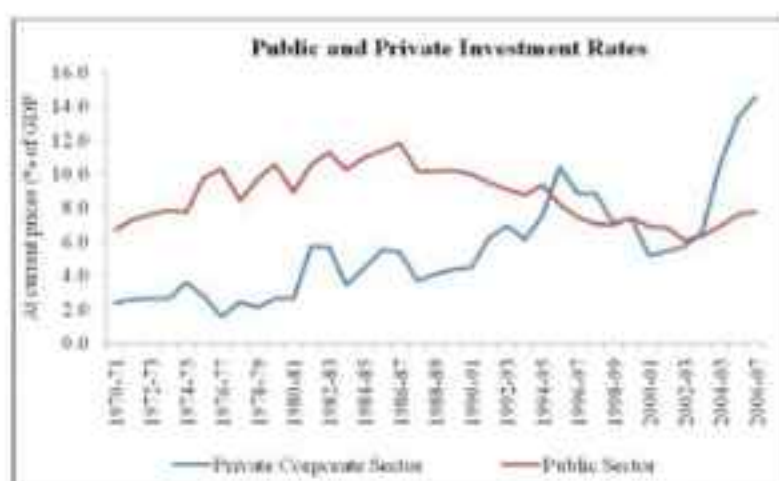
Mohan uses data to justify the sustained growth rates and scrutinize the reason behind them. He refers to texts and article written considering generalised theories and then refutes them to present his research.

Mohan culminated data records with theoretical analysis to get the core subject matter of the paper. Initial part of the paper uses the data published by "Handbook of statistics on the Indian Economy 2006-07" to present a comparative analysis of the macroeconomic indicators over the decades at a glance in terms of real GDP growth which includes the agricultural and allied industry and the manufacturing units. In the later part of the paper, it attempts to explain the "Growing fiscal imbalance and correction". He further uses the data from "Handbook of statistics on the Indian Economy 2006-07", which shows the key fiscal indicators of the centre and the key deficit indicators of the State Government.

Here the following figure represents Centre's deficit indicators which shows the trend of gross fiscal deficit, gross primary deficit, revenue deficit and monetized deficit in India.



A key role is played by investment in the growth process, it is important to have reliable and timely estimates of domestic savings and investment. The compilation of savings of the household sector continues to pose a challenge in view of the heterogeneity and residual character of this sector in the national accounts. The feasibility of directly estimating household savings through integrated income and expenditure surveys merits consideration. In respect of the private corporate sector, there is a need to examine whether it would be appropriate to make their savings estimates on marked to market basis or the present value book method. In respect of the public sector, the savings and investment estimates can be further strengthened by improving the coverage to include municipalities, city corporations, gram panchayats and other local governments on the one hand and increased private participation in public investments on the other.



Here, following figure shows the trend of the public and private sector investment rates. The source of the data used here is the "Handbook of statistics on the Indian Economy 2006-07". Here the time series data is used and it shows a secular trend in public and private sector investment rates. The figure shows a sustained growth in public and private sector investment rates which fulfills the purpose of this paper.

Conclusion:

we have learnt from this review of Indian economic growth and macroeconomic management over the past 50-60 years. It has given us an idea that how should we go forward to ensure the continuation of the growth momentum achieved in recent years. Firstly, Indian economic growth has been largely enabled by the availability of domestic savings. The continuous acceleration of its growth over the decades has been accompanied by a sustained increase in the level of domestic savings, expressed as a proportion of GDP. To achieve 10% plus growth, we will need to encourage the continuation of growth in savings in each of the sectors: households, private corporate sector, public corporate sector and the government. Secondly, the recent acceleration in growth has been enabled by a surge in private sector investment and corporate growth. Thirdly, the generation of resources by the private corporate sector through enhancement of their own savings has been assisted greatly by the reduction in nominal interest rates, which has become possible through a sustained reduction in inflation brought about by prudent monetary policy. Fourthly, whereas fiscal correction has gained a credible momentum in recent years, some of it has been achieved by reduction in public investment. Fifth, a major success story in the Indian reforms process has been the gradual opening of the economy. On the one hand, trade liberalisation and tariff reforms have provided increased access to Indian companies to the best inputs available globally at almost world prices. On the other hand, the gradual opening has enabled Indian companies to adjust adequately to be able to compete in world markets and with imports in the domestic economy.

This paper is one of those papers which helps us to review the overall macroeconomic performance in India since independence and the likely prospects for growth in the medium term. Mohan attempted to look closely into the matters with the help of relevant data which cover till 2008 only. But this is very important to look at the very recent data also to ensure the continuation of the growth momentum achieved in recent years. But even all these, the paper does have a mark and even while addressing a topic frequently talked about, this is indeed one of this kind.

Paper Reviewed:

Rakesh Mohan: "The growth record of the Indian economy, 1950-2008 – a story of sustained savings and investment", Economic and Political Weekly, May

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Serial No : Scroll 227 of 315

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College Roll No: BSCH/19/0116

CU Regn. No: 013-1211-0227-19

CU Roll No.: 193013-11-0015

Name of the subject: ECOA

Paper: CC12 (Indian Economics)

Paper Review:

Himanshu, 2010, Towards New Poverty Lines for India, Economic and Political Weekly, January.

The review tries to analyze the paper by Himanshu published in the Economic & Political Weekly on January 2nd, 2010 which was titled as 'Towards New Poverty Lines for India'. Himanshu has set the aim of the paper to present 'the result of an exercise prepared for the Planning Commission's Expert Group to Review the Methodology for Estimation of Poverty to draw up new poverty lines and, correspondingly, new poverty estimates based on the National Sample Survey consumption data'.

In this paper it was suggested to accept the official all-India urban poverty estimate of 25.7% for 2004-05 and to derive the all-India urban poverty line that corresponds to this using the multiple or mixed reference period (MRP) rather than the uniform reference period (URP) distribution. Himanshu suggested that it can be based on six considerations that were – it is essential to clarify that poverty in India is measured purely on the consumption dimension; a basic requirement for valid spatial or inter-temporal comparison of this is that poverty lines used across space and time should represent equivalent purchasing power parity (PPP) at whatever reference consumption level is taken to be the cut-off for basic minimum needs; in order to maintain continuity of presently accepted notions of the minimum standard of living required to avoid absolute poverty; Himanshu has chosen of reference consumption cut-off which is the MRP equivalent of the present official all-India urban poverty line; the relatively minor matter of choosing the MRP cut-off that gives the same urban poverty rate as official, rather than taking the present official urban poverty line directly, is because the National Sample Survey (NSS) now uses the MRP rather than URP in most of its surveys; although the new poverty lines are not based on any particular norm of basic needs, and are outcome of a purely technical exercise to calculate cost of living indices relevant around the present all-India urban poverty line, this choice can be defended normatively.

Himanshu talks about Cost of Living Indices in this paper which reports state-wise rural and urban poverty lines obtained from a technical exercise to calculate cost of living indices

relevant around this consumption norm. Official rural poverty estimates are widely perceived to be too low and no longer conforming to acceptable basic needs. Critics have focused mainly on two aspects: adequacy of poverty lines to reflect nutrition need and validity of procedures to update poverty lines benchmarked far back in 1973-74. Price Index-Agricultural Laborers (CPI-AL) rather than the Consumer Price Index-Industrial Workers (CPI-IW) (used for official rural and urban poverty lines respectively) that has definitely underestimated the cost of living increase from 1973-74 benchmarks. Council of Medical Research (ICMR) norm diet and also exceeds to National Family Health Survey-3 (NFHS-3) to send all 5-14 age children to school and meet normal medical contingencies at what NSS reports are age-specific probabilities of disease onset and median costs of schooling and treatment. Urban poverty lines that reflect current spatial differentials in cost of living and yet remain rooted to a present measure of absolute consumption poverty. \$1.25/day norm used by the World Bank in its latest world poverty estimates.

The approach of this expert group involved four major steps. The first was to identify a norm for food expenditure. On this, the expert group relied on Recommended Dietary Allowances (RDA) from the Report of the Task Force on Projections of Minimum Needs and Effective Consumption Demand (1979): 2,400 calories per day per capita for rural areas and 2,100 calories per day per capita for urban areas. The second step was to apply these to data from the 28th round (1973-74) NSS Consumption Expenditure survey in order to obtain all-India poverty lines. Actual all-India urban and rural distributions of calorie intake of households by their monthly per capita consumption expenditure (MPCE), including non-food expenditure, were used to identify MPCE levels corresponding to the respective RDA, and all-India poverty lines were fixed at these level. For the fourth step, i.e., updating these state-wise poverty lines, the expert group suggested use of CPI-AL for rural areas and CPI-IW for urban,² with components of these reweighted to actual 1973-74 consumption around the all-India poverty lines and these fixed weights applied uniformly to every state. This divergence was already evident when the expert group had submitted its report stating that “use of calorie norm in measuring poverty amounts only to a first order approximation to what may be considered to be an acceptable level of minimum need”.

The paper throws light on beyond calorie norms on the dimension of consumption expenditure that was chosen, actual calorie intake is immaterial so long as norm intakes are affordable. The implication of the above is that the actual calorie shortfall now observed at the poverty line may be because of preference for a more varied and expensive diet and, at least in case of urban areas, is not because of lack of affordability. , FAO's minimum calorie norm for India is currently 1,770 calories per capita per day,⁷ which is very close to average 61st round calorie intake of those near official poverty lines in both rural and urban areas.

The paper highlights the technical criticisms as the primary reason for the criticism has been some obvious anomalies in poverty estimates using existing poverty lines. For majority of the states, urban poverty in 2004-05 turns out to be higher than rural poverty. This is the case in some of the major states such as Andhra Pradesh, Haryana, Karnataka, Kerala, Chhattisgarh, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu by URP poverty estimates. For all-India estimate of poverty by MRP, rural HCR is 21.8 compared to 21.7 in urban areas particularly in the post-liberalisation period. The limitation of the crucial factor is essential when the share of food in total expenditure has been declining secularly over the years.

This paper proposes a new set of poverty lines however all the calculations in this paper have been used by the consumption expenditure survey of 2004-05. Among other items, Himanshu has used the Employment-Unemployment Survey (EUS) of NSS 61st round to create a price index for education expenditure and for the index of health expenditure they used the 60th round NSSO survey which was focused on health expenditure. NSS unit-based indices thus cover 90% of the consumption basket of the poor excluding rent and conveyance, and final poverty lines also use actual NSS expenditure on rent and conveyance. The point of departure is that the budget shares used in the calculation of price indices are based on a mixed recall period. This is justified in light of the fact that NSSO has already moved to the MRP reference period in its annual rounds after 1999-2000.

An Evaluation of the New Poverty Lines across-states correlation between our poverty lines and state relative to all-India indices constructed only from items with CES unit values are 0.97 rural and 0.92 urban. Second is to use the urban rather than rural all-India poverty line as the starting reference. The correlation across states/sectors between NFHS malnutrition

indicators and headcount poverty using the new poverty lines is 0.87, as against 0.5 with the official Planning Commission poverty estimates. Per capita calorie intake and the food and fuel share in total nominal household consumption – of four groups: those unambiguously poor.

The paper in discussion has been very elaborate and has stuck to the the topic that was Towards New Poverty Lines for India. The paper has explained every topic and subtopics in a very detailed manner. The paper is insightful and I would go on to say that Himanshu has done justice to the topic. The paper started off with an introduction and proceeded to explain the points that caused poverty and methods of how to make India better by reducing poverty and quite accurate datas.

It is concluded that some major modifications will be necessary both in estimates of poverty incidences across states/sectors. Andhra Pradesh, Chhattisgarh, Delhi, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu and Uttarakhand (accounting for 69% of urban poor by official estimates) show less poverty with our poverty lines while other states, particularly north-east states, show more. As a result, the interstate coefficient of variation in urban poverty falls from 0.75 by official estimates to 0.41 with our poverty lines. Our rural poverty estimates are higher than the official in almost every major state; and again interstate coefficient of variation in this is lower mainly because our estimates are more than double in eight states (Andhra Pradesh, Gujarat, Delhi, Himachal Pradesh, Jammu and Kashmir, Karnataka, Punjab and Rajasthan) all with relatively low official poverty. An important consequence of this is that we report no case of a state having higher urban poverty incidence than rural, unlike official estimates that show higher urban poverty than rural in a number of states.

Paper Reviewed.

Form No : 0130233

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Serial No : Scroll 197 of 315

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EXAMINATION (UNDER CBCS)

Tutorial Paper Review.

College Roll No.: 19/BSCH/0193

CU Registration No.: 013-1211-0197-19

CU Roll no.: 193013-11-0010

Name of the subject: Economics (ECOA).

Paper: CC12 (Indian Economics).

PAPER REVIEW: Employment trends in India: A re-examination

AUTHOR- HIMANSHU

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The Paper by Himanshu on employment trends in India re-examines the trends in employment and unemployment as thrown up by successive National Sample Surveys from the mid 1970s. There was high employment growth during 1999-2004 and changes in the employment pattern and workforce structure that were sluggish and did not conform to the standard employment-output relationship. Also, there were large fluctuations seen after 1993-94 due to the movement in and out of the labour force. On 61st round (2004-05), employment growth not only outpaced the growth rate of the working age population, at 2.85% per annum it also signalled a reversal of the previous trend of "jobless growth" during the 1990s. There was high growth in employment after liberalisation. The paper also states that the Economic Advisory Council of the Prime Minister declared that there will be zero unemployment in India by 2012. The 61st round results seemed to defy conventional wisdom since the measured employment rebound occurred in a period (1999-2005) when there was clear evidence of large-scale rural distress. However, this was not taken properly by few researchers and argued at the quality of new jobs created and some questioned the statistical accuracy of the 61st round.

Recently the 64th round of National Sample Survey (NSS) results were released. The estimates of this round suggested that employment growth slowed to 0.17% per annum between 2004-05 and 2007-08. This was the lowest recorded employment growth recorded ever since data on employment and unemployment started being collected by the NSSO four decades ago. It was regarded as "jobless growth". From 2004-05 to 2007-08 the best real GDP growth was 9.4% per annum. A preliminary reading of all these estimates suggests that neither round was for rural and urban areas by gender. Estimates of employment from the design in annual rounds is designed taking into account the thin and thick rounds are not comparable. The paper also mentions that the NSSO decided to restart the annual round of EUS starting questions on employment status. The paper represents tables that show raw data about the rural and urban male-female ratio. It shows a comparison on a longer term basis that shows that there is a tendency for the WPR to fall between any two quinquennial EUS for rural areas, at least until the 43rd round. However, since the 50th round, male workforce participation rates show fluctuations but within a small range. This would more or less be confirmed by all the four measures used here and also by the census. This is in contrast to the urban areas where the male WPR has steadily increased over the years but the female WPR has fluctuated in a narrow band. As far as the unemployment rates are concerned, the trend is clearly of a rising unemployment rate both by the usual and daily status, although faster by the daily status in rural areas. As far as the status of employment is concerned, the trend in rural areas is clearly that of a decline in self-employment and an increase in casual workers for both males and females, except for the 61st round. On a long term view, employment trends remained stubborn to change. While the overall structure as well as trend has remained stable over time, there have been fluctuations across quinquennial rounds. Compared to males in rural as well as urban areas, female employment trends show greater fluctuations. Female workforce participation rates tend to increase in times of distress. A common feature of an increase in distress employment is increased female, children and elderly participation along with increased unemployment rates. A fluctuation has been observed in the post-liberalisation period. It shows an increase in work participation rates in both rural and urban areas. It also suggests some deeper changes in the structure of the workforce. Fundamental changes in the

workforce structure are first observed for the 1980s. Employment growth was not only higher than the rate of growth of population, but along with a high rate of growth of employment it also showed non-farm employment increasing much faster than in any of the previous periods. This high growth of employment continued in the next period, between 1987-88 and 1993-94, with employment growing by 2.4% per annum.

The daily status WPR for both males and females shows a sharp increase between the 38th and 43rd rounds. The WPR measures from all the four classifications show an increase between the 43rd and 50th rounds. The 50th round adopted a different methodology and the daily status time disposition schedule was canvassed among all the individuals and the weekly status was arrived at by identifying those individuals who reported themselves as working on any day by the daily status. There have been three thick rounds after the 50th (1993-94). These are the 55th (1999-2000), 61st (2004-05) and more recently the 64th rounds (2007-08). All the rounds from the 50th to 64th rounds are fully comparable to each other and give a long-term trend in employment and unemployment for the last two decades. The gloom of jobless growth was short-lived with the 61st round showing a reversal of the trend with employment increasing by 2.85% per annum. The growth in employment grew the slowest in the previous period of 1993-94 to 1999-2000. The results of the thick round on employment for 2007-08 showed a reversal of most of the trends reported between 1999-2000 and 2004-05. For the 61st round, detailed analysis is strongly in favour of this abnormal increase in employment being distress employment. The evidence on distress-driven employment growth during 1999-2005 is not only seen by looking at employment trends but is also confirmed by the slowdown in GDP growth rates in agriculture as well as in the aggregate. The five years between 1999 and 2005 were years when agricultural growth declined sharply, and yet prices of agricultural commodities grew slower than of non-agricultural commodities, and in particular input costs increased faster than output prices.