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Publication of *Artha Beekshan*, the quarterly referred journal of Bangiya Arthaniti Parishad, that is, the Bengal Economic Association, is one of the most important academic activities of the Association. The present volume, **Volume 24, No.1- 4** of the Journal, is published as a combined issue containing four selected papers contributed by scholars. We are thankful to the authors and members who have helped in one way or other in the preparation of this volume.

I would like to extend my whole-hearted thanks to the Editorial team, the Publisher, and all who have helped in the publication process, and especially the office bearers of Bangiya Arthaniti Parishad for their kind endeavours to make this issue of **Artha Beekshan** viable and **Kolkata Mudran** for bringing out the present issue.

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CONFLICT BETWEEN ENVIRONMENTAL PRESERVATION AND ECONOMIC DEVELOPMENT

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Abstract

The study relates to the unavoidable conflict between economic development and environmental preservation. The production of economic goods and services necessitates the consumption of available energy and matter produced by nature. This in turn leads to an environmental disorder. The prevailing concept of growth-oriented development is not compatible with long-term ecological and social sustainability. India is one of the countries that has made one of the fastest progress in the world, in addressing its environmental issues and improving its environmental quality. Still, India has to go a long way to go in achieving an environmental quality that is enjoyed in developed economies. Environmental preservation still remains a major challenge and opportunity for India.

Key Words: Environmental preservation, conflict, sustainability, ecological footprints, ecocity.

JEL CLASSIFICATION CODE: Q56, O13, H23, Q34

I. Introduction

It is a common belief that the essence of the environmental problems is the producers' behaviour and consumers' desires in the economy. Disorder in the relationships among the components of the natural world is caused by the reduction in the stock of resources for over consumptions in the economic system i.e., higher rate of consumption compared to rate of regeneration by the nature on the one hand and the higher rate of generation of wastes by the economy compared to nature's assimilative capacity. It is this disorder that is the root cause of all environmental problems which in turn affects the human well-being.

Economic development not only improves the quality of people's life, but also brings with it a number of serious environmental problems, such as air pollution, water pollution, soil degradation, desertification, and so on as the environment not only provides the foundation stone and activity space for human beings, but also is responsible for production castoff by human activity. The obvious question that arises in this context is whether economic development affects the environment and whether the objectives of protecting the economy and protecting the environment are contradictory to each other or not. A proper understanding of the conflict between economic development and environmental preservation is of utmost importance.

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II. Background Study

Economic development refers to a situation in which there is a sustained increase in real per capita income together with an improvement in the distribution of material welfare. In other words, economic development implies progressive changes in the socio-economic structure of the country. Economic development is a complex process and it is greatly influenced by the availability of natural resources in the country. As a matter of fact, natural resources often decide the limits of development. However, resource availability is not a sufficient condition for economic progress.

The term 'environment' on the other hand refers to the natural environment i.e., the air, water, soil, living beings, plants, trees, mountains, oceans etc. Environmental preservation means preservation of or the protection of the environment for the sustainable development of human beings and in the broader aspect the whole world. Environmental preservation essentially involves laws or rules and regulations for the sustainable use of natural resources, control of pollution, rehabilitation of people displaced due to development projects or environmental disasters. Generally, natural resources are of two types- renewable like biomass, solar energy, wind, hydro and geo thermal power and non renewable like oil, coal, natural gas and nuclear power. For ensuring environmental preservation, not only we must reduce the use of non renewable resources but also we must consume renewable resources at a rate less than or equal to the ability of nature to replenish.

Protection of the environment and economic growth are often regarded as competing aims. For instance the increasing scarcity or overuse of renewable natural resources is the cause of problems like water and air pollution, or damage to global commons such as the atmosphere or the ozone layer. While there exist markets for non-renewable commodities, environment being a common property resource, there does not exist any market for its transaction. The ever increasing population, industrialisation based on the burning of fossil fuels and the associated pollution have necessitated the discovery of efficient ways of managing these goods. Increases in income levels accompanied by the rising pollution have led to a rising demand for environmental protection which in turn involves a cost. It is often argued that costs of such action exceed the benefits as expenditure on environmental protection does divert the resources of regulated industries from their core business. It is to be remembered that with a cost effective environmental policy, net effects on welfare should be largely positive.

Since the availability of natural resources is limited at a particular point of time, so they need to be used carefully and efficiently. Initial economic activity started in the past with man working upon natural resources by making fire, cultivation of plants, making of pottery, tools etc. With the advancement of science and technology, natural resources came to be used by man together with manmade capital for the production of goods. The starting point of environmental degradation was 1780 AD, the year of Industrial Revolution in UK. By the end of the 1800s, environmental protection was on the forefront of the political agenda. In Europe and the United

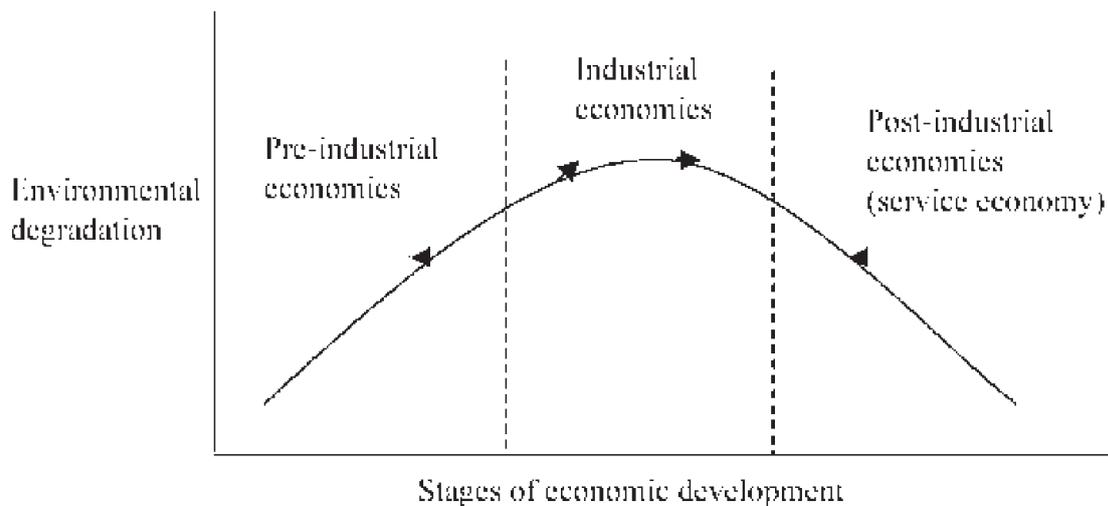
States, prioritizing environmental protection at the expense of economic growth emerged as a politically attractive policy. Some have cited economic development as the cause regarding the environmental issues. Others believe that economic development is the key to preventing pollution of the country. It is also suggested that India's growing population is the primary cause of India's environmental degradation. However, empirical evidences from countries such as Japan, England and Singapore, each with population density similar or higher than India, yet each enjoying environmental quality vastly superior than India, suggests that population density may not be the only cause. Thus natural environment affects human beings and human beings in turn have an impact, either positive or negative on the natural environment. It was believed that continuous economic growth is the only way to solve the problems of poverty and unemployment via the trickle down strategy. In this context, the social and environmental costs of development have been ignored.

III. Analyzing the Conflict using Environmental Kuznets Curve

In 1955, a study was conducted by Simon Kuznets in order to determine the nature of relationship between the level of development and the degree of inequality and on the basis of data on three developing countries viz, India, Sri Lanka and Puerto Rico and two developed countries USA and UK. Kuznets concluded that in general, inequality is greater in developing countries than in developed countries. According to his study, as per capita income rises, inequality of income widens in the initial phase but improves later on. This implies that in the early stages of development, income distribution becomes more unequal and equality comes only after a certain stage of development is achieved. In his study, Kuznets considered per capita GNP as a substitute for level of development and the ratio of income of the richest 20% to the income of the poorest 60% of the total population as a measure of the degree of income inequality.

A plausible explanation for the relationship shown by the Kuznets curve is that at low levels of income, primary focus is on increased consumption of material goods rather than emphasising on environmental quality, so that the utility gain from consumption is greater than the loss of utility due to a deteriorating environment. But as consumption levels rise, further additions produce relatively smaller gains in utility, so there is willingness to trade off a slower increase in material consumption against welfare-enhancing improvements in environmental quality. Because of the presence of externalities, individual efforts will have only limited effect and so this willingness can only be fully realised by policy intervention.

Kuznets hypothesis is graphically represented by an inverted U shaped curve which indicates that degree of inequality increases along with per capita GNP upto a certain point and then it starts declining.



Empirical studies by some other economists have also supported the argument provided by Kuznets. Keeping in view the inverted U shape of the inequality-income curve, it is observed that with the progress of development, the level of environmental pollution initially rises, attains a peak level and finally starts falling. According to the Environmental Kuznets Curve, in the early stages of economic growth, environmental degradation and pollution increase, but beyond some level of per capita income (which will vary for different indicators) the trend reverses, so that at high-income levels economic growth leads to environmental improvement). In the early period of economic development, pollution increases and reaches a maximum level and eventually starts to decrease following the rise in income. Historically, there has been a close correlation between economic growth and environmental degradation. It has been found that as communities grow the environment declines. This is a reason for concern for unless resource use is checked, modern global civilization will follow the path of ancient civilizations that collapsed through overexploitation of their resource base.

With economic development there has been an increasing tendency towards urbanization which in turn increases the pressure on land. At present, 50% of the world's population lives in urban areas and this figure is on the rise. While urbanization is an indicator of economic development, it is again the root cause of congestion and overcrowding leading to environmental degradation in the form of different types of pollution, i.e., air, noise, water soil etc. again, the creation of human settlements have led to the decline in forest cover which threatens the bio diversity itself. Urbanization has been increasing steadily and rapidly, especially in developing countries. It took nearly 40 years (1971-2008) for India's urban population to reach 230 million and it is expected to take only half that time to add the next 250 millions and by 2030, it is likely to be 590 millions.

Economic development necessarily involves a shift in the underlying structure of production away from agriculture towards industrial activities. Rapid industrialization leads to pollution of the environment caused by emission of carbon dioxide and other green house gases in turn leading to

global warming as well as depletion of the ozone layer. In the era of industrialization, no attention is being given to the protection of environment and resources. With economic growth, the per capita standard of living has improved and the nature of consumption basket of human beings has changed. As a result, automobile usage has increased. The consumption of two wheeler vehicles is cutting across all slabs of income. Even the market for four wheelers has also increased to a great extent, leading to abnormal increase in the rates of vehicle emissions. While it is true that vehicles increase mobility and convenience but at the same we cannot deny the fact that it is the largest source of outdoor air pollution, accidents and traffic congestion. Environmentalists believe that automobile is among the worst inventions of humankind next only to nuclear bomb and contributes to a range of environmental problems. In cities, automobile emissions are a major cause of smog. With increase in population, the commercial usage vehicles directly related to the production sector has increased significantly and this cannot be reduced but the consumption side vehicle usage can be reduced by the implementation of environmental laws which impose limits to the sustainable number of vehicles.

IV. Some Evidences of Limits

- (a) **Human Biomass Appropriation:** Ecologists (1986) have calculated that the human beings utilize about 40% of the net primary products of terrestrial photosynthesis today, either directly or indirectly. Increased requirements of food and space have led to increased desertification, urban agglomeration onto agricultural land, soil erosion and pollution. This means that in only a single doubling of the world's population (40 – 45 years) we will use 80% and 100% shortly thereafter. Though 100% appropriation is ecologically impossible, but even if it were possible, it would be socially undesirable.
- (b) **Climate change:** The second evidence that limits have been exceeded is climate change. The year 1990 had been declared the warmest year in more than a century of record keeping. Seven of the hottest years on record have occurred in the last 11 years. The 1980's were 1^o F warmer than the 1889's, while 1990 was 1.25^o F warmer. This contrasts alarmingly with the pre – industrial constancy in which the earth's temperature did not vary more than 2^o–4^o F in last 10 thousand years. The entire social and cultural infrastructure of human living over the 7000 years has evolved entirely within a global climate that never deviated as much as 2^o F from today's climate.
- (c) **Rupture of Ozone Layer:** First hole in the ozone layer was detected in 1985 in Antarctica. Subsequent tests also proved that it was not only in Antarctica, global ozone layer has been thinning far faster than predicted. A second hole was detected in Arctic and thinning of it has been found in North and South temperate latitudes including North Europe and North America. The ultraviolet 'b' radiation through the impaired ozone shield is the root cause of skin cancer. 1% increase in thinning rate results in 5% increase in certain type of skin cancer, also disturbing the immunity system. The release of CFC (Chlorofluorocarbons) today will affect ozone layer after 10 years. So even if it stops today, the world would still be gripped in unavoidable commitment to 10 years of increased damage.

- (d) **Degradation of Land:** Owing to excess of dumping rate over the regeneration capacity, already 35% of the earth's land has been degraded. Another shocking feature is the rate of soil loss which is at least 10% more than the rate of soil formation.
- (e) **Loss of Bio – diversity:** The human activity has grown so large that there is no longer room for all species in the earth. The extinction process is irreversible and the rate is alarming. Current rate of loss exceeds 168000 sq. km. per year and 55% of the world's richest species habitat, tropical forest, has already been destroyed. As total number of species is not known, it is impossible to estimate the rate of extinction. But one conservative estimate shows that it is 5000 species per year.
- (f) **Green Revolution- A threat to sustainability:** Green Revolution has undoubtedly ensured self-reliance in the agrarian front through the use of High Yielding Variety of seeds, irrigational facilities, chemical fertilizers, pesticides, modern machineries but at the same time it is a reality that it has led to the decline in ground water table, a fall in bio diversity, 42 new diseases identified among plants, 12 new pests have started creating problems that have taken epidemic form.

V. The Real Conflict

The question that arises is that whether the government should slow down economic development to protect the environment or should it utilize the revenue collected from economic development to pay for the increased environmental pollution? In this context, there is a debate among the developed and the developing countries. The less developed countries having large populations and limited economic resources are prioritizing on economic development over protection of environment because of increasing pressure to feed and educate their growing populations. The developed nations are more responsible for the present environmental decay. Such countries have achieved a standard growth rate and maximisation of output and income by imposing a social cost on the entire world. They have attained a standard of living where a sustainable environment becomes a necessity. This gives rise to an additional cost for preservation of environment by the developing nations.

Environmental pressures from increasing consumption are expected to intensify in the coming years despite the shift from heavy industry to services and a reduction in the energy and material intensity of consumer goods. The consumption patterns of economies in transition are expected to follow the same path as that in the developed market economies. Technology cooperation can help to exploit the large potential for the introduction of cleaner technology and less damaging patterns of production. Herein arises the significance of a sustainable city that is compact and preserves land, has mixed use to increase access and reduce need to travel, is socially and economically balanced, uses clean and renewable energy and recycles all its waste. However, the sustainable city cannot exist as a self-sufficient unit, while ignoring the relationship with its hinterland.

The ecological footprint, which is the amount of land required to produce resources to sustain our quality of life is an index for measuring the ecological bottom line of sustainability. The objective of a sustainable city is to relieve pressure on the countryside. So there is an increasing awareness about calculating the city's ecological footprint and see how it relates to the target global average. Various factors like- total population, total land area, density of population, transport system, energy sources, water usage, waste generation and management etc. affect the ecological footprints of cities. Although the problem of reducing ecological footprints is primarily concerned with the richest countries, it has to be fully acknowledged in the less economically developed part of the world, while recognizing that cities themselves provide many potential solutions. India's relatively small per capita ecological footprint does not necessarily translate into an environmentally sustainable development trajectory, particularly in the context of urbanization. An ecocity allows people to choose walking, biking, or mass transit for most transportation needs; recycle or reuse most of their wastes; grow much of their food and protect biodiversity by preserving the surrounding land.

Following are some of the ways to reduce ecological footprints:

- i. Adopting ways to restrict urban sprawl
- ii. Offer living, working and shopping in integrated neighbourhood.
- iii. Reallocate urban space to encourage decreased use of car implying a reduction in parking space.
- iv. Reducing energy consumption by motor vehicles by promoting walking, cycling and public means of transport.
- v. Encourage plantation of trees.
- vi. Greater possibilities for electricity co-generation and the use of waste process heat from industry or power plants to reduce the per capita use of fossil fuels.
- vii. Promote recycling and reutilization of wastes.

There is a clear cut distinction between the priorities of the developed and developing world. Developed countries like the United States, Japan, and those in Western Europe, have sufficient resources to allow for environmental protection programs. But for the rest of the world which is struggling to compete in the global marketplace, there are scant resources available given the priority on economic development. Indeed, many of the nations in the developing world are debtor nation having significant loans to repay to the World Bank, International Monetary Fund, and private lenders which leaves little or no funds for environmental protection.

In this background, the argument is that the environment has to be protected at all costs with economic development allowed only if it does not negatively influence the environment and if at all it does, then the businesses should be allowed to operate provided they pay heavy taxes or

finances to compensate the harm done to the society and to the economy at large. The environment should be protected by the government and economic growth should be promoted by businesses, yielding a division between government and private sector with government in the superior regulatory position. It is only the government that has to come forward to ensure environmental preservation since it is not a onetime matter. The concept of sustainable development is of utmost significance in this context since it ensures an economic growth as long as it does not have a negative environmental impact.

VI. Conclusion

According to data collection and environment assessment studies of World Bank experts, between 1995 through 2010, India has made fastest progress in the world, in addressing its environmental issues and improving its environmental quality. Still, India has a long way to go to reach environmental quality similar to those enjoyed in developed economies. Pollution remains a major challenge and opportunity for India. Whether the development of an economy and environmental protection go hand in hand depends on the stage of economic development of the nation. In the developed country these two objectives are not contradictory because of improved environment along with the changes in economic structure but in the developing country it is. The choice of the industrial structure is a factor affecting the environmental pollution. Generally speaking by agricultural and light industry pollution levels are comparatively low but with a high proportion of manufacturing industry in a country, the degree of pollution can be high inevitably.

Technology also is an important indicator that affects the environment. The country using low technical knowhow can consume more resources and more pollution. In the early stage of economic development, the economic activity is at a low level. With economic development, great emphasis is placed on the manufacturing industries, resulting in the resource consumption surpassing the resource generation. The environment worsens with the progress of economic development. When the economic structure changes, the environmental condition starts improving and people become conscious of environmental protection. The environmental protection fund starts increasing. Environmental preservation is expensive because a lot of environmental protection equipments are very costly.

What might be good for the economy might not necessarily show up in higher economic growth but “only” in higher welfare. The fruits of preserving nature, for instance, may or may not show up in terms of higher levels of economic activity, though the costs will certainly fall on the economy. In such cases, although the policy may yield benefits for the society as a whole, there is a trade-off between environmental policy and economic growth as measured in national accounts. The aim should then be to ensure that the regulation is cost-effective so that it internalises the costs of pollution while minimizing the negative economic or social implications for the regulated sectors and their customers.

“We have for over a century been dragged by the prosperous West behind the chariot, choked by the dust, deafened by the noise, humbled by our helplessness and overwhelmed by

the speed. We agreed to acknowledge that this chariot drive was progress, and that progress was civilization. If we ever ventured to ask ‘progress for what and progress for whom’ it was considered to be ridiculously oriental to entrain such doubts about the absoluteness of the progress. Of late, a voice has come to us bidding us to take count of not only the scientific perfection of the chariot but also the depth of ditches lying across the path”- Rabindranath Tagore (1924).

“Let us not flatter ourselves overmuch on account of our human victories over nature. For each such victory, nature takes its revenge on us. Each victory, it is true, in the first place brings about the results we expected, but in the second and third places it has quite different, unforeseen effects which too often cancel the first”- Fredrick Engels (Dialectics of Nature). The world has followed a path of development which is now proving to be disastrously unsustainable. Perhaps the most dominant challenge of our time to be addressed urgently is the problem of human induced climate change. Even more serious is the wide range of adverse consequences that climate change is already exhibiting in different parts of the world. In conclusion, it can be said that if the earth’s environment and humanity have to survive, we cannot continue to exploit the nature the way we have done over the past 100 years or more.

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FROM THE PLANNING COMMISSION TO THE NITI AAYOG — AN INTELLECTUAL JOURNEY

SOVIK MUKHERJEE ¹

Abstract

The Planning Commission, set up under Jawaharlal Nehru's Prime Ministership, was a logical expression of an idea that underlay India's anti-colonial struggle, namely that in independent India, an improvement in the material conditions of life of the people, subjugated and plundered through a century and a half of the colonial rule, required a comprehensive marshalling and conscious allocation of all national resources. It was an essential component of what Nehru had called as India's "tryst with destiny". Economic planning prevents lopsided growth to national economy by selecting the most productive combination of projects and by judicious allocation of available resources. But from the very beginning, the planning process had suffered from several flaws, which should be the topic of discussion of the present paper and consequently it will be highlighting the background of the birth of NITI Aayog. Possibly, this institution must adhere to the tenet that while incorporating the positive influences from the world, no single model can be transplanted from outside into the current Indian scenario. We need to find our own strategy for growth. This new institution has to zero in on what will be the best suited approach in the Indian context. It will be a sort of a Bharatiya approach to development. The objective of this paper is to not only make a comparison of India's growth scenario across the years in this journey from Planning Commission to NITI Aayog but also make a projection about the growth rates in the years to come. Finally, the paper concludes by portraying the expectations people have from the NITI Aayog and the way forward.

Keywords : Growth, Planning Commission, NITI Aayog, Think Tank, Expectations.

Jel Classification Codes : O2, O43,

"Constant development is the law of life, and a man who always tries to maintain his dogmas in order to appear consistent drives himself into a false position." — Mahatma Gandhi

I. Introduction

These were the words with which the press release of the Government of India began on the 1st of January, 2015. Reflecting this spirit and the changed dynamics of the new India, the institutions of governance and policy have to adapt to new challenges and must be built on the founding principles of the Constitution of India, the wealth of knowledge from our civilizational history and present day socio-economic-cultural context.

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The winds of change sweeping across the corridors of power since Narendra Modi took charge at the Centre have dislodged not just bureaucrats, but also institutions once regarded as the key pillars of governance in the country. One of the main edifices of the Nehruvian era, the erstwhile 60-year old Planning Commission, has been disbanded to be replaced by the National Institute for Transforming India, NITI Aayog. For starters, NITI Aayog is a catchy acronym for National Institution for Transforming India. In Sanskrit NITI means policy and Aayog means commission. But the change in the NITI Aayog's functioning isn't restricted to a new name. This new economic think-tank, manned by domain experts, has been constituted to provide strategic and technical advice to the Centre and the State governments on the key policy matters. The Planning Commission also did this but allegedly in a heavily centralised, big-brother way suited to a command economy. With the Indian economy becoming more market-driven and individual States requiring a nuanced policy framework, the NITI Aayog has the mandate to give individual States much more say in their planning and development process.

Government policies touch our lives in a myriad ways. More employment opportunities, better salaries, less inequality, lower prices, more choice as consumers, old-age benefits — all this and much more depends on the decisions and policies of the Government. Whether you call it NITI Aayog or the Planning Commission, most of India's problems originate not from the lack of elaborate planning, but from the lack of seriousness in implementation. In this context, this paper talks about the flaws of the Planning Commission and how NITI Aayog will be able to overcome those and what expectations people have in general from NITI Aayog. In Section IV, the paper makes a functional comparison between the Planning Commission and the NITI Aayog coupled with an assessment of the growth performance of India in this journey from Planning Commission to NITI Aayog in Section V. The paper ends with a conclusion in Section VI.

II. Epilogue

Indian planning is an open process. Much of the controversy that has accompanied the preparation of the plans is public. From original formulation through successive modifications to parliamentary presentation, the planning process making is an impressive manifestation of the workings of a democratic society. But, by its very nature it also generates many problems in designing an optimal strategy for economic development. After independence, India launched its 1st FYP in 1951, under socialist influence of our first Prime Minister Jawaharlal Nehru. The process began with the setting up of the Planning Commission in March 1950 in pursuance of the declared objectives of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of resources of the country, increasing production and offering opportunities to all for employment in the service of the community. It was based on Harrod-Domar Model. Influx of refugees, severe food shortage & mounting inflation confronted the country at the onset of the 1st FYP. The Plan focused on agriculture, price stability, power and transport. It was a successful plan primarily because of good harvests in the last two years of the plan. Simple aggregative Harrod-Domar Growth Model was again used for overall projections and the strategy of resource allocation to broad sectors as agriculture & industry was based on

two & four sector Model prepared by Prof. P C Mahalanobis. It was felt that agriculture could be accorded lower priority. The Plan focused on rapid industrialization - heavy & basic industries. The Industrial Policy 1956 was based on establishment of a socialistic pattern of society as the goal of economic policy. It advocated huge imports through foreign loans. Acute shortage of forex led to pruning of the development targets, price rise was also seen (about 30%) *vis-a-vis* decline in the earlier Plan and the 2nd FYP was only moderately successful.

The 3rd FYP was a failure in reaching the targets due to unforeseen events - Chinese aggression (1962), Indo-Pak war (1965), severe drought 1965-66. Failure of the 3rd Plan coupled with devaluation of the rupee (to boost exports) along with inflationary recession led to postponement of the 4th FYP. Three Annual Plans (1966- 69) euphemistically described as Plan holiday. Three Annual Plans were introduced instead. Prevailing crisis in agriculture and serious food shortage necessitated the emphasis on agriculture during the Annual Plans. During these plans a whole new agricultural strategy was implemented. It involving wide-spread distribution of high-yielding varieties of seeds, extensive use of fertilizers, exploitation of irrigation potential and soil conservation. Refusal of supply of essential equipments and raw materials from the allies during the Indo-Pak war resulted in the twin objectives of “growth with stability” and “progressive achievement of self reliance” for the 4th Plan. It was based on the Ashok Rudra-Alon Manney Model. Main emphasis was on growth rate of agriculture to enable other sectors to move forward. First two years of the plan saw record production. The last three years did not measure up due to the poor monsoon. Implementation of the Family Planning Programme were amongst the major targets of the 4th Plan but the influx of Bangladeshi refugees before and after 1971 Indo-Pak war was an important issue along with price situation deteriorating to crisis proportions and the plan was considered a big failure (Kapila, 2013).

The final draft of the 5th Plan (1974-79) was prepared and launched by D.P. Dhar in the backdrop of economic crisis arising out of run-away inflation fuelled by hike in oil prices and failure of the Government. It proposed to achieve two main objectives :- i) ‘removal of poverty’ (Garibi Hatao) and ii) the ‘attainment of self reliance’. Promotion of high rate of growth, better distribution of income and significant growth in the domestic rate of savings were seen as key instruments. Due to high inflation, cost calculations for the Plan proved to be completely wrong. After promulgation of emergency in 1975, the emphasis shifted to the implementation of Prime Minister’s 20 Point Programme. FYP was relegated to the background and when Janta Party came to power in 1978, the Plan was terminated. Rolling Plans (1978 - 80) were introduced by the Janta Government emphasizing on employment, However, the government lasted for only two years. Congress Government returned to power in 1980 and launched a different plan aimed at directly attacking on the problem of poverty by creating conditions of an expanding economy. The 6th Plan (1980 - 85) focused on increase in national income, modernization of technology, ensuring continuous decrease in poverty and unemployment through schemes for transferring skills like (TRYSEM) and (IRDP) and providing slack season employment (NREP), controlling population explosion etc. Broadly, the 6th Plan could be taken as a success as most

of the target were realised even though during the last year (1984-85) many parts of the country faced severe famine conditions and agricultural output was less than the record output of previous year.

The 7th Plan (1985 - 90) mostly aimed at accelerating food grain production, increasing employment opportunities and raising productivity with a focus on 'food, work & productivity'. The plan was very successful as the economy recorded 6% growth rate against the targeted 5% with the decade of 80's struggling out of the 'Hindu Rate of Growth'. The 8th Plan had to be postponed by two years because of political uncertainty at the Centre (1992 - 97). Worsening BOP position, rising debt burden, widening of the budget deficits, recession in industry and inflation were the key issues during the launch of the plan. The plan undertook drastic policy measures to combat the bad economic situation and to undertake an annual average growth of 5.6% through the introduction of fiscal and economic reforms including liberalization under the Prime Minister ship of Shri P. V Narasimha Rao. Some of the main economic outcomes during eighth plan period were rapid economic growth (highest annual growth rate so far : 6.8 %), high growth of agriculture and allied sector, and manufacturing sector, growth in exports and imports, improvement in trade and current account deficit.

The 9th Plan (1997-2002) prepared under the United Front Government focused on "Growth With Social Justice & Equality" aimed to depend predominantly on the private sector. It prioritized to agricultural & rural development with a view to generate adequate productive employment and eradicate poverty. The 10th Plan (2002 -2007) recognized that economic growth can not be the only objective. So, the targets included were - reduction in gender gaps in literacy and wage rate, reduction in Infant & maternal mortality rates, improvement in literacy, access to potable drinking etc. Governance was considered as factor of development & agriculture was declared as prime moving force of the economy (Acharya, 2003).

The aim of the 11th Plan (2007 - 2012) was - "Towards Faster & More Inclusive Growth" The savings and investment rates had increased, industrial sector had responded well to face competition in the global economy and foreign investors were keen to invest in India. The Eleventh Plan started well with the first year achieving a growth rate of 9.3 per cent, however the growth decelerated to 6.7 per cent rate in 2008-09 following the global financial crisis. The economy recovered substantially to register growth rates of 8.6 per cent and 9.3 per cent in 2009-10 and 2010-11 respectively. However, the second bout of global slowdown in 2011 due to the sovereign debt crisis in Europe coupled with domestic factors such as tight monetary policy and supply side bottlenecks, resulted in deceleration of growth to 6.2 per cent in 2011-12. The 12th Plan commenced at a time when the global economy was going through a second financial crisis, precipitated by the sovereign debt problems of the Eurozone which erupted in the last year of the Eleventh Plan. The crisis affected all countries including India. Our growth slowed down to 6.2 percent in 2011-12 and the deceleration continued into the first year of the 12th Plan, when the economy is estimated to have grown by only 5%. But eventually, the Planning Commission was scrapped and NITI was born. The chronology of Planning Syndrome is given in the Appendix.

III. Why NITI Aayog?

From the beginning however the planning process had suffered from several flaws, which the paper talks about in this section. Firstly, a substantial chunk of the nation's resources was not just in private hands, but in the hands of the large capitalists and landlords, and hence outside the domain of the planning process. This flaw was sought to be overcome, at least partially, through instituting a system of licensing that was supposed to ensure that private capital accumulation did not violate social priority, and did not lead to further concentration of wealth. But in practice this instrument failed to achieve the objectives for which it was supposed to be used. The second obvious flaw was that the Planning Commission was envisaged as a mere Departmental body of the Central government, where there was no representation from the states. This did not matter in the beginning when the same political Party ruled at the Centre and in the states; but it later became a serious limitation of the planning process, since this process came into direct conflict with the federal nature of the Indian polity.

There were other factors which eventually led to the birth of the NITI Aayog. The Indian Economy Achieved greater than 9% GDP growth-rate during 2005-07, thanks to the American boom prior to the sub-prime crisis. But almost all nations of the world experienced high growth during that period. So 9% GDP did not come from the Planning Commission's magic wand. Post sub-prime crisis, it failed to evoke the "animal spirit" in Indian economy. GDP fell, inflation rose during the period 2008-13 nonstop. It failed to implement the land reforms. Also, faulty policies for MSME, industrialization, factory-labour law problems added to its woes. Office manned by Generalist IAS/IES with short tenure; panel members filled up with academicians. What was required was subject specialists having international exposure who could handle situations. It designed CSS with 'One size fits all' approach which was not appropriate. Hence, IAY, ICDS etc. programs failed to show tangible result despite pumping crores. It was only in 2013- reforms done like reducing number of Centrally sponsored schemes (CSS), 10% flexifund to states, direct transfer of money to state consolidated fund etc. But it was too little and too late. Shortcomings have led to new bodies to sprung up like PM's economic advisory council => more brains => more lack of coordination. Times have changed, from being a underdeveloped country in 1950s – India has become a major economic force. In this playground, Government needs to become an "enabler" rather than a "player" i.e. — government intervention should be minimized. So, given this background NITI Aayog was born.

IV. Functional Comparison – NITI Aayog vs. Planning Commission

Table 1 : Functional Comparison – NITI Aayog vs. Planning Commission

Planning Commission	NITI Aayog
Design Five Year Plans	Design the national agenda and cooperative federalism
Decide two "money" matters : <ol style="list-style-type: none"> 1. How much money to give to each state for the centrally sponsored schemes. 2. How much money to give for each state's own state-five-year plans. 	Mostly work as a "policy-formulation-hub". The Press release is silent on the funding issue.
States/UT were represented in National Development Council.	States/UTs represented in Governing Council. But no specific mention about whether they can approve/reject/amend NITI Aayog's proposals.
One size fits all, top-down socialist planning by Armchair Nehruvian Economists and IES Officers.	IES Officers are rarely invited in Modi's meetings. But, given the entry of free market economists it will be a sort of "indicative planning + core planning" i.e. after inputs of state governments, a broad outline with selected targets will be designed and henceforth monitored.

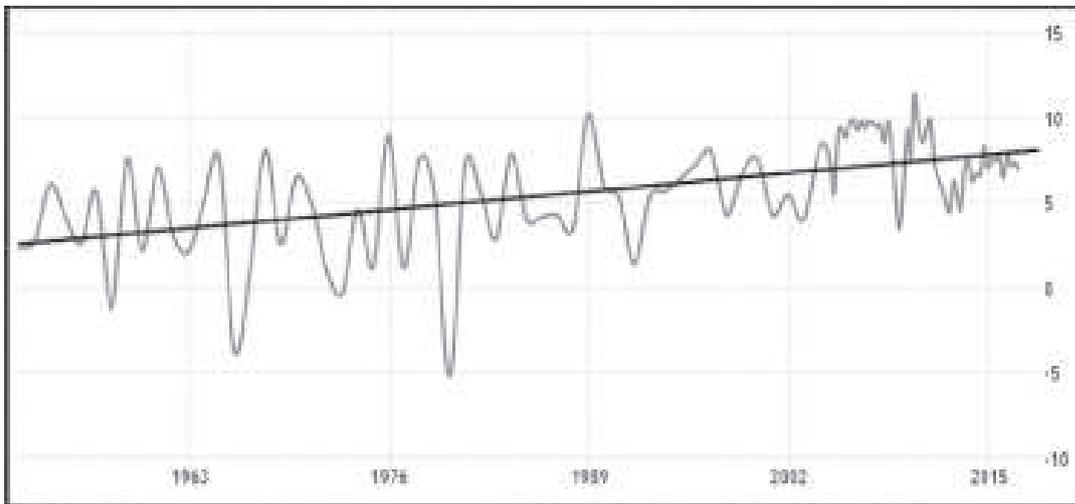
NITI Aayog has been initiated for an open, constant and ongoing involvement, participation and partnership of every State. The State Governments can now play an active role in achieving the national objectives while at the same time giving importance to their specific needs. Unlike the Planning Commission, now the Centre won't influence or dictate the States. This means that NITI Aayog will enable the States to play a greater and direct role in formulating plans. Hence, there would no longer be any kind of 'communication gap' and instead there will be more effective implementation of plans. In NITI Aayog, the funds allocation will be undertaken by the Finance Ministry whereas earlier, Planning Commission had the powers to allocate funds. The Planning Commission had eight full-time members whereas the number of full-time members in NITI Aayog is two. While earlier the State Governments' role was limited to only the Planning Commission meetings, in NITI Aayog the State Governments will play a more important, proactive and participatory role. NITI Aayog will have a number of part-time members, depending on the requirement from time to time; but the earlier Yojana Aayog had no part-time members. These are the key points of difference between these two institutions.

V. India's Growth Trajectory

Gross Domestic Product (GDP) serves as an indicator of the financial and economic health of a country and data for GDP becomes useful for assessing the national economic development.

The paper has compiled annual GDP data from 1951-2016 and tried to pictorially show how the trend has been in the last 66 years. The data is collected from the database of Reserve Bank of India and Planning Commission. The objective of this section is to make an attempt to accurately predict the GDP growth rates in the next five years with the use of ARIMA time series modeling. Figure 1 bears testimony to some of the events already discussed in the epilogue in Section II which led to the sudden spikes in data. Highlighting some of the very recent features of Indian growth, the Indian economy has grown by almost 7 per cent year-on-year in the last three months of 2016, slowing down from 7.4 per cent rise in the third quarter of 2016. The expansion took place on account of a surge in public spending and agricultural activities undertaken by the new government at the Centre. GDP annual growth rate in India averaged at 6.10 per cent from 1951 until 2016, reaching an all time high of 11.40 per cent in the first quarter of 2010 and a record all time low of (-5.20) percent in the fourth quarter of 1979. Figure 1 bears testimony to some of the events (like 1991 economic reforms, oil shock of 1976, etc.) already discussed in the epilogue in Section II which led to the sudden spikes in data.

Figure 1 : India's Growth Trajectory : (1951-2016)



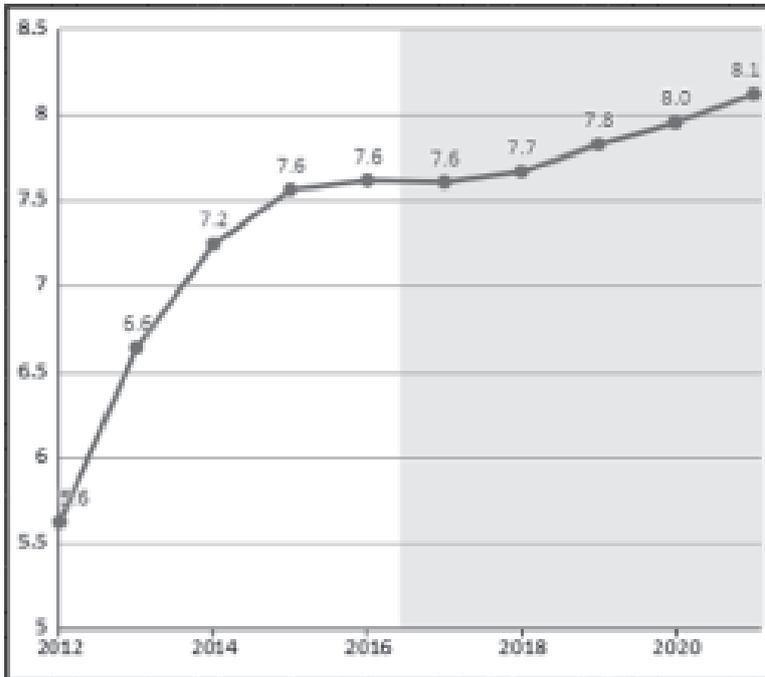
Source : Compiled by the author

The ARIMA model has been used to forecast the Indian GDP (Constant) rate of growth from the year 2017 to 2020 using time series data over a period of 1951- 2016. In econometrics, and in particular in time series analysis, an autoregressive integrated moving average (ARIMA) model is a generalized version of an autoregressive moving average (ARMA) model. The non-seasonal ARIMA model that this paper uses is generally denoted as,

$$ARIMA(p, d, q) = \left(1 - \sum_{i=1}^p \phi_i L^i \right) (1 - L)^d X_t = \delta + \left(1 + \sum_{i=1}^q \varphi_i L^i \right) \varepsilon_t$$

where, parameters p, d, q are non-negative integers; p is the order of autoregressive model, q is the order of moving average and d is the degree of differencing. The results of first differenced GDP data designates the presence of AR(1), I(1), MA(2), i.e. ARIMA (1, 2, 2) model. The result of projections of Indian GDP growth rate has been given in Figure 2 below.

Figure 2 : Projections of India's Growth Trajectory : (2017-2021)



Source : Compiled by the author

The results show that India is on a high growth trajectory and is likely to be so till 2020. Results of this study will be in a way helpful for the policy makers to put together effective policies for sustaining the economic growth of the nation. If these results are something to go by then NITI Aayog is here to stay and the role of the NITI Aayog becomes even more crucial in this regard.

VI. Concluding Remarks and the Way Forward

There are still a few questions which remain unanswered. To start with, from the UTs only the Lieutenant Governors have been invited. The CM of Delhi and Puducherry can not participate in the Governing council. Like the Planning Commission, NITI Aayog too is a non-Constitutional, non-statutory body formed by a cabinet resolution. It is not accountable to the Parliament, and if the line-ministries fail to achieve the targets, NITI Aayog cannot punish them. Therefore, NITI Aayog should have been created through a legal or some sort of a Constitutional amendment. There should be a perspective plan spanning for 15 to 20 years. Otherwise, what if another party comes into power and dismantles this? Recall the situation during the late 1970s — (Morarji Desai vs Indira Gandhi days). It will take minimum 6 - 8 months for NITI Aayog to set

things in motion. In between that time, development will be halted due to the paucity of funds and ideas. Planning commission and NDC decided “special category states” and gave them additional funding to help the poor and the backward regions. Now, the question is that with the advent of NITI Aayog, will those states lose their ‘status’ and extra-funding ? Uncertainty still prevails with regard to this (Sengupta, 2015).

NITI Aayog will conflict with the **Cabinet Secretariat** (for inter-ministerial coordination) and constitutional body **Inter State Council** (for co-ordination with the states). The Finance Ministry officials always try to squeeze the budget to keep the fiscal deficit under FRBM targets. NITI Aayog and its free market economists will further reduce welfare schemes to help them. At present, we have 60 plus centrally sponsored schemes. Hence, this is expected to further reduce. Thus, the poor and marginalized communities will suffer. Planning commission used to monitor the human development in the States, Sub-plans for women, SCs and STs. NITI Aayog does not say how it will do it. NITI Aayog’s mandate repeatedly says they will focus on the manufacturing sector. Now, this particular issue warrants serious attention — just because China had succeeded on the manufacturing front, does not automatically guarantee that the same Cinderella story will repeat in India. Planning Commission’s Nehruvian Economists advocated decentralized planning while NITI Aayog’s free market economists and technocrats will pursue centralized planning and e-monitoring. No clear answers have been given in the press-release related to these issues.

However, given the complexity of the country, its federal structure, multi-party political system, the growing challenge of minority management and a basic Nehru-era flaw underscoring the issue of poverty before caste, religion, region and domicile considerations, it will be rather too early to predict NITI Aayog’s ability to profile a central policy framework that will create an effective roadmap to guide the developmental agenda of the government. Eminent economists, including Nobel laureate Amartya Sen, and other social scientists have strong doubts about the usefulness of a blatant application of the principles of market economy at India’s current level of development that require more attention to the issues of poverty alleviation, gender inequality, education, healthcare, social justice and support to the old and handicapped.

The abolition of the Yojana Aayog and its replacement with the NITI Aayog by the new government is a bold and long overdue initiative. It will help change the emphasis from projects and programmes to policy and institutions, from expenditure inputs to real outcomes through better governance and from political disputation over incremental allocations to new challenges and opportunities in a global context. It is definitely a step in the right direction. The discussion of India in a global context also reminds one of Gandhiji’s sayings :

— *“Let the windows of my mind be open to winds from across the world, but let me not be blown away by them.”*

Through its commitment to cooperative federalism, promotion of citizen engagement, egalitarian access to opportunity, participative and adaptive governance and increasing use of technology, the NITI Aayog will seek to provide a critical directional and strategic input into the

development process. Like all new institutions and given the growth projections, it will be a challenging job for NITI Aayog to fulfill its high objectives. Only time will tell how NITI Aayog performs.

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Appendix

Table 2 : Chronology of India's Economic Plans

Plan	Duration	Remarks
First	1951-56	Started on 1 st April, 1951 and ended on March 31, 1956. A variant of the simple Harrod-Domar one sector model with $MPS \neq APS$. Descriptive model. The strategy of the plan was to rehabilitate the Indian economy which had been hard hit by the World War II and the Partition.
Second	1956-61	Started on 1 st April, 1956 and ended on March 31, 1961. Mahalanabis-Feldman-Nehruvian operational two sector closed economy model.
Third	1961-66	Started on 1 st April, 1961 and ended on March 31, 1966. Greater attention to socialistic pattern of development. The model behind the Third Plan was an intertemporal eleven sector linear optimization model ² with the time horizon encompassing the five years of the Plan.
	1966-67 1967-68 1968-69	Plan Holiday : Due to Chinese aggression in 1962 and conflict with Pakistan in 1965, 4 th Plan could not be launched on time.
Fourth	1969-74	Started on 1 st April, 1969 and ended on March 31, 1974. Following Sandee, A.S. Manny and Ashoke Rudra's Static Exercise in their 'Consistency Model of India's Fourth Plan'
Fifth	1974-78	When the Janata Government assumed power at the Centre in 1977, it did not allow the Fifth Plan to run its full course and truncated it in its terminal year. The Plan was disrupted and replaced by the so-called Rolling Plan . This Planning Model is an amalgam of the Harrod-Domar One Sector Model, the Leontief intersectoral transactions and a consumption sub-model. Failure of trickledown effect propelled the government to launch several poverty eradication programmes.
	1978-79 1979-80	Plan Holiday
Sixth	1980-85	Janata Government's Sixth Plan (1978-83) was wound up when Mrs. Indira Gandhi returned to power at the Centre in early 1980. This Planning Model is an integration of both Harrod-Domar Model (extension) and input-output approaches to earlier plans in a demand-supply framework.
Seventh	1985-90	The Seventh Plan marked the comeback of the Congress Party to power. The plan laid stress on improving the productivity level of industries by upgrading of technology, production of food grains, and generating employment.
	1990-91 1991-92	Plan Holiday Watershed Year in the post-independent history of India's Economic Development.

Eighth	1992-97	The Eighth Plan could not be launched on time due to political instability at the Centre. The market increasingly came to replace the plan, and a programme of privatization was slowly and fitfully begun.
Ninth	1997-02	The main aim of attaining objectives like speedy industrialization, human development, full-scale employment, poverty reduction, and self-reliance on domestic resources.
Tenth	2002-07	The primary aim of the 10th Five Year Plan is to renovate the nation extensively, making it competent enough with some of the fastest growing economies across the globe.
Eleventh	2007-12	<p>A development process oriented plan which ensures in the quality of life. With several inter-related components: rapid growth, access to essential services, equality of opportunity, empowerment, employment opportunities, underpinned by the MGNREGA, environment sustainability, recognition of women's agency and good governance.</p> <p>The Eleventh Five Year Plan had aimed at achieving 'faster and more inclusive growth'³.</p> <p>Thrust on accelerating the pace of investment in infrastructure. Rising income inequalities, loss of livelihoods, emerging social tensions, forced India to correct their policy as like China. Plan proposed faster and inclusive growth through reforms with human face, similarly like China's Eleventh Plan (2006-10) with the objective of building harmonious society by putting people first.</p> <p>Challenge before the country still remains:</p> <ol style="list-style-type: none"> 1. Raising agricultural production and productivity; 2. Expanding employment; 3. Raising factor productivity; 4. Managing urbanization; 5. Bridging the infrastructural deficit; 6. Improving social sector outcomes; 7. Promoting financial inclusion; 8. Managing globalization; 9. Providing a stable and predictable macroeconomic development; and 10. Good governance.
Twelfth	2012-2017	The twin objectives of India's 12th five year plan are ensuring food security and improving the lot of farmers through higher investments in agriculture and allied sectors. Planning Commission makes way for NITI Aayog – the brainchild of Prime Minister Narendra Modi.

Source : Karmakar (2013)

URBAN WOMEN EMPLOYMENT AND INCOME GENERATION IN INFORMAL SECTOR IN WEST BENGAL- A CASE STUDY

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PRANKRISHNA PAL⁺⁺

Abstract

In this paper we have studied the impact of Government sponsored women employment and income generation programme – Swarna Jyanti Sahari Rojgar Yojana(SJSRY) on eight municipalities of two districts of West Bengal. The objective of the programme was to strengthen the local urban bodies and community organizations to fight against poverty through employment by the SHGs in the informal activities. One component of it is Urban Women Self-help Programme (UWSP). Financial assistances are provided through this UWSP groups to the poor urban women. In our study we have concentrated on UWSP (loan and subsidy) groups popularly known as DWCUA (Development of Women and Children in Urban Areas) groups where assistance is given to poor urban women to set up their joint ventures. Thus opportunities in the informal sector have been created for the urban women by the implementation of the programme. Based on the number of UWSP groups we have selected top 6 municipalities namely Barasat, Barrackpore, Bongaon, Bhatpara, Panihati and Taki in North 24 Parganas and 2 Municipalities namely Budge Budge and Maheshtala in South 24 Parganas in West Bengal. All together we have selected 8 municipalities in these two districts. The sample size was 177 members. Here we have studied women employment and income generation in different informal activities under SJSRY and change in their income after participating in the program. Besides, we have considered the economic decision making ability of the women within the household.

Our estimates reveal that 0.46% of women among total women population in North 24 Parganas and 0.31% of women to total women population in South 24 Parganas have participated in the program which is very low. Activity-wise analysis shows that the highest % of women is involved with grocery shop and the highest % of women are earning in the income class of Rs. (901-1300). We also observe a change in income before and after joining the group. Program participation has changed their monthly earnings but has failed to create new jobs. Besides, only 5.08% of women are having full empowerment and

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12.44% of women are having high level of empowerment in case of economic decision making ability within household. However, the % of full empowerment is very low. Government should take some special measures focusing on the particular women group to enhance participation so that urban poor women can uplift their economic conditions through income and employment generation in the informal sector.

Key Words: Microfinance, SJSRY, Women's Participation, Empowerment.

JEL Classification: I31, I32, I38, J68

I.Introduction

Poverty Alleviation Programme has always played an important role in generating employment of any economy. Income generation and employment creation has been the two major objectives of the developing nation to eradicate poverty. In India, the Government has been executing and implementing various poverty alleviation programs to combat poverty. The Government of India in 1997 has initiated a poverty alleviation program for urban poor known as Swarna Jyanti Sahari Rojgar Yojana(SJSRY). The major objective of Urban Women Self-help Program (UWSP) component of SJSRY was to address urban poverty alleviation through gainful employment to the urban unemployed or underemployed poor women by encouraging them to set up self-employment ventures (individual or group). Financial assistances are provided through this UWSP groups to the poor urban women. In our study we have concentrated on UWSP (loan and subsidy) groups popularly known as DWCUA (Development of Women and Children in Urban Areas) groups where assistance is given to poor urban women to set up their joint ventures. Thus opportunities in the informal sector have been created for the urban women by the implementation of the program.

In our study we have selected two districts of West Bengal- North and South 24 Parganas. This is due to the fact that during 2000 - 2009 we observed that among all the districts North 24 Parganas had the highest number of SHGs in 2009 followed by South 24 Parganas (Status of SHGs in West Bengal, 2010). Based on the highest number of UWSP groups we have selected 6 municipalities namely Barasat, Barrackpore, Bongaon, Bhatpara, Panihati and Taki out of 27 municipalities in North 24 Parganas and 2 Municipalities namely Budge Budge and Maheshtala out of 7 municipalities in South 24 Parganas of West Bengal. All together we have selected 8 municipalities in these two districts. Approximately in these eight municipalities we had 191 groups under UWSP(loan and subsidy). In the first stage we have selected 30% of the groups which is approximately 59 groups. We observed that each group has 5 members. Then in the second stage we have selected 3 members arbitrarily from each group and hence we have 177 women as our sample size. All the women are engaged in informal sector.

In this paper we are to examine the accomplishment of the program as per its objective at two district of West Bengal. Based on the collected field survey data on Swarna Jyanti Sahari Rojgar Yojana(SJSRY) under 8 Municipalities we are to examine women employment and income

generation in different informal activities under SJSRY and change in their income after participating in the program. Also, we are to examine the economic decision making ability of the women within the household.

Section II deals with review of literature . Section III contains the accomplishment of the program as per its objective in the two districts- progress of UWSP (Loan and Subsidy) based on the number of participants, while section IV contains employment of the participants among different types of informal activities. Section V deals with the educational status of the group members. The monthly income level, the change in income after joining the group , and inequality in income distribution are discussed in Section VI. Section VII deals with the economic decision making ability of women within the household . Concluding remarks are in Section VIII.

II. Review of Literature

It had generally been found out by researcher that income generation projects have positive advantage for women. Though women are engaged in informal activities where the small scale enterprises in which they work prove to be not so good, still it increases their economic independence, negotiation power and hence increases decision making ability of women within their household. Khan, Tasnim and Khan, Rana Ejaz Ali, (August 2006) in their study on 937 women at Bahawalpur, Pakistan, have found that increase in income and productivity of informally employed women have reduced household poverty and burden on women.

Khan, Amanullah and Qureshi, A.F (1996) have observed in their study at Karachi that compared to housewives the working women have reported independent decision making with regards to their children's school enrollment, child marriage, independent mobility and ability such as ability to visit the marketplace or health care provider without the permission of their husband or mother-in-law. Moreover, a significantly greater proportion of working women reported using preventive health services, such as immunization for tetanus toxoid, pre-natal care and contraceptive. The impact of group lending and its provision of work at informal sector is also has a varied reaction. **Mayoux (2000)** has found that the habit of savings and credit has generated more income and assets for the poor women which in turn, has increased the consumption level of the family and has reduced vulnerability. Access to credit and employment has been found to increase the decision making role of the women in the areas of family planning, *child's marriage*, buying and selling of property, sending their daughters to schools (**Hashemi et. al, 1996, Hulme and Mosley, 1997; Kabeer 2001, Mayoux 1997, 2000**). This has also changed their status within their locality and community. Women now take greater roles in giving advice within the community, organizing for social change and participating in community meetings as because now they are able to contribute financially in community needs and activities. However, **Mayoux (1997)** in her study had shown that the impact within a programme varies from woman to woman. Sometimes, programmes mainly benefit the women who are already better off, whereas the poor women are either neglected by the programmes or are least able to benefit because of their low resource base, lack of skills and market contacts.

In this context we are to examine the different types of informal activities that have been generated by the UWSP programme and its impact on the lives of the poor urban women of eight municipalities of West Bengal.

III. Progress of UWSP (Loan and Subsidy) based on the Number of Participants

In this section we are to examine the outreach of the program in two districts of West Bengal- North and South 24 Parganas. The UWSP (Loan and Subsidy) groups are popularly known as DWCUA (Development of Women and Children in Urban Areas) groups. These groups are formed at the slum level under Neighborhood groups (NHG). 5 to 10 women forms a DWCUA group to do some business/manufacturing etc for which Bank provides a loan of Rs.2.50 lakhs out of which there is a subsidy of 50%. Now we discuss about the progress of DWCUA based on the number of participant in two districts of West Bengal namely North and South 24 Parganas during the time period of 2007-12.

Table 1 shows that during 2007-12, most of the municipalities of North 24 Parganas have experienced an increase in the % of DWCUA participants to total women population. Taki has achieved the highest position over time (0.14% in 2007 to 0.46% in 2012). Municipalities that have experienced an increase in the % of DWCUA participants to total women population are Barasat (0.10% in 2007 to 0.14% in 2012), Baranagar (0.06% in 2007 to 0.10% in 2012), Panihati (0.03% in 2007 to 0.12% in 2012), Madhyamgram (0.03% in 2007 to 0.08% in 2012), North Dum Dum (0.01% in 2007 to 0.06% in 2012), Bongaon (0.01% in 2007 to 0.03% in 2012), Basirhat (0.01% in 2007 to 0.14% in 2012) and Kanchrapara (0.01% in 2007 to 0.02% in 2012). Some municipalities have experienced an increase in % of DWCUA participant from zero participants in 2007. They are Bhatpara (0.01% in 2012), Barrackpore (0.03% in 2012), Bidhannagar (0.16% in 2012), Dum Dum (0.11% in 2012), Garulia (0.03% in 2012), Gobardanga (0.17% in 2012), Habra (0.05% in 2012), Naihati (0.02% in 2012), North Barrackpore (0.02% in 2012), Rajarhat Gopalpur (0.02% in 2012), South Dum Dum (0.01% in 2012), Titagarh (0.04% in 2012). New Barrackpore municipality experiences no change in % of DWCUA members (0.10% in 2007 as well as in 2012). No groups have been formed at Ashoknagar-Kalyangarh during 2007 - 2012. This was similar in case of Baduria, Halisahar, Kamarhati, Khardaha during the period 2007-2010. However, in 2011 Baduria (0.04%), Halisahar (0.02%), Kamarhati (0.05%) and Khardah (0.05%) have experienced group formation and an increase in % of DWCUA members which again became zero in 2012.

Let us now examine the progress of DWCUA participants in different municipalities of South 24 Parganas. We observe (Table 2) that Budge Budge municipality (0.17% in 2007 to 0.26% in 2012), Baruipur municipality (0.07% in 2007 to 0.14% in 2012), Maheshtala (0.02% in 2007 to 0.05% in 2012), Rajpur- Sonarpur (0.01% in 2007 to 0.02% in 2012) and Jainagar-Mazilpur (0 in 2007 to 0.18% in 2012) have experienced an increase in the % of DWCUA participants to overall *women* population during 2007-2012. On the other hand Pujali municipality has experienced a decrease in the percentage of DWCUA participants to its total women population

from 0.49% in 2007 to 0.31% in 2012. However, Pujali municipality had achieved the highest percentage of DWCUA participants over this time period. No DWCUAs have been formed at Diamond Harbour during this time period.

To observe the inter- municipality variation of progress of DWCUA participants to total women population we have estimated the co-efficient of variation (CV) of change in women participants of DWCUA for North and South 24 Parganas during the time period of 2007-12. This will help us to compare the degree of variation of the growth of women participants in the group to that of the growth of total women population in these two districts during this time period. Estimates (Table 3) reveal that the CV of the progress of DWCUA participants to total women population at South 24 Parganas was much lower than that of the North 24 Parganas. This shows that the % change in DWCUA participants were much more stable and less volatile at South 24 Parganas than that of North 24 Parganas.

IV. Women Employment as Self-Employed Workers in Different Informal Activities

In our sample women are employed as self employed workers in the informal sector. Women are employed in different types of informal activities. Here we have classified these activities into 6 broad activities, viz: i) Animal husbandry which includes taking care of cattle, goat, cow etc; ii) food stall which includes making of phuchka, fried food on road stall or on cart, iii) readymade garment business which includes saree, garments, mosquito net or blanket etc, iv) tailoring or sewing which includes putting hook in blouse, sewing petticoat, blouse etc, v) grocery shop like sattu, molasses, daily grocery items, cooking or food item like jam, jelly, papad, spices etc, and lastly, vi) handmade items like paper made packet, toys, or flowers and other items like agarbati, embroidery bags etc. Women are employed in these informal activities as self employed labors.

Let us now examine the distribution of self-employment among different types of informal activities (Table 4). At aggregate level the highest % of women (40.68%) are employed in the selling of grocery item business among all the activities. Among the municipalities this distribution is: Panihati (38.46%), Barrackpore (20%), Bongaon (25%), Barasat (42.86%), Bhatpara (60%), Taki (40%), Budge Budge (80%) and Maheshtala (50%). 13.56% of women at aggregate level are engaged in selling readymade garments as well as handmade items. The % distribution of women among the municipalities are: i) readymade garment business Panihati (15.38%), Bongaon (37.5%), Barasat (14.29%), Taki (20%), Maheshtala (16.67%) and nil at Barrackpore, Bhatpara and Budge Budge, ii) Handmade items: Panihati (7.69%), Barrackpore (40%), Barasat (28.57%), Taki (20%) and nil at Bongaon, Bhatpara, Budge Budge and Maheshtala. At the aggregate level 11.86% of women are engaged in animal husbandry and in tailoring and sewing. The % distribution of women among the municipalities is: i) Animal husbandry: Panihati (7.69%), Bongaon (37.5%), Bhatpara (40%), Budge Budge (20%) and nil at Barrackpore, Barasat, Taki and Maheshtala, ii) tailoring and sewing: Panihati (15.38%), Barrackpore (30%), Maheshtala (33.33%) and nil at Bongaon, Barasat, Bhatpara, Taki, Budge Budge. Only 8.47% of women at the aggregate level are engaged in selling foods. Among the municipalities this distribution is: Panihati (15.38%),

Barrackpore (10%), Barasat (14.29%), Taki (20%) and nil at Bongaon, Bhatpara, Budge Budge and Maheshtala.

Thus we observe that the highest % of women is engaged at selling grocery items.

Employment Diversification Index: We have so far discussed the occupational distribution of women in the informal activities. Employment pattern is not uniform among the self employed women and hence has changed among the activities. Employment is more in some activities and less in other activities. We shall now measure the extent of variation of employment. This indicates an inter-activity employment diversification. We have estimated the Employment Diversification Index (EDI) based on the Theil's (1967) Entropy measure which is defined as:

$$EDI = E / \log n$$

$$\text{Where, } E = -\sum e_i \log(1/e_i),$$

e_i : employment share in the i^{th} activity, $i = 1, 2, \dots, n$.

n : number of activity in the informal sector (self employment)

Here, $EDI = 0$ for $E = 0$. It implies that employment is highly concentrated in only one activity. Employment is not diversified occupationally.

$EDI = 1$ for $E = \log n = \text{maximum value}$. It implies that employment is diversified among the activities.

So, $0 \leq EDI \leq 1$. Higher(lower) the value of EDI, higher(lower) the degree of diversification occupationally.

The value of EDI for self employed labor is 0.704 which shows that the self employed women have been diversified among the informal activities.

V. Percentage Distribution of Women according to their Educational Status

In the previous section we have examined the women employment in different activities. In this section we are to examine the educational status of the women. Based on our field survey data, we have classified the levels of education as: i) Illiterate, ii) Classes (I-IV), iii) Classes (V-VI), iv) Classes (VII-VIII), v) Classes (IX-X) and vi) Classes (XI-XII).

Our estimates reveal (Table 5) that the highest % of women (41.81%) at the aggregate level are in the Classes of (VII-VIII). Among the municipality this distribution are: Panihati(28.21%), Barrackpore(40%), Bongaon (50%), Barasat(61.9%), Bhatpara (53.33%), Taki (20%), Budge Budge (53.33%) and Maheshtala (38.89%). 25.99% of women at the aggregate level are in the Classes of (IX-X). Among the municipalities this distribution is: Panihati (25.64%), Barrackpore (36.67%), Bongaon (25%), Barasat (23.81%), Bhatpara (13.34%), Taki (20%), Budge Budge (33.34%) and Maheshtala (22.22%). Among the municipalities the % distribution of women in the Classes of (V-VI) are: Panihati (30.77%), Barrackpore (13.33%), Bongaon (8.33%), Barasat (14.29%), Bhatpara (20%), Taki (40%), Budge Budge(13.33%) and Maheshtala (38.89%).

22.04% of women at the aggregate level are in this Class of (V-VI). 9.04% of women at the aggregate level are in the group of Classes (I-IV). Among the municipalities this distribution is Panihati (15.38%), Barrackpore (10%), Bongaon (8.33%), Bhatpara (13.33%), Taki (20%) and nil at Barasat, Budge Budge and Maheshtala. 0.56% of women at aggregate level are illiterate and same % of women are in the Classes of (XI-XII) and 4.17% of women at Bongaon municipality are in the two groups.

VI. Percentage Distribution of Women according to their Monthly Income and Comparison of Income before and after Joining the Group

In this section we are to examine the distribution of women according to their monthly income before and after joining the group, comparison in the change in their income before and after joining the group and inequality in distribution of income among the women.

i. Percentage Distribution of Women according to their monthly income:

Here we are to examine the % distribution of women according to their monthly income. Most of the women were engaged in the informal activities like selling of spices, papad, handicrafts goods etc in part time basis or on individual basis before joining the group. So we have compared their change in income before and after joining the group.

In our field survey we observe that the percentage of women has varied in different income classes. In our study, we have classified these income distributions of the women into five income classes: i. (\leq Rs500), ii. (Rs. 501-900), iii. Rs. (901-1300), iv. Rs.(1301-1700), v. Rs.(1701-2100). Women earn income through different varied activities which has been stated above. Estimates (Table 6) reveal that women are having more income after joining the group. We observe that highest percentage of women(88.90%) were earning in the income class of Rs(501-900) which got changed (45.76%) to the income class of Rs.(901-1300) after joining the group.

Before joining the groups, the % distribution of women among different income classes were as follows. At the aggregate level 7.91% of women are in the income class of less than equal to Rs. 500. Among the municipalities this distribution is: Barrackpore(3.33%), Bongaon (33.33%), Barasat (4.76%), Bhatpara (6.67%), Taki (13.33%), Maheshtala (5.56%) and zero at Panihati and Budge Budge. 88.70% of women at the aggregate level are in the income class of Rs.(501-900) and this distribution among municipalities is Panihati (100%), Barrackpore (90%), Bongaon (54.17%), Barasat (90.48%), Bhatpara(93.33%), Taki (86.67%), Budge Budge (100%) and Maheshtala (94.44%). Only women members at Panihati(6.67%), Bongaon (12.5%) and Barasat (4.76%) among the municipalities are in the income class of Rs.(901-1300) and this % at the aggregate level is 3.39%. There are no women in the income classes of Rs.(1301-1700) and Rs. (1701-2100).

The % distribution of women according to the income after joining the group is as follows.

At the aggregate level we observe that highest % of women (45.76%) are in the income class

of Rs. (901-1300). Among the municipalities this % distribution is: Panihati (96.23%), Barrackpore (56.67%), Bongaon (54.17%), Barasat (23.81%), Bhatpara (53.33%), Maheshtala (44.44%) and nil at Budge Budge. 41.24% of women at the aggregate level are in the income class of Rs. (501-900). Among the municipalities this % distribution are: Panihati(30.77%), Barrackpore (33.33%), Barasat (71.43%), Bhatpara (80%), Taki (40%), Budge Budge (100%), Maheshtala (16.67%) and nil at Bongaon. 11.87% of women are in the income class of Rs.(1301-1700) and this % distribution of women among the municipalities are: Barrackpore (10%), Bongaon (37.5%), Barasat (4.76%), Taki (6.67%), Maheshtala (38.89%), nil at Panihati, Bhatpara and Budge Budge. 1.13% of women at the aggregate level are in the income class of Rs(1701-2100) and this % is present only at Bongaon (8.33%).

ii. Change in income before and after joining the group

Next we are to examine the change in income before and after joining the group (Table 7). We observe that mean income before joining the group was 622.82 and mean income after joining the group is 975.45. We perform a pair t-test to compare this change in income which shows that the difference in mean of the incomes before and after joining the group is significant at 5% level.

iii. Gini Index of Income Inequality: Till now we have analyzed the pattern of the distribution of women self employed labor according to their income distribution. Now, we are to estimate Gini Index (GI) of inequality of the said distribution. Our estimates reveal that the GI for self employed women is equal to 0.14 which is very low. So income inequality is low among these self employed women.(Fig 1).

VII. Economic decision making ability of Women within the Household

So far we have analysed the income generation and employment generation of women who have participated in the program. We are to examine the empowerment of these women. That is, we are to examine that whether participation in workforce as well as increase in income has a positive impact on economic decision making ability of women within their household or not. Under economic decision making-ability of the women we have taken six parameters-

- a) taking decision regarding selection of her own job,
- b) whether to work or not
- c) control over her own income,
- d) decision regarding major household purchase,
- e) daily household purchase, and
- f) amount to be spent on health and hygiene of their children.

To find out the decision-making ability of the women in group here we have assigned some scores. If decision of the women is fully controlled by her in-laws or by her husband's then we

have assigned score as “zero”; if decision is jointly taken by the women along with her family/ husband then we have assigned score as “0.5” and if it has been taken completely by the individual herself then we have assigned score as “1”. Individual score for each component was aggregated to compute the composite score for the construction of economic decision making index.

To estimate the index we have selected maximum and minimum values for the underlying parameters. Then the construction method of the Human Development Index (UNDP, 2005) has been used to find out the values of each parameter as well as of the index.

Here the i^{th} dimension index (following the UNDP methodology of constructing the HDI, 2005) is defined as:

$$D_i = \frac{\text{Actual value} - \text{Minimum Value}}{\text{Maximum Value} - \text{Minimum Value}}$$

Where i : empowerment on the basis of economic decision-making ability of women within household.

Here $0 \leq D_i \leq 1$, We have different situations:

- i) $D_i = 0$, it implies no empowerment.
- ii) $D_i = 1$, it implies full empowerment.
- iii) $0 < D_i < 0.5$, it implies low level of empowerment.
- iv) $0.5 < D_i < 0.7$, it implies medium level of empowerment.
- v) $0.7 < D_i < 0.9$, it implies high level of empowerment.

On the basis of the above stated formula we have estimated the decision making ability index of women within her household among the municipalities in 24 Parganas(N) and 24 Parganas(S).

Estimates (Table 8) reveal that the highest per centage of women (41.24%) is having low level of empowerment at the aggregate level.

We observe that only 0.56% of women at the aggregate level are having no empowerment and 4.76% of women at Barasat municipality only are in this level. As we have discussed earlier that the highest percentage (41.24%) of women at aggregate level are at the low level of level of empowerment ($0 < D_i < 0.5$) and the highest percentage (56.67%) of women at Panihati municipality is in this level. 40.68% of women are having the medium level of empowerment ($0.5 < D_i < 0.7$). Municipality wise we observe that Bhatpara is having the highest percentage (46.67%) of women in this level. 12.44% of women are having the high level of empowerment ($0.7 < D_i < 0.9$) and the highest percentage (26.67%) of women at Taki municipality is in this level. Finally, we observe that only 5.08% of women are having the full economic decision making ability within household and the highest % is at Bongaon (8.33%) among the municipalities.

VIII. Conclusions

We observe that only 0.46% of women to total women population at North 24 Parganas and only 0.31% of women to total women population at South 24 Parganas are participated in the program. This shows that participation rate among the women is very low for the program. Women are employed in different informal activities as self employment. The highest % of women is achieved by grocery shop. Also the incomes of these women are varying. The highest % of women are earning in the income class of Rs. (901-1300). We observe a change in income before and after joining the group. However, the women were working in similar types of job before joining the group as a part-time or individual basis. Program participation has increased their monthly earnings but has failed to create new jobs. This has been accepted by men as this did not affect their regular household chores. Besides, we observe that only 5.08% of women are having the full empowerment and 12.44% of women are having the high level of empowerment. However, the % of full empowerment is very low which implies that program should be designed in such a way to address the specific problem of the women

From the above analysis we can say that the program participation have shown some positive impacts on the lives of urban poor women by increasing their income. However, instead of creating new types of employment it has simply elevated the traditional jobs. In case of full empowerment level, the per centage is quiet low. Government should take some special measures focusing on the particular women group to enhance participation and by uplifting their economic condition as well as their empowerment level through income and employment generation.

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14. Secondary data has been provided by State Urban Development Agency (SUDA).

Table 1: Percentage of Women Participants of DWCUA to Total Women Population in the Municipalities of North 24 Parganas

Municipality	2007	2008	2009	2010	2011	2012
Taki (M)	0.14	0.17	0.26	0.29	0.46	0.46
Barasat (M)	0.10	0.14	0.14	0.14	0.14	0.14
New Barrackpur (M)	0.10	0.10	0.10	0.10	0.16	0.10
Baranagar (M)	0.06	0.06	0.06	0.06	0.10	0.10
Panihati (M)	0.03	0.03	0.03	0.03	0.12	0.12
Madhyamgram (M)	0.03	0.03	0.07	0.08	0.09	0.08
North Dum Dum (M)	0.01	0.01	0.05	0.05	0.06	0.06
Bangaon (M)	0.01	0.01	0.01	0.02	0.03	0.03
Basirhat (M)	0.01	0.03	0.03	0.03	0.14	0.14
Kanchrapara (M)	0.01	0.01	0.02	0.02	0.02	0.02
Bhatpara (M)	0.00	0.00	0.00	0.01	0.02	0.01
Ashoknagar Kalyangarh (M)	0.00	0.00	0.00	0.00	0.00	0.00
Baduria (M)	0.00	0.00	0.00	0.00	0.04	0.00
Barrackpur (M)	0.00	0.00	0.03	0.03	0.03	0.03
Bidhan Nagar (M)	0.00	0.00	0.00	0.00	0.16	0.16
Dum Dum (M)	0.00	0.00	0.09	0.09	0.13	0.11
Garulia (M)	0.00	0.00	0.00	0.00	0.05	0.03
Gobardanga (M)	0.00	0.00	0.00	0.00	0.29	0.17
Habra (M)	0.00	0.00	0.04	0.05	0.05	0.05
Halisahar (M)	0.00	0.00	0.00	0.00	0.02	0.00
Kamarhati (M)	0.00	0.00	0.00	0.00	0.05	0.00
Khardaha (M)	0.00	0.00	0.00	0.00	0.05	0.00
Naihati (M)	0.00	0.00	0.00	0.00	0.02	0.02
North Barrackpur (M)	0.00	0.02	0.02	0.02	0.02	0.02
Rajarhat Gopalpur (M)	0.00	0.00	0.01	0.01	0.04	0.02
South Dum Dum (M)	0.00	0.00	0.00	0.00	0.01	0.01
Titagarh (M)	0.00	0.00	0.00	0.00	0.04	0.04

Source: State Urban Development Agency (SUDA), Government of West Bengal

Table 2: Percentage of Women Participants of DWCUA to Total Women Population in the Municipalities of South 24 Parganas

Municipality	2007	2008	2009	2010	2011	2012
Pujali	0.49	0.49	0.31	0.31	0.37	0.31
BudgeBudge	0.17	0.26	0.26	0.26	0.26	0.26
Baruipur	0.07	0.11	0.11	0.14	0.16	0.14
Maheshtala	0.02	0.01	0.01	0.02	0.05	0.05
Rajpur-Sonarpur	0.01	0.02	0.02	0.02	0.02	0.02
Diamond harbor	0.00	0.00	0.00	0.00	0.00	0.00
Jainagar-Mzilpur	0.00	0.00	0.00	0.18	0.18	0.18

Source: State Urban Development Agency (SUDA), Government of West Bengal

Table 3: Co-efficient of Variation (CV) of Women Participants of DWCUA for North and South 24 Parganas During 2007-12

District	2007	2008	2009	2010	2011	2012
North 24 Parganas	209.31	218.80	156.87	150.97	94.54	121.06
South 24 Parganas	111.88	111.27	110.01	85.73	84.34	88.06

Source: State Urban Development Agency (SUDA), Government of West Bengal

Table 4: Percentage Distribution of Women Employment in Informal Activities as Self Employed Workers

Types of job	Name of the Municipalities								All
	Panihati	Barrackpore	Bongaon	Barasat	Bhatpara	Taki	Budge Budge	Maheshtala	
Animal Husbandry	7.69	0	37.5	0	40	0	20	0	11.86
food stall	15.38	10	0	14.29	0	20	0	0	8.48
Readymade garment business	15.38	0	37.5	14.29	0	20	0	16.67	13.56
Tailoring/ Sewing	15.38	30	0	0	0	0	0	33.33	11.86
Grocery items	38.48	20	25	42.86	60	40	80	50	40.68
Handmade items	7.69	40	0	28.56	0	20	0	0	13.56
All	100	100	100	100	100	100	100	100	100
Employment Diversification Index(EDI)								0.704	

Source: Field Survey

Table 5: Percentage Distribution of Women According to their Educational Levels in Different Municipalities

Educational status	Name of the Municipalities								All
	Panihati	Barrackpore	Bongoon	Barasat	Bhatpara	Taki	Budge Budge	Maheshtala	
Illiterate	0	0	4.17	0	0	0	0	0	0.56
Class I-IV	15.38	10	8.33	0	13.33	20	0	0	9.04
Class V-VI	30.77	13.33	8.33	14.29	20	40	13.33	38.89	22.03
Class VII-VIII	28.21	40	50	61.9	53.33	20	53.33	38.89	41.81
Class IX-X	25.64	36.67	25	23.81	13.34	20	33.34	22.22	25.99
Class XI-XII	0	0	4.17	0	0	0	0	0	0.57
All	100	100	100	100	100	100	100	100	100

Source: Field Survey

Table 6: Percentage Distribution of Women According to their Monthly Income

Distribution of income	Before Joining the Group								All
	Name of the Municipalities								
	Panihati	Barrackpore	Bongoon	Barasat	Bhatpara	Taki	Budge Budge	Maheshtala	
<=500	0	3.33	33.33	4.76	6.67	13.33	0	5.56	7.91
501-900	100	90	54.17	90.48	93.33	86.67	100	94.44	88.70
901-1300	0	6.67	12.5	4.76	0	0	0	0	3.39
1301-1700	0	0	0	0	0	0	0	0	0
1701-2100	0	0	0	0	0	0	0	0	0
All	100	100	100	100	100	100	100	100	100

Source: Field Survey

Distribution of income	After Joining the Group								All
	Name of the Municipalities								
	Panihati	Barrackpore	Bongoon	Barasat	Bhatpara	Taki	Budge Budge	Maheshtala	
<=500	0	0	0	0	0	0	0	0	0
501-900	30.77	33.33	0	71.43	80	40	100	16.67	41.24
901-1300	69.23	56.67	54.17	23.81	20	53.33	0	44.44	45.76
1301-1700	0	10	37.5	4.76	0	6.67	0	38.89	11.87
1701-2100	0	0	8.33	0	0	0	0	0	1.13
All	100	100	100	100	100	100	100	100	100

Source: Field Survey

Table 7: Comparison of Income of DWCUA Participants Before and After Joining the Group from 2007-2012

Change in Income	Mean		Pair t value
	Before	After	
	622.82	975.45	19.6

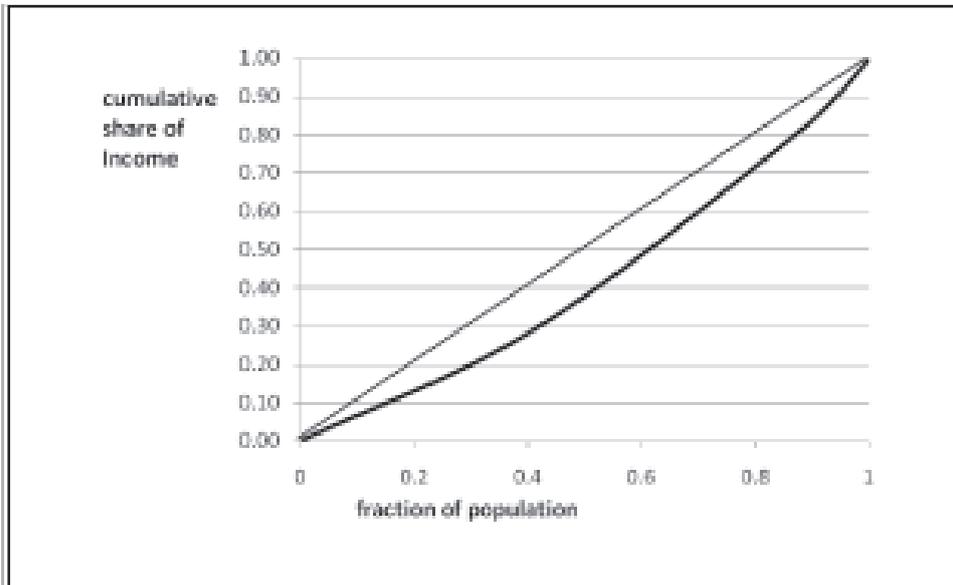
source: Field survey

Note: * Significant at 5 % level of significance.

Table 8: Economic Decision Making Ability of Women Within Household Among The Municipalities

Empowerment levels	Name of the Municipalities								All
	Panihati	Barrackpore	Bongoon	Barasat	Bhatpara	Taki	Budge Budge	Maheshtala	
$D_i=0$	0	0	0	4.76	0	0	0	0	0.56
$0 < D_i \leq 0.5$	56.41	40	16.67	61.9	33.33	26.67	20	55.56	41.24
$0.5 < D_i \leq 0.7$	41.03	43.33	50	23.81	46.67	40	60	22.22	40.68
$0.7 < D_i \leq 0.9$	0	10	25	9.53	20	26.67	13.33	11.11	12.44
$D_i=1$	2.56	6.67	8.33	0	0	6.66	6.67	11.11	5.08

Source: Field Survey

Fig 1: Cumulative Share of Women as Self Employed Worker

GROUP INEQUALITY, IDENTITY AND INCLUSIVE DEVELOPMENT

BISWAJIT CHATTERJEE¹

Abstract

This paper aims to link the relationship between group inequality, identity and inclusivity in development process, and argues that the externality associated with within group and between group inequality affects identity and well being of the population and needs to be addressed if the development outcomes are truly inclusive in nature.

Keywords : Group Inequality, Identity , Inclusive Development.

JEL Classification Codes: B59, O12,Z 13.

An enduring feature of human societies has been the persistence of inequality in various realms—economic, political and social, and challenges to various forms of inequality have been diverse. There has been a debate whether the inequalities have risen time, and whether such an increase in economic inequality is associated with countries undergoing the process of corporate globalisation (Cammack 2009; Piketty 2014). Despite the efforts of reformers, the divergence between the wealthy and the impoverished has continued within and between countries. According to the Oxfam report, by 2016 over half the world's wealth will be owned by just the richest 1% of the world's population. The trend to increasing inequality is clear in the report: "In 2010, it took 388 billionaires to equal the wealth of the bottom half of the world's population; by 2014, the figure had fallen to just 80 billionaires" (Hardoon 2015: 3).

Inequality is linked to considerable poverty, ill health and suffering, yet is entrenched in many countries. Although many people consider extremes of inequality to be undesirable, public concern only occasionally reaches critical mass. Indeed, according to Piketty's (2014) analysis, it took the combination of the devastation of two world wars, high post-war population growth and the active labour movement to achieve the significant reductions in inequality that occurred between the start of the 20th century and the 1960s. One important aspect of inequality has been the group inequality, which not only affects the process of trickle down effects of growth and development, but also generate significant externality which affects the decisions regarding occupational choice and human capital formation—both important for the development of an economy. Some important dimensions of group inequality are: Income and wealth, Health and educational attainment, Occupational status, Neighborhood and peer-group quality, Collective reputation, Crime victimization, Offending, arrest and incarceration, Belief heterogeneity. Identity

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, which is inherently pluralistic in nature (Sen., 2006), is often associated with group inequality and the segregation process thereof, having important bearings on the social and economic exclusion that which confronts many poor developing nations.

I.GROUP INEQUALITY

The economics literature has identified two main channels through which group inequality may be sustained across generations. The first is based on discrimination, either through tastes, as in Becker (1957), or incomplete information about individual productivity as in the theory of statistical discrimination (Arrow 1973, Phelps 1972).¹ The second channel, initiated by Loury (1977), stresses the effects of segregation in sustaining group inequality. Loury's model contains many of the ingredients including identity groups, peer effects, and the endogenous determination of wages; he establishes that convergence to group equality occurs if there is complete integration, but need not do so under complete segregation. Significant contributions building on this work include Durlauf (1996) and Benabou (1996). Both Durlauf and Benabou consider local complementarities in human capital investment coupled with endogenous sorting across locations and show how persistent disparities across neighborhoods can arise. Along similar lines, Lundberg and Startz (1998) model social groups as essentially distinct economies, except for the possibility that the human capital of the majority group has a spillover effect on the minority; the size of this effect is interpreted as the level of segregation. They show that the income levels of the two groups can diverge persistently when segregation is complete. Finally, Mookherjee et al. (2010a, 2010b) consider local spillovers with global complementarities, and characterize the existence of steady states with inequality across groups, where groups correspond to spatially contiguous clusters of individuals who make similar levels of investment in skills.

It is important to examine the combined effect of segregation in social networks, peer effects, and the relative size of a historically disadvantaged group on the incentives to invest in market-rewarded skills and the dynamics of inequality between social groups. When segregation is sufficiently great, there are sufficient conditions for the persistence of group inequality even in the absence of differences in ability, credit constraints, or labor market discrimination. Under these conditions, group inequality may be amplified if initial group differences are negligible, and increases in social integration may destabilize an unequal state and make group equality possible, but the distributional and human capital effects of this depend on the demographic composition of the population. When the size of the initially disadvantaged group is sufficiently small, integration can lower the long run costs of human capital investment in both groups and result in an increase the aggregate skill share. In contrast, when the initially disadvantaged group is large, integration can induce a fall in the aggregate skill share as the costs of human capital investment rise in both groups.

Samuel Bowles, Glenn C. Loury, Rajiv Sethi(2013) establish two main results. First, they identify conditions under which there exists no stable steady state with equality across groups—, small initial group differences will be amplified over time, resulting in a magnified correlation

between earnings and identity even if negligible correlation exists to begin with. These conditions depend on three factors: the extent of segregation in social networks, the strength of interpersonal spillovers in human capital accumulation, and the level of complementarity between high and low skill labor in the process of production. In particular, social segregation plays a critical role: group inequality cannot emerge or persist under conditions of equal opportunity unless segregation is sufficiently great. Furthermore, the relationship between group equality and social segregation is characterized by a discontinuity: for any steady state with group equality, there exists a critical level of segregation at which it becomes unstable. If segregation lies above this threshold, convergence over time to the steady state is possible only if groups are equal to begin with. Hence a small increase in social integration, if it takes the economy across the threshold, may have large effects on long run group inequality, while a large increase in integration that does not cross the threshold may have no persistent effect. Integration may cause an asymmetric steady state to disappear resulting in convergence to equality across groups, but when there are multiple symmetric steady states, there is a choice problem when integration destabilizes group inequality, i.e., induces a transition to group equality. The population share of the initially disadvantaged group plays a critical role in this context—if this share is sufficiently small, integration can result not only in the equalization of income distributions across groups, but also a decrease in the costs of human capital investment in both groups and a rise in the aggregate skill share in the economy. On the other hand, if the population share of the initially disadvantaged group is sufficiently large, integration can give rise to an increase in the costs of human capital investment in both groups and a decline in aggregate human capital levels in the long run. To the extent that this consequence is anticipated, integration may face widespread popular resistance.

The theoretical arguments developed above apply quite generally to any society composed of social groups with distinct identities and some degree of segregation in social interactions. In cases involving a history of institutionalized oppression, segregation can prevent the convergence of income distributions following a transition from a regime of overt discrimination to one of equal opportunity. And in cases with no such history, segregation can induce small initial differences to be amplified over time. Social integration can induce equalization of income distributions across groups but the distributional and human capital consequences of integration depend on the demographic composition.

Akerlof, George A. (1997) argues that traditional economic analysis, based on methodological individualism, ignores social decisions to include dependence of individuals' utility on the utility or the actions of others. Social decisions and interactions produce externalities, which typically slow down movements toward socially beneficial equilibria, but in the most extreme cases they create long-run low-level equilibrium traps that are far from socially optimal. There is a significant difference between these social decisions and the conventional economic decision-making as choices among alternatives like apples and oranges. He argues that social decisions have social consequences whereas economic decisions do not. "*While my network of friends and relatives are not affected in the least by my choice between apples and oranges, they will be affected*

by my educational aspirations, my attitudes and practices toward racial discrimination, my childbearing activities, my marriage or divorce, and my involvement in drugs. All of these activities will affect who I am in an important way, and thus how I associate with my friends and relatives, as well as who those friends may be. As a consequence, the impact of my choices on my interactions with other members of my social network may be the primary determinant of my decision, with the ordinary determinants of choice (the direct additions and subtractions from utility due to the choice) of only secondary importance.”

Externalities in social decisions are important either when people try to distance themselves, in social space, from their friends and relatives (status seeking), or alternatively, when they try to move themselves closer (conformist behavior). In the case of status seeking behavior utility depends positively on the difference between the individual's own status and the status of others, whereas in the case of conformist behavior, utility declines as distance between the individual's behavior and that of everyone else increases. In both the cases, in equilibrium everyone behaves in exactly the same way and “the behavior of everyone else” is well defined. Although the equilibrium outcomes are the same for all individuals in these models, they represent status-seeking or conformism because ex ante people would prefer to be respectively better than others in the status-seeking model, or more like others in the conformist model. The pervasive externalities that influence decisions in the social distance have implications for economic policy. Because group interactions have important influence on individual decisions, the analysis of social programs must include an evaluation of an intervention's impact on group interactions and not just the direct effects of the program. For example, in education the returns to programs such as art and athletics cannot be measured simply by their direct effects on grade point averages and added earnings of the participants, but also on the group interactions that are thereby generated.

II. Identity

According to Akerlof and Kranton(2000), identity, a person's sense of self, affects economic outcomes in a number of ways: (1) people have identity-based payoffs derived from their own actions; (2) people have identity-based payoffs derived from others' actions; (3) third parties can generate persistent changes in these payoffs; and (4) some people may choose their identity, but choice may be proscribed for others. They have developed preference based models to identify the impact of social interactions and group equilibrium on the basis of rational choice. The concept of identity expands economic analysis for at least four corresponding reasons. First, identity can explain behavior that appears detrimental. People behave in ways that would be considered maladaptive or even self-destructive by those with other identities. The reason for this behavior may be to bolster a sense of self or to salve a diminished self-image. Second, identity underlies a new type of externality. One person's actions can have meaning for and evoke responses in others. Gender again affords an example. A dress is a symbol of femininity. If a man wears a dress, this may threaten the identity of other men. There is an externality, and further externalities result if these men make some response. Third, identity reveals a new way that preferences can be changed. Notions of identity evolve within a society and some in the

society have incentives to manipulate them. Obvious examples occur in advertising, and in public policies, where changing social categories and associated prescriptions affect economic outcomes. Fourth, because identity is fundamental to behavior, choice of identity may be the most important “economic” decision people make. Individuals may—more or less consciously—choose who they want to be. Limits on this choice may also be the most important determinant of an individual’s economic well-being.

III. Inclusion and Exclusion

The late 1990s saw the introduction of some new terms and concepts in the discourse around inequality, poverty, fairness and justice. One of these concepts was that of “social exclusion”. The concept of social exclusion originated in the North, or the present-day developed countries, even though it is now a standard part of the development lexicon of the South, or the developing countries. A key distinction between social exclusion and poverty or inequality, is that the former is a group phenomenon, whereas the latter are typically measured over individuals. This distinction, however, is not as watertight as might appear at first sight, since while most measures of income inequality measure the dispersion in individual incomes, there are inequality measures which are decomposable, such that overall inequality can be decomposed into “between-group” and “within-group” components. In other words, while the concept of inequality is conventionally defined over individuals, some measures can be adapted to capture inequality between groups. What social exclusion does is to explain how “the various institutional mechanisms through which resources are allocated . . . operate in such a way as to systematically deny particular groups of people the resources and recognition” (Kabeer, 2000, p.86). Thus a careful examination of the concept of social exclusion must necessarily make reference not only to material deprivation, but also to institutions and processes which reproduce that disadvantage or deprivation.

In the literature on social exclusion, one finds reference to a continuum of disadvantage: from primarily economic to primarily cultural (or from ‘what you have’ to ‘who you are’). Somewhere in between these two extremes are hybrid forms of injustice which give rise to ‘bivalent collectivities’. Examples of bivalent groups are gender, ethnicity or caste in India. In a large number of cases, social exclusion comprise of bivalent groups: however, at one end of the spectrum, one can identify groups subject to social exclusion based primarily on economic disadvantage, e.g. the unemployed, and on the other end of the spectrum, groups subject to social exclusion based primarily on cultural factors. Such a distinction is important because it helps identify the source of exclusion and design remedies accordingly.

The above discussions suggest an underlying binary division between groups which are excluded, and others who are advantaged, and therefore, included. Such an understanding of group divisions would be simplistic and erroneous. This is because individuals have more than one identity, and intersecting identities imply that an individual can simultaneously belong to more than one group. It is possible, for one individual (e.g. an upper caste woman) to be disadvantaged according to one identity (e.g. gender), but to be advantaged according to others (e.g. caste or class). In this

case, defining whether this person belongs to a socially excluded group is problematic – in terms of one of her identities, she does; in terms of another, she does not. In addition to posing analytical problems, this also presents a policy challenge: how should policies be designed to address social exclusion? One option might be to address the source of exclusion, and target all those individuals who suffer from that particular source of exclusion. Thus, whether they belong to other groups or not might not be relevant. Another option might be to target individuals who belong to one stigmatised group (e.g. Dalits), but keep the benefits only for those Dalits who are not advantaged in terms of another identity (i.e. exclude the richer Dalits). The second reason why a dichotomous division between inclusion and exclusion might be simplistic is that it implicitly assumes that group boundaries are given and fixed. In other words, individuals belong to groups (one or many), and it is assumed that the group boundaries, once formed due to whatever reason, cannot be altered. So individuals are either ‘in’ or ‘out’. This approach does not examine the question of how groups get formed, and changed. Since the key to understanding social exclusion is to distinguish between groups which are disadvantaged and groups which are not, it is important to understand the processes which lead to formation of groups in the first place. Here, we need to distinguish between groups where membership is involuntary and determined by birth (gender, caste, race), and those where individuals can enter or exit, either because of a change in circumstances or life-cycle events (e.g. change in class, or employment status) or by free will (e.g. through converting to another religion). An added dimension to the formation of groups is whether the groups are open or closed. Thus, one can consider multiple overlaps of the twin dimensions of given/chosen and open/closed in order to understand the process of group formation.

Given the intersectionality and fluidity of group identities, the simple binary of inclusion versus exclusion with its watertight compartments ought to make way for a more disaggregated taxonomy, which would have greater analytical value. Such a useful taxonomy is provided by Kabeer (2000), who provides five possible situations in which groups can find themselves: privileged inclusion, secondary inclusion, adverse incorporation or problematic inclusion, self-exclusion and hard-core exclusion. Very briefly, privileged inclusion would characterise groups which occupy the advantaged positions in society and whose collective influence shapes the rules and institutional framework which determine the key decisions in that society. Secondary inclusion would characterise those groups who are not as privileged as the first group and occupy more peripheral positions, but are advantaged nevertheless. Adverse incorporation or problematic inclusion would refer to situations when groups are not excluded, but get included on adverse terms. This is often used in the context of women’s role in the development process – it is often the case that women are not excluded, but that they are included on adverse terms. Self-exclusion would refer to those groups who might be devalued by mainstream social views but would prefer to remain outside the mainstream, as it allows them the possibility of living according to their own rules and priorities. Finally, hard-core exclusion refers to a situation where “principles of unequal access in different institutional domains reinforce, rather than offset, each other, creating situations of radical disadvantage” (Kabeer, 2000, p. 88).

IV. Inclusive Growth

Polemics of exclusion vs inclusion apart, there is need to reflect on the concept of “inclusive growth”, discussed in the context of high growth economies such as India and China, where specific groups in these two countries appear to be excluded, broadly speaking, from the benefits of high growth. High growth economies with underlying social and economic inequality need to worry about whether the growth is sufficiently inclusive. Specifically, this would imply the following questions. In a diverse country such as India, what does a high aggregate rate of growth mean for the different sections of the population? As the cake gets bigger, is it the case that the proportionate share of the different social groups (e.g. castes, religious groups, states, regions, men and women) remains the same, so that every group gets a larger piece than earlier, but the relative position of groups remains unchanged? Or, is the growth process such that it draws into its fold groups which were hitherto excluded? New stimuli for growth also bring in their wake structural change in the economy, which might end up changing the proportionate share of different groups by changing employment patterns. For instance, a structural shift towards the secondary and tertiary sectors and away from the primary sector would realign the employment pattern, and consequently, might alter the terms at which different groups engage with, and benefit from, the productive economy. Or, as happened in the case of the garment industry in Bangladesh, the proportion of women in paid employment increased sharply as women, who had hitherto not been engaged in working outside the home for paid work, were needed in low-wage work to service the needs of this growing industry. It may be noted that a decline in the incidence of poverty among marginalized or disadvantaged groups is *necessary, but not sufficient*, for the growth process to be dubbed as inclusive.

The focus on inclusive growth highlights a shift away from the “trickle-down” paradigm, where it was assumed that even if growth is inequality-inducing, the benefits of growth would gradually trickle down to sections which were initially excluded from the process of development. A variant of the trickle-down paradigm involving the state is the “growth-first-redistribute-later” paradigm, which incidentally, draws a large number of adherents. The idea of Inclusive Development has surfaced in contemporary discourse on development policy and in the Indian context, this term has been coined in the XI and XII plan document to highlight the importance of development programmes that seek to include those who were hitherto neglected or not included in the distribution of fruits of development over the years. According to this paradigm, the primary focus of development has to be faster economic growth generated from the productive use of inputs and total factor productivity growth in an environment of not controlled but judicially regulated markets, while at the same time including in the growth process those who were left out by the hitherto initiated growth programmes. Basically such a strategy of inclusive growth constitutes a fresh version of wage goods approach which allows for spread of development to encompass the hitherto deprived set of people. Since in the Indian context, the hitherto uncovered section of the population are small, marginal labourers, agricultural workers, village artisans and craftsmen, and they are not only poor but also socially disadvantaged and backward, a policy of inclusive

growth with focus on spread at the bottom would warrant expansion of economic activities where these set of people could be effectively and productively engaged. The process of inclusive growth would entail if and only if the planners set out a growth process in those lines of productive activities for which the weak, marginalized and so-called inefficient or low-skill workers are capable of participating- in other words the so-called wage-goods sector, which is more labour absorbing in nature compared to the frontier level outputs for which India would be competing with other countries in the global market and growth in which would further only exclusion in our otherwise iniquitous growth process. This would require the state sector to raise resources for directed transfer as investment in economic activities in sectors like agriculture and wage goods for which there exists both supply and demand side complimentary linkages within the domestic economy and activities which are more labour-using than capital using in nature, thereby creating scope for employment expansion in the short-run and providing safety net to the vulnerable sections of our population.

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