

Growth, Poverty and Human Development in India

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Poverty is a social construct, varies from society to society and from time to time. It has subjective and objective dimensions. Perception about one's own position of being poor or not poor is not invariably related to having certain material possessions. Such perception is not always metaphysical either. More often than not it is constructed in context with social situation in which one lives and interacts. Generally policy makers and planners evolve objective criteria to measure poverty at a given point of time. Such parameters are in context with socio-economic conditions, availability of resources and the goal that the society has set in to achieve at a given point of time. Today, developed countries have different criteria than underdeveloped countries to measure poverty. There is however consensus at a global level that anyone who does not have minimum required resources/income to meet basic needs – food, shelter and drinking water - for survival is poor. Without eradication of destitution from society 'human development' (HD) in whatever way one defines remains sham.

The concept of human development is complex and of multi dimensions. It is however certain that HD is much more than mere poverty eradication. It requires a situation where people can freely identify and select their choices. In this paper I confined to the concept of Human Development (HD) from the vantage point of policy makers and planners who believe in intervention of the state and civil society for better social order for development of all. The present concept of HD has gained currency with the efforts of the United Nations Development Project (UNDP). Mahbub ul Haq, one of the architects of UNDP, spells out the concept in the following manner:

“ The basic purpose of development is to *enlarge people's choices*. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all, or not immediately, in income

or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and a sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives (1999:14)’.

How to attain HD is a moot question for policy makers. Rule of law, relative equality and freedom are important pillars of socio-political system in facilitating HD. They provide equal opportunities irrespective of gender, race, creed or caste to every one to ‘empower’ oneself and opt for choices according to one’s own preferences. Inequality in status and power restrict exercise of choices of those who are at the lower ladder of the hierarchy. In a situation where very wide gap in status and income prevails between those who are at the higher echelon and at the bottom the later are vulnerable to the dictate of the powerful. Such inequitable system provides better and more opportunities to the former because of their network and socialization than the latter. They also enjoy hegemony in the form of value system and ideology over the later. In such a situation autonomy of the lower strata in identifying choices is restricted. For instance people at the lower strata in Scandinavian countries have relatively more autonomy than those who are in similar position in the USA.

It is assumed, almost orchestrated by the institutions of global governance that market driven growth is a royal path for HD. Alternative approaches for the development of human civilizations believed to have been exhausted with the fall of Soviet Union. Western capitalist societies have invented the ideal path for development for all. According to some proponents of the path, human civilization has reached at the end of history with capitalist economy and liberal democracy. This is the final and inevitable destiny of the civilization (Fukuyama 1992). It is argued that the state has curbed human freedom and incentives. People are made dependent on the state for their development. Such state is antithetical to the well being of all – including of the poor. Therefore the state should roll back and confine to minimum functions of maintaining law and order. In the contemporary dominant discourse the mantra is let economy flourish and be free from politics. Market is a dynamic force for self-corrections. Bill Clinton asserted in 2004 before the World Economic Forum, “ We have to reaffirm unambiguously that open markets are the best engine we know

of to lift living standards and build shared prosperity”. The responsibility of the state is to facilitate market oriented economic growth. It is required to maintain macro-economic stability and guarantee property rights. This economic trajectory is sacrosanct. The IMF and the World Bank, architects and monitors of neo-liberal trajectory claim that their policies are essentially apolitical in nature and simply reflect the ‘value free’ principles uncovered by ‘positive economics’ (Thomas 2000).

In this trajectory, what is needed is good management and good governance on the part of the state. Intervention of the state from social sphere needs to be minimum. Given this, UNDP defines governance “as the exercise of economic, political, and administrative authority to manage a country’s affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences (1997)”. Accountability, transparency and equality before the law are the important parameters of good governance. Catch words like ‘decentralization’, ‘empowerment’ and ‘participation’ of the people are often repeated with little clarity. Co-operation and accommodation of ‘conflicting and diverse interests” are called for. Within this neo-liberal framework ‘good governance’ guarantees ‘property rights’ and maintenance of macro-economic stability. But redistribution of growth – nationally and internationally – is not even mentioned. Relative equality in income, assets and opportunities is not on agenda. Nor it gives importance to social and economic security of the population. Insecurity of job, income and health breeds uncertainties, anxiety and fear of unknown situation. Unsecured persons tend to become vulnerable to the manipulation of power mongers. Without relative equality and social security I submit accountability, transparency, decentralization, electoral democracy though very important cannot attain human development. Mere market driven growth makes the state subservient to those who control Capital and undermines societal networks and human needs. HD is possible with the shift from market-oriented growth to social oriented growth. Our plea is that the market needs to be tamed and brought under the supervision of civil society and state. Therefore alternative politics, of course not of excessive centralized statism, has to be brought back. This is a political issue.

II

Scenario: Poverty and basic needs

Poverty

In all the South Asian countries poverty is measured by household income and buying capacity of essential commodities which enable the members to survive. In India, poor are identified as those who do not get minimum required calorie per day to keep body and soul together. Accordingly, the minimum calorie requirement is 2400 per capita per day in rural areas and 2100 per capita a day in urban area (Minhas et al. 1986, 1989; Bagchi and Roy Choudhury 1989). In order to get minimum food to meet the required calorie one needs to have, it is estimated, income of Rs. 328(\$ 8) and Rs.456 (\$11) per capita per month in rural and urban area respectively at 1999-2000 prices. That is, a family of five requires at least Rs. 1635 and Rs. 2280 income per month respectively.¹ Those who have less income than this are considered the people living below poverty. This is much lower than international norm of one dollar a day per person. It should also be noted that all those who live above poverty line are not rich. There is a sizable stratum of the households – casual farm and non-farm labourers, artisans, small and marginal farmers, petty traders, hawkers etc. struggling very hard to live above poverty line. In adverse situation such as illness in family, accident or death and/or natural calamity like heavy rain, flood, cyclone etc. and/or non-availability of work their income sink to the level below the poverty line. According to an estimate based on empirical work in Rajasthan that nearly 6 per cent non-poor have become poor in the period of 25 years (Krishna 2003). All those who escape the line do not necessarily continue to remain non-poor for a long period.

Statistically speaking, proportion of people living below poverty line has declined in all South Asian countries. In India it has gone down from around 54 per cent in the early 1950s to 33 per cent in 2000 and 25 per cent in 2004. It is 25 per cent in Sri Lanka and 34 per cent in Pakistan and Bangladesh in 2000. There is however no significant decline in the absolute number. In India around 300 million persons live below poverty line. It is argued by several economists and planners that downward trend in poverty is steep during the late 1990s after the following the path of structural adjustment programme. Liberalisation has accelerated economic growth

and hence overall prosperity leading to the poor to escape poverty. Hence, growth is good for the poor (Dollar and Kraay 2002).

Many contest these statistical evidences. Some economists question the methodology of computation and interpretation of official data (Sen 2000; Mehta and Venkatraman 2000). According to some the trend is opposite (Patnaik 2004). Intricacy of methodology is beyond my competence therefore I will not deal with that aspect. But on the basis of my field work in Gujarat I will go by the observation of those social scientists –economists, sociologists, anthropologists etc- who themselves personally are involved into micro level studies. According to them there is, at any rate, no obvious pattern of ‘acceleration’ or ‘slowdown’ in the rate of poverty the 1990s (Deaton and Dreze 2002). Moreover, contribution of poverty alleviation programmes though somewhat slow down, cannot be ignored (Thamarajkshi 2003).

Social discrimination continues. Granting that poverty has declined, there is little disagreement that poor from all social strata have not been equally benefited by the downward trend. Among the poor the worse sufferers continue to be from the socially disadvantaged groups like Scheduled Castes and Scheduled Tribes. Their process of coming out of the poverty line is slower than other groups. Severity of poverty is also very high among them (Sundaran and Tendulkar 2003). So is the case with women workers (Jhabvala 2003).

The downswing in the rate of poverty in the 1990s however does not reflect in the availability of food and nutrition intake of the people. According to the economic Survey there has been a slow decline in the availability of per capita food-grains per day from 485 grams in 1991-92 to 427 grams per day in 2002-2003. “ Thus, by 2000-01 the average Indian family of four members was absorbing 93 kg less food-grains, compared to a mere three years earlier - a massive and unprecedented drop, entailing a fall in average daily intake by 64 grams per head, or a fall in calorie intake by 256 calories from food-grains (which accounts for 65 to 70 per cent of the food budget of the poor) (Patnaik 2004)”. Consumption of pulses has sharply declined among the poor as their prices have gone up. Hence, their intake of protein and calorie is low². The national Family Health Survey also shows that in 1998-99 in rural area nearly fifty per cent of the children were malnourished and in urban areas 39 per cent children were malnourished (Moderate and severe). According the National Nutrition Monitoring Bureau (NNMB) data 37.4 per cent of males and 39.4 per cent of females in 2000-01 suffered from Chronic Energy Deficiency in rural areas (Radhakrishna and Ravi 2003).

This proportion is higher than those who live below poverty line. According to NSS the total calories per head in rural areas has fallen on 2149 by 1999-2000 compared to 2211 in 1983, a decline by 72 calories per head. Discontent about their economic condition has also been reflected in the recent elections. The national Election Survey reveals that majority of the poor felt that their condition was worsen during the last five years of National Democratic Alliances (NDA) rule. It was also observed, “ 65 per cent respondents endorse the view that there should be legal ceiling on land and property ownership...There is still some consensus among Indians, across the parties and classes, about the need for the state to actively strive to limit the extent of inequalities in the society (Suri 2004)”.

Potable Water

According to the Government of India's figures nearly 80 per cent of the population is provided with 'safe drinking' water. The figures do not tell us how frequently and in what quantity people get potable water. And how safe is the safe water? For instance in Gujarat Government claims to provide 'drinking water' to over 90 per cent of the villages. But as many as 25 per cent of the villages do not get water at all, not to speak of 'safe' water for nearly three months when their tanks, wells and rivers get dried. They have to wait for tankers for several hours and/or to walk more than 2 km to get a bucket of water. Similarly, according to General manager of the State's Water Works department, groundwater of 36 districts in UP were not fit for drinking water in 2003. Drinking water was contaminated with traces of cadmium, fluoride, arsenic, nitrates and lead. In most of the urban areas majority of the residents get piped water less than one hour in summer. In urban slum localities people wait in long queue for several hours to get a bucket of water. According to a national survey 25 per cent of the households reported breakdown of taps/hand-pumps once in three months. Sometimes it takes several weeks to get them repaired. Only 27 per cent households were fully satisfied with quality of water and 20 per cent were satisfied with adequacy of water (Paul et. al. 2004).

Newspapers' reports on the incidents of contamination of water are frequent. Interestingly, those who claim of providing safe drinking piped water do not have faith in their own system that they use 'mineral bottled water' for their personal use. (It is also observed that mineral water is also unsafe but that is a different story). In several

areas industries overuse ground water for their manufacturing plants depriving source of water to the local residents. Not only that but also many chemical industries pollute river and ground water making drinking water more unsafe for the poor residents. Pollution of Ganga near Lucknow and Kanpur in UP, Tapi in Gujarat, Godavali in Andhra Pradesh are examples. In Goa five star hotels store water for the customers that deprive the villagers of their close vicinity. The plants for beverages and so-called mineral water grab common resources of steam and ground water at the cost of common residents. Just take a case of Coca Cola Company in Kerala, established in 1998-99. The Coca Cola factory is located very close to some of the bigger water-storage systems in this area. It has constructed two big wells within its compound, close to the main canal from the Moolatara barrage. They also dug about 60 tube-wells within the 40 acres of the factory premises and sucked canal and pond water. The factory sends out 85-100 lorry loads of Coca Cola every day. Each lorry load contains 550-600 cases of the beverage; each case contains 24 bottles and each bottle contains 300 ml of Coca Cola. The factory thus consumes a phenomenal 2.5 million liters everyday. The continuous pumping of water from the bore-wells to meet the requirements of factory have led to a significant decline of water in the surrounding area. Moreover, the water from these depleting sources has become saline and hard. It cannot be drunk as it has an unpleasant bitter taste. Such quality of water develop stomach disorder. Since the commencement of the factory, the excessive withdrawal of water from the water storage and distribution systems has precipitated a serious water shortage in this area (George 2002).

Health and Health care system

Infant mortality has gone down significantly in all the South Asian countries. In the case of India it has declined from 146 in 1951 to 110 in 1980 and reduced further to 90 in 1990. But then it had remained more or less the same level in the 1990s. There is a striking variance, more than twice, of IMR between the upper and lower strata. In 1998-99 IMR among the poor was 88.8 per 1000 births; whereas it was 42.7 among the rich. One finds the same pattern in the anaemic condition of women across the strata. 60 per cent of lower strata of society suffer from anaemia, as against 41 per cent women of the upper strata. Incidents of Tuberculosis, Malaria, and respiratory infections over a period are increasing. Diarrhoea and gastro/hepatitis continue to remain endemic both among the urban and rural poor. Simultaneously, the cases of

HIV/AIDS are rising. Nearly 42 per cent of the deaths in 1998 were due to different communicable diseases such as dengue, cholera, kala-azar, hepatitis, malaria etc.

Private, charitable/voluntary and public health care system existed, though in a small scale and largely in urban centers before independence. In the fifties the government made concentrated efforts to develop public health system with the emphasis on primary health care system. Besides starting primary health centers (PHCs) and sub-centres public hospitals began to grow both in number and facilities. However from the 1970s onwards the government spending on health care has remained more or less stagnant. The country spends only 0.9 per cent of GDP on health care which is below the average of low-income countries (Misra et. al. 2003) and private health sector has gradually over taken the voluntary and public health care system. 19 per cent of the hospitals were the private in 1974. Their proportion has increased to 45 per cent in 1984 and 68 per cent in 1996. Many public hospitals including PHCs are unequipped in terms of staff, physical infrastructure and medicines. Moreover they are over burdened as overwhelming majority of the patients of lower strata who cannot afford the higher charges of the private hospitals, use public hospitals. Furthermore, many of the medical and premedical staff belonging to urban middle class is not involved in their profession to serve the poor patients. Hence, there is overall low level of satisfaction among the users for the public health facilities (Paul et al. 2004). A share of private sector in outpatient and inpatient has increased since the 1980s. Two-third of the patients of the private hospitals are relatively rich. It is estimated that around 7-9 per cent of annual household consumption expenditure at household level is spent on healthcare (Bhat 1993, Mishra et al. 2003). Of that 85 per cent goes to the private sector. According to the NSS 52nd round per capita out-of-pocket expenditure per year to private sector ranges from over Rs. 500 among the richest to Rs. 75 among the poorest. It also shows that the average cost of treatment in the private sector for rural inpatients is 2.1 times higher, and for urban inpatients 2.4 times higher than the public sector during 1995-96. The poor spend a disproportionately higher percentage of their incomes on health services than the rich. One episode of hospitalization forces poor households to borrow money and then pay high interests for many years. In addition they also loose wages. Therefore they delay seeking treatment. According to NSSSO survey more than three-quarters of their spending is on minor ailments, infectious and communicable diseases. Nearly twenty per cent of the poor do not avail treatment for financial reasons. Because of the expenses on

illness as many as 2.2 per cent of the population falls below the poverty line in one year (Misra et. al. 2003). Moreover, according some studies several private hospitals do not have basic infrastructure or personnel. They follow medically unnecessary procedures and often prescribe “excessive, expensive and more risky drugs (Misra et.al. 2003).”

Education

Over the five decades literacy rate has gone up from 18.33 per cent in 1951 to 65 per cent in 2001. The rate in the female literacy has also been faster during the 1990s. It has reduced the difference in male-female literacy rate from 24.84 in 1991 to 21.7 in 2001. According to the Sixth All-India Education Survey 1999 71.18 per cent villages have primary schools. And 94 per cent of rural population has access to primary schools within a distance of one km. The enrolment ratio of children in the age group of 6-11 years has reached to 95 per cent. However enrolment does not necessarily retain students at least for five years. Dropout rate from class I to V has not significantly declined. It was 40-67 per cent in 2000-2001; and was 42.6 per cent in 1990-91³. Moreover, infrastructure facilities- building, drinking water, blackboard, class room etc.- are not evenly available in all schools. According to a survey one fourth of the teachers in primary schools do not regularly attend the schools (World Bank 2004). In rural areas, sixty to seventy per cent of the children belonging to different classes sit in one dilapidated room and being taught many subjects simultaneously by a single teacher (Shiv Kumar 2003). Only less than 20 per cent of the households have satisfaction with the teachers and quality of facilities in the school (Paul et. al. 2004).

Moreover, the gap in quality of education has widened between the disadvantaged and well off sections in the last four decades. Since the colonial days India has three types of schooling system. They are: government run schools, private schools for middle class and elite schools for the rich. Particularly in urban areas the number of schools of the later two categories at all levels have increased significantly. They are expensive and claim to provide ‘better education’ than the government managed schools. This is reflected in access to higher education and employment. A student educated in private schools has far more chances to get admission in higher education and better-paid employment than one studied in government schools. Overwhelming number of applicants for admission in management schools,

technology faculties, medical colleges, top institutions in different fields, administrative services etc. have schooling in private institutions. Literacy and schooling was a source of upward mobility two decades before. It no longer helps the poor in improving their economic condition. Ironically, the system of education perpetuates inequality in society.

Impasse

Of course, it is beyond doubt that basic amenities have increased from decade to decade with varying speed. Poor have also more access to them than in the past. Yet only 40 per cent of the population has all the basic amenities. One fifth of the households still live in the state of 'abject' or 'moderate' state of deprivation such as drinking water, *pucca* (brick) house and literacy, not to speak of access to health services. Quality and satisfaction of these services are far from desirable level (Srinivasan and Mohanty 2004). With the present rate of growth one wonders how many more decades the country would require providing basic amenities with the satisfaction to the users?

In the midst of certain improvements there are also some disturbing reversals. As mentioned above IMR has been almost stagnated in the last decade. Nutrition level and calorie intake of the poor have declined. 12 million people suffer from Vitamin A deficiency. Wages of the farm and non-farm sector workers in different parts of the country have not increased corresponding to the rising prices. Hence their purchasing capacity has remained as low as in the 1980s. Despite a surplus of 65 million tones food grains, some 320 million people go to bed hungry every night. Recently starvation deaths in several states like Orissa, Madhya Pradesh and Rajasthan have been reported⁴. Inequality across the social/occupational groups has increased during the last decade (Dealton and Dreze 2002). Along with it discrimination based on gender and social status has also increased. There is a striking decline trend in female-male ratio among children, from 945 girls per 1000 boys (in the 0-6 age group) in 1991 to 927 girls per 1000 boys in 2001. This decline is not so much among the poor as it is among the middle class who has recently improved their economic condition. They are increasingly using sex-determination technology to terminate female birth. Domestic violence to women shows no sign of decline. The practice of dowry has increased in various social groups that never existed in the past. Similarly atrocities

against the dalits, tribals and minorities have increased. During the 1990s there was an average every year of 22,942 and 4376 cases of atrocities (including murder, injury, rape, kidnapping, arson etc.) per year against Scheduled castes and Scheduled Tribes respectively. These figures exclude unreported cases. Similarly incidents of rioting and killing of the Muslims have also increased at the alarming rate in the last decade.

III

Growth and Social Insecurity

India's economic growth in terms of Gross National Product (GNP) has been on an average above 3 per cent per year since 1951. It has increased in the 1990s with an average above 5 per cent⁵. Several economists, policy makers and political leaders call that India is 'shining'. But like all south Asian countries and elsewhere, economic growth is not geared to generation of employment. To measure employment in the 'under developed' countries is ticklish as none can survive without some kind of work – be it collection of small peaces of wood, cow and buffalo dung, wild beetroots, leaves and grass from roadsides in rural areas, and refuse, rags and /or rotten leftover food from garbage in urban areas. Distress labour with negligible wages or other favour is also not uncommon for the poor. In statistical terms the growth of employment – principle and subsidiary work together- as measured by NSS shows declined trend from 2.06 per cent to 1.02 per cent between 1983-93 and 1993-2000. The downward trends is evident both in rural as well as urban area. At the end of 1998 there were 40 million people listed at Employment Exchanges. Nearly sixty per cent of the enrolled unemployed are educated. Though agriculture production has increased from 1961 to 2000, share of workers in agriculture, forestry and fishing have declined from 861 to 762 per 1000 workers in 1961 and 2000 respectively (Sundaram 2001). Employment has increased in construction, manufacturing and service sectors.

According to the 2001 census there are 406.05 million in workforce. Of which 28.11 million (6.38 per cent) are in organized sector; and 412.79 million (93 per cent) are in unorganized sector. With 'flexibilisation' labour policy under liberalization informal sector gets more and more importance in production process (World Bank 1995, Breman 1995). Over a period of the last two decades unorganized sector has generated more employment than the organized sector. In fact the proportion of the

later in providing employment has declined from 7.24 per cent in 1991 to 6.38 in 1999. But significantly the share of organized sector in net domestic product has increased 36.7 per cent to 39.1 per cent; and it is in reverse order in the unorganized sector. This is however not because of the low or inefficient productivity of the unorganized workers. Two reasons contribute for such trend. One, the organized sector uses capital intensive and labour saving technology. Machines displace Labour. Second, several industries get many parts of their product through subcontracting the work to small scale unorganized sector. By following such tactics the corporate sectors avoid management of labour and also can save taxes under MODVAT (Modified value added tax)⁶ (Vijay 2004). Naomi Klein (2001) shows that products of the many big corporations of the world are produced by others, 'in far away places' with cheap labour.

The formal sector is one that employs more than ten workers and registered under the factory Act. Under the act the industry is supposed to provide 'social security' to the workers. The provisions include weekly paid holiday, leave, medical care, pension/provident fund etc. Under the provisions Rules for hire and fire are stringent providing security of job to the workers. However all the workers in the organized sector do not get this benefit as many of the private manufacturing companies particularly of the small scale flout rules under one or another pretext. They employ many workers on temporary or on contract basis who do not get benefits of various provisions of the social security. More than ninety-two per cent of the units of SSI have not registered under Factories Act⁷. Social security in different forms is available only to less than five per cent of the labour force. Number of beneficiaries of the Employees State Insurance Scheme (ESIS) has not increased corresponding with the rise in number of factories in the 1990s. The government of India has not yet ratified the ILO Convention No. 102, which aimed at providing comprehensive social security to workers (Prabhu 2001).

With liberalization, labour laws are increasingly relaxed in favour of the employers. Workers' right to strike has been attacked⁸. It is now easier for the employers to 'fire' the workers at will. The companies having one thousand workers do not require government's permission for laying anyone off. Many big companies have reduced their labour force. For example, Tata Engineering and Locomotive has reduced its staff by 10,000 (29 per cent) between 1996 and 2000. Similarly Mahindra and Mahindra, Bajaj Auto, and Associated Cement Companies to name a few have

reduced the labour force by 30 per cent during the same period. On the other hand their productivity and profit have increased. Tata Steel, for an example, has reduced its labour force by 40 per cent and productivity has risen to 146 per cent (Spencer and Sanyal 2002).

In several cities like Mumbai, Kanpur, Delhi and Ahmedabad certain industries have been closed down for one or another reason. Some have been closed down because of 'loss' in profit and others closed down because of outdated technology unable to compete with the advanced high technology. Few shut down partly because of pollution regulation. Some shifted from one sector to another to earn more profit. Closures result into retrenchment of the workers, which have increased since the early 1980s and accelerated further in the 1990s. In Mumbai most of the textile mills, which were at one time the backbone of the city's economy, have shut down in the last two decades. Number of workers in this sector has declined from 25 hundreds thousand in 1981 to only 20,000 in 2001. The same is the case of Ahmedabad. Out of 64 textile mills as many as 52 have been closed down. More than 13 hundred thousand workers lost secured jobs. Most of the workers in both the cities did not get their dues. The national Renewal fund (NRF), floated in the mid 1980s was conceived primarily to fund the retaining and redeployment of workers. But it has not been done and the workers were left to the vagaries of the market. They have no other option but to work as casual labourers with half or less of their earlier income and without any social benefits. Their 'impoverishment,' as anthropologist Jan Breman has observed in his in-depth study of Ahmedabad, 'has given way to outright pauperisation (2003: 207)'. They were caught by downward mobility struggling for survival.

The proportion of 'casual labour' has increased from 15.4 per cent in 1987-88 to 16.8 per cent in 1999-2000. The share of the 'self employed' remains more or less the same. Whereas the proportion of the 'regular employed' workers has declined during the same period (NSS 2001; and Kundu 1997). The proportion of women is lower in regular employment and higher as casual labour and self-employed than males. Regular employee is one who gets salary regularly every month. Duration of employment is not necessarily fixed and secured in all the cases. All of them do not have benefit of social security. A woman employed as a maidservant for domestic work, getting Rs. 100 remuneration is treated as 'regular' worker. Similar examples are of watchman of a factory or residential locality, quarry worker near Delhi, servant

in a shop or tea-stall etc. who get their monthly fixed wages between Rs. 800 and Rs. 1500. But they can be dismissed even without notice of a day. On the other hand, there are also 'regular' worker in organized sector with salary in four to five figures along with yearly increments, dearness allowances linked with price index, public holidays, leave for certain days in a year, house and medical allowances or reimbursements, pension and/or provident fund. Self-employed are those who sale their labour. They include professionals like medical practitioners, lawyers, consultants etc. and also hawkers, plumbers, cycle repairers, rag pickers, shoeshine workers, carpenters, *bidi* (indigenous cigarette) makers etc. The former are in upper or middle bracket of income. They constitute hardly one per cent of the self-employed.

Many small-scale industries (SSI) do provide 'regular' employment. All who get regular employment in this sector do not have 'secured' jobs for many years. One reason is that mortality rate of the SSI is very high compared to the large industries as many entrepreneurs do not have enough capital and skill to sustain in the market. Nearly ten per cent of the SSI units were 'sick' in 2000.⁹ In fact, the growth of employment in this sector has declined from 13.21 per cent during 1971-80 to 8.15 per cent during the eighties and to 7.92 per cent during 1991-94 (RoyChowdhury 2004). In several places these industries prefer to have turn over of workers so that they need not have to pay social security benefits to all the workers. Employers prefer temporary workers so that they could enjoy control over them. Streefkerk observes in a town in south Gujarat,

“ Owners regularly retrenched workers after a few months on the job.

Management replaced them by others or re-employed the retrenched workers after a few days. It also happened that owners changed the appointment date of the workers continuously without workers themselves knowing it. Finally, management in companies consisting of more than one administrative firm transferred workers to the other firm regularly, either administratively or in reality (2004:34).”

Several industries pay wages on piece-rate related to quantum of production. The workers are not paid on the day they do not work. Weekly holidays or absence from work on health reason – not to speak of social purpose- are unpaid. Hence, they tend to work for as many days as they get work and also for longer hours. In small-

scale industries such regular worker works for twelve to fourteen hours a day (Shah 1997).

All those work, as self-employed or casual workers do not get work for all the days in a year. In Surat, the second largest city of Gujarat, barring a 10 per cent of workers in diamond and power-loom (SSIs) all workers do not get work throughout a month (Shah1997). In Ahmedabad it is estimated that casual workers obtain work for 255 days in a year (Unni and Rani 2003). Average income of the worker varies from city to city and industry to industry. On the basis of the micro surveys and anthropological studies one can estimate an average income of a worker is around Rs. 2000 per month in small industries (Unni and Rani 2001; Shah 1996; Desai 1998; Streefkerk 2004, Vijay 2004). Income of the casual labourers and self-employed is less than Rs. 2000 per month. Women workers income is less than male workers (Unni and Rani 2001). Because of low wages and irregularity of work both male and female workers undertake multiple economic activities. Women workers are more vulnerable as they have to manage 'dual responsibility'.

Contract labour is a common feature in big corporate industries, public sector industries, as well as SSIs. Many cash crops operation like sugarcane, tobacco, groundnuts, banana etc. and also tea and coffee plantations follow labour contract system. The system is also prominent in brick kilns, quarries and construction of irrigation dams, roads and public buildings (Shah et. al. 1990). Labour is employed through middlemen called contractors or *mukadams* who not only recruit labour but also supervise their work. The contractors are responsible for the quality and quantity of production. The contractors keep on changing the workers from one unit to other to keep control over the workers. As a result, a majority of the labourers change jobs from one factory to another than work for the same master for long periods. Workers are not paid directly by the factories. Contractors pay their wages; generally less than stipulated under the Contract Labour Act. The Committee appointed by High Court in Gujarat observed in the case of migrant workers working in sugarcane farms: "The general attitude of the management towards the workers in almost all the factories (sugarcane) are not of normal nature. These workers are not practically recognised as human beings...the workers were given treatment as if herds of animals are being organised in certain groups to be carried away from one place to another. The security staff used to move with sticks in their hands and always used insulting and sort of

abusive language whenever they had to deal with the harvest workers (Shah et al. 1990)."

Workplaces also have low level of hygiene and safety measures. A study on Kothur, a town in Andhra Pradesh with 12000 population and 100 SSIs, shows that there is on an average one minor accident in the factories; and two fatal accidents per year (Vijay 2004). Most of them live in slums or congested *chals* with negligible infrastructure facilities like toilets, water and sanitation. A household of four to five persons live in one small room of ten feet by ten feet. They are vulnerable to waterborne diseases, malaria and tuberculosis. They are the first victims of any epidemics. Eighty per cent of the victims of the plague in Surat were labourers of unorganised sector (Shah 1997).

Most of the casual and self-employed workers sell their labour and depend on the vagaries of market. Internal competition among themselves over selling material and labour has increased as their number in 'self-employed' activities have multiplied. In Ahmedabad one of the former mill workers said, "While selling drinking water, we have to fight like dogs to attract customers (Naronha 1999:104)". In a study of the retrenched workers in the city BB Patel observed, "Some of them openly felt that at least their children should go for anti-social activities and learn how to use guns as they do not see any future for those who are honest and hardworking. (1997: 22-23)". Informalisation of labour without any social security divide the workers among themselves. As they live with anxiety on day-to-day basis, they become vulnerable to any temptation which cater their immediate needs. Two dalit youths who participated in the 2002 communal riots in Gujarat told me that they were concerned with money. They worked whoever paid them for any work (Shah 2004). Breman rightly observes, " Organised activities, even to pursue political aspirations, are no longer within the reach of the former mill workers. Their attention has been narrowed down to the immediate concern of taking care of themselves and the members of their households. In this scenario, there is no room for broad social engagement or long term perspective. Instead there is a need for them for survival has made them vulnerable to political forces eager to divide them along communal lines (2004: 221)". The participation of poor in the recent communal carnage in Gujarat underscores fragmentation of working class. The situation is not different in many urban areas of the country. In Bombay, the Shiv Sena instigated attacks against workers from Bihar. The Sena, which has launched a "Me Mumbaikar" campaign,

believes that work must rightfully be given to Maharashtrians before the immigrants. Even the original inhabitants of Mumbai, the koli fisherfolk, have begun an aggressive movement against the "outsiders" who are ruining their business.

It is clear from the above evidences from India that high growth rate has not benefited the poor. It is by and large jobless growth with increasingly dismantling organised sector. Markets have not evolved safety networks for the labour. A large population is without social and economic security. Seeta Prbhu rightly observes, "Workers are thus bewildered by the state in which they find themselves when familiar structures are crumbling and new circumstances are overwhelming, threatening their existence at the very brink of survival (2001:67)". Inequality has been widened glaringly. The Report on 'Human development in South Asia 2003' (MHHDC 2004) points out that over all focus of the Multilateral organizations working in the region is more on GDP growth and balancing budgets than on the reduction of poverty. The governments did not adopt job creation as an explicit policy commitment. The governments failed to improve the human development condition of the majority of the people.

IV

Growth and Human Development

It is true that economic growth has to some extent contributed in reduction of destitution. Over the last five decades more and more poor people, in comparison to the past, have gained some access to certain public services such as food, education, modern health services and 'safe' drinking water. IMR and longevity have improved. Statistically speaking HD index of all the south Asian countries have improved. In the case of India it has moved 0.174 points, from 0.416 in 1975 to 0.590 in 2001. Sri Lanka, which is already very high in the scale, has gained only 121 points. Bangladesh and Pakistan have also improved their position. But all of them are far behind to catch up with the developed countries. With the present rate of growth and other things remain constant, India would require at least next sixty years to attain high position in HD index. Assumption is that growth and HD are not only related but they have linear direction. But the fact remains that many of the Scandinavian countries attained the present level of HD just not by economic growth. Sri Lanka and Kerala, the state within India in also have better HD than high growth regions.

The countries, which already have high HD, are also in the race for high economic growth. Policy makers in these countries emphasize that “work is more important than income”. Finance Minister of the Netherlands asserted that that if the country wanted to successfully resolve the problem of aging they should “learn a lot from the Americans. ... USA has a higher rate of economic growth because the people work longer there....” At the same time unemployment is increasing and wage freeze is being introduced. Health and education are increasingly being privatized. There is also more cut every year on social security provisions such as unemployment benefits and health care costs¹⁰. The cuts in social sectors are not because of decline rate in economic growth. But it is because of the state’s unwillingness to tax profiteers for public goods. Inequality has increased in these countries. Andre Gorge argues:

The social security system must be reorganized, and new foundations put in its place. But we must also ask why it seems to have become impossible to finance this reconstruction. Over the past twenty years, the EU countries have become 50 to 70 per cent richer. The economy has grown much faster than the population. Yet the EU now has twenty million unemployed, fifty million below the poverty line and five million homeless. What has happened to the extra wealth? From the case of the United States, we know that economic growth has enriched only the best-off 10 per cent of the population. This 10 per cent has garnered 96 per cent of the additional wealth. Things are not quite bad in Europe, but they are not much better.

In Germany since 1979 corporate profits have risen by 90 per cent and wages by 6 per cent. But the revenue from income tax has doubled over the past ten years, while the revenue from corporate taxes has fallen by a half. It now contributes a mere 13 per cent of the total tax revenue, down from 25 per cent in 1980 and 35 per cent in 1960. Had the figure remained at 25 per cent, the state would have annually netted an extra 86 billion marks in recent years. (Quoted by Beck 2000)

As we have seen in the case of India the economic growth has not generated employment. It is a jobless growth. The present development of high technology reduces a requirement for human-labour. It is capital intensive. As a result, “the global employment situation is grim and getting grimmer,” ILO observes. “Social exclusion

of the most vulnerable is intensifying: the old, the young, the disabled, ethnic minority groups, the less skilled, and across all these groups there is a bias against women” (Thomas 2000: 31).

On the other hand, profits of the 95 multinationals among India’s top 900 companies have increased their share of profits from 7.70 per cent of total profits in 1994-95 to 10.82 per cent in 2002-2003. Growth rate of their net profit is 225.05 during the period. Despite their poor sales, their profits have increased because their share in salaries and wages fell from 11.99 per cent in 1994-95 to 10.70 per cent in 2002-03¹¹. The rise in profit is also without taxes. At the global level the taxes yield from corporate profits fell by 18.6 per cent between 1989 and 1993. Their proportion of total fiscal revenue has gone down nearly by half (Beck 2000: 5). In India, during the last decade corporate taxes have not only been reduced but industries have received several concessions to boost up production and market. At the same time ‘black economy’, estimated of around 60 per cent continues to dominate Indian economy (Kumar 1999; Harris-White 2003: 7).

The purpose of economic growth in capitalist mode of production is enhancement of profit. It provides incentive to Capital for the investment and growth. For that markets have to be expanded and also invented. Hence, such growth is geared not only to cater existing needs of the people but it also has to manufacture needs as well as greed. Consumerism is promoted. It breeds sense of envy among those who cannot possess what the others have; as one advertisement puts “owner’s pride is neighbour’s envy.” In the process relative deprivation and poverty perpetuate. The champions of such model of development glorify and legitimize inequality. The former British Prime Minister Margaret Thatcher advocated, “ It is our job to glory in inequality, and see that talents and abilities are given vent and expression for the benefit of us all (Quoted by Thomas 2000: 14)”. Incentive for entrepreneurship is of course necessary for the growth of wealth and society provided they are used for social goods. More important question is : what should be a ratio of inequality? In India an agricultural labourer or casual labour gets on an average Rs. 6,000 a year, not to speak of the a labourer in a draught prone area who gets barely Rs. 3000. Whereas, the top chief executive officers of the corporations on an average get sixty hundred thousands; not to speak of the topmost who get above ninety hundred thousand rupees

plus many perks. In India and elsewhere the gap between poor and rich has glaringly widened in the last three decades.

Expansion of all kinds of industries and ‘development’ projects like irrigation dams, thermal power, roads etc. take away livelihood resources such as land, forest, river and marine of the poor people. Forest areas are sinking every year and so is biodiversity. Environmental degradation continues unabated. Ground and river water, land as well as crops –vegetables and food-grains - get contaminated with industrial effluents. According to a survey seven largest of the more than 100 industrial development estates in India produce 220, 381 tons hazardous waste a year. With the growth and consumption quantum of solid waste is mounting. With such rush for growth natural resources are not only depleting very fast but also endangering environment. Such growth cannot be sustained for a long. According to a recent survey it is estimated that if the present rate of climate change continues, thanks to industrial technologies and green houses, more than one million plant and animal species would be extinguished by 2050. Worse sufferers would be the people from the developing countries.¹²

In the present uncontrolled market driven growth only those can survive who have capacity to produce more and expand markets, and those who can buy more and more. In order to increase buying capacity people are pushed in rat race, competing with each other. Space for individual choice and autonomy is sinking. Philosophy of social Darwinism dominates the life style of the well off. The rest are pushed to imitate the rich for their survival or else they get eliminated. Oswaldo De Rivero persuasively argues,

“The underlying Darwinism of the neoclassical, ultra-liberal message that inspires current capitalist globalisation, turns the economy into the paramount factor determining all other options, whether political or social and even cultural; nothing could be closer to the Marxist ideology. However, the archetype is not the robot-like *homo sovieticus*, but rather the *homo economicus*, whose sole motivation is money, the ability to consume more material goods, who is aggressively competitive, a kind of predator loose in the Darwinian jungle of social and economic deregulation. In this jungle, not only companies but also individuals, each social group, each community, must

be fittest, the strongest, the best. Those who are not competitive must be eliminated from the economic arena, regardless of social, moral or environmental implications. This is a zero-sum game, where there is no co-operation. You win or you lose (2001:80).”

Enough historical and contemporary evidences show that uncontrolled market driven growth is self destructive for human civilization. It is dangerous for environment. It is unsustainable and increasingly becoming devoid of ethical values for common goods. Its potentiality for enhancing human development is questionable. Market is indifferent to the needs of the majority of the people. The corporate sectors - local or trans-nationals - do not take social responsibilities though they talk about social commitments. More often than not many of them even do not take care of the welfare of the workers who work for them. Managing Director of the IMF, Michel Camdessus, also accepts negative aspects of free market:

“ A new paradigm of development is progressively emerging...A key feature of this is the progressive humanization of basic economic concepts. It is now recognized that markets can have major failures and that growth alone is not enough and can even be destructive of the natural environment and of social and cultural goods. Only the pursuit of high-quality growth is worth the effort...growth that has human person in the center...A second key feature is the convergence between respect for ethical values and the search for economic efficiency and market competition.” (Cited in Thomas 2000: 93).

V

Overview

Economic growth is important but not panacea for HD. There is no significant relationship between level of growth and decline in poverty. At the most the relationship is weak and does not take into considerations the households who were not poor become poor in the high growth regions (Krishna et al. 2003). More important, there is no relationship at all between market driven growth and level of HD. Some of the Scandinavian countries stand higher in HD than the USA and UK, though their economic growth is not higher than the later. So is the case with Sri

Lanka in South Asia and Kerala within India. The present market driven economic growth does not facilitate “good and safe working conditions, freedom to choose jobs and livelihoods, freedom of movement and speech, liberation from oppression, violence and exploitation, security from persecution and arbitrary arrest, a satisfying family life, the assertion of cultural and religious values, adequate leisure time and satisfying forms of its use, a sense of purpose in life and work, the opportunity to join and actively participate in the activities of civil society and a sense of belonging to a community (Streeten 1999).” The present nature of growth is jobless and does not provide social and economic security to the majority of the workers. In fact it generates more and more insecurity and inequality. It legitimizes social Darwinism. Excessive market oriented growth is as dangerous and disastrous as the excessive statism. The market has rightly been considered, “ from Marx to Schumpeter, as an ‘anarchic’, ‘subversive’, ‘revolutionizing’. And disorganising pattern of social arrangements. At best, the market’s contribution to the creation of social order is strictly contingent upon its being firmly embedded in constraints, restrictions, regulations, limitations, status rights, and informal social norms imposed upon it from the outside, by either the state or the community (Offe 2000: 89).” Role of the state in social management and even distribution of benefits generated from growth is very important in facilitating HD. It is high time for the state and civil society together to tame market. Various actors of Civil society – local, national and global – such as social movements, NGOs, social science research, media require to play positive role in pressuring and monitoring the state and the market for common good. This needs to be a global political agenda, not only for south Asia, for all those who strive for alternative social order which is just and humane.

[The paper to be presented in the 18th European Conference on Modern South asian Studies, Lund, Sweden, has been prepared during my tenure as Fellow-in Residence 2003/2004 at Netherlands Institute for Advanced Studies (NIAS), Wassenaar. It is an outcome of the project “Condition of Poverty in Gujarat: Looking Back and Ahead”, financed by IDPAD, being carried out by Jan Breman and me. I thank NIAS and IDPAD for their support. I also thank Ms -----of NIAS for editorial assistance.]

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¹ A family living in rural areas whose annual family income was less than Rs. 11,000 at 1991-92 prices was classified by Planning Commission in 1993, as family living Below Poverty Line. *Concurrent Evaluation of Integrated Rural Development Programme (September 1992 to August 1993) :A Report.* Delhi: Ministry of Rural Areas & Employment, Government of India, 1996.

² It is argued by some that consumption pattern of the poor has changed with the rise of their income.

³ *The Times of India*, Jan.19 2004

⁴ The times of India April 4, 2004)

⁵ It is estimated to have reached to 8.4 per cent in the first quarter of 2004.

⁶ Under the scheme of Modified Value added tax, the taxes are born by small-scale industries, and since their inputs are cheap, then pay less taxes than large firms.

⁷ Estimate is based on the Second All-India Census of SSIs.

⁸ Recently Supreme Court of India declared a ban on labour's right to strike. The workers were advised instead of resorting to a strike they should do 'more work honestly, diligently and efficiently.' See Iyer 2003.

⁹ Reserved Bank of India classified SSIs into four categories on the basis of bank advances: standard, sub-standard, doubtful and loss. "As soon as the advances come under the category doubtful position" of the concerned unit, it is classified as 'sick'. Third Survey of Small scale Industries. Government of India. 2004.

¹⁰ *Media Monitor*, 17 September 2003 and 1 December, 2003.

¹¹ *Business Standard* 22 March 2004

¹² Hindustan times 9 January 2004.