

Medical education beyond reach for many

TIMES NEWS NETWORK

Mumbai: What does Rs 2 lakh mean to an average household? It probably takes care of the family's annual expenses. Soon, it may only cover your daughter's annual medical college fees.

Thanks to a recent Supreme Court order granting considerable autonomy to private unaided colleges, many medical, management and engineering colleges have started working out new fee structures, higher than the subsidised rates currently charged.

Once these fee structures are introduced, higher education will virtually be out of reach of even middle-class families.

The order says private educational institutions which "are not dependent on the government" can decide their own fees. While institutions cannot indulge in profiteering, they can generate a "reasonable revenue surplus", the SC said.

Interpreting the order to their own benefit, a clutch of private engineering colleges have decided upon an annual fee of Rs 42,000, while medical colleges are toying with the idea of charging Rs 1.9 lakh.

Previously, private colleges followed two fee structures — the free and payment seats. In engineering colleges, the annual fee for free

Kerala HC turns down govt plea for 50% seats

Kochi: The Kerala High Court on Monday turned down the state government's claim for 50 per cent seats in the self-financing medical colleges in the state, saying it was "wholly untenable" and directed the government to complete admissions to 25 percent seats allotted to it within a week.

Dismissing a petition by the state seeking review of the Jan 20 judgement by which the bench had restricted the government quota in self-financing medical colleges to 25 percent from 50 percent and temporarily fixed an annual fee of Rs 1.5 lakh per student, Chief Justice J.L. Gupta and Justice M. Ramachandran, held that the government had failed to point out any local needs which may justify its demand for 50 percent seats in the self-financing medical colleges.

On the state's claim that the two self-financing medical colleges run by the Pushpagiri Medical Society, Thiruvalla, and Malankara

Orthodox Syrian Christian Medical Mission, Kolencherry, had given merit a go by, the bench said the allegation could not be sustained. The government had in its counter affidavit pointed out that the two managements had paid "scant" respect for merit in admissions made by them. Those who had secured as low as 8.95 percent marks and 19.01 percent had been admitted in the two colleges, it had been pointed.

The bench also directed the state government to fill in the 25 percent seats allotted to it within a week, failing which the managements could admit students.

Earlier, the two self-financing medical colleges had approached the court challenging the government's claim for 50 percent seats, following which the court had restricted the government quota to 25 percent and raised the management quota to 75 percent. Challenging this, the state had filed the review petition. PTI

seats was around Rs 11,000 and for payment seats, it was Rs 50,000. In medical colleges, the free seats cost Rs 30,000 while the payment seats cost around Rs 6 lakhs.

There are not enough government-run institutions offering students higher education at a low cost, academics point out. "With the government following a policy of slowly easing out all subsidies from higher education, economically weaker families will be left in the lurch," says Tapati Mukhopadhyay, member of Mumbai University's senate.

Harassment alleged

Chennai: Alleging they have been "physically and mentally tortured", by the management of a self-financing engineering college, at Pudur near Tiruvallur district, its students on Monday held a demonstration here demanding they be admitted in other engineering colleges.

The students of the Deen Dayal College of Engineering alleged that the management had been collecting excess fees from them and were not allowing their parents to meet them in the college hostels.

Complaints have been lodged with the governor and the CM. An inquiry conducted by the Anna University is awaited. PTI

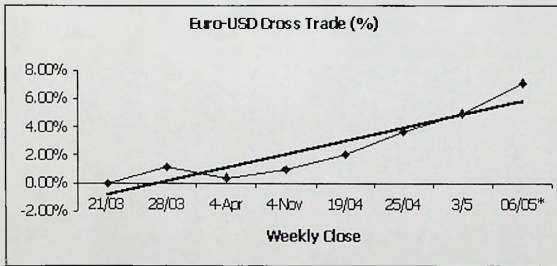
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Subject: Dollar - Bear Market Delight!!

Dollar - Bear Market Delight!!
 Campaign to Accelerate the Weakness of the US Economy
 by Rajan Alexander
 7th May 2003



Last night's, US trading session saw the Euro hit an a 4 year high of \$ 1.1440 against the dollar before profit booking forced it to close some level just below.

Whenever a currency or stock repeatedly hit a new high every day, it is recognized as a clear indication of strong bullishness. Conversely, if the dollar is recording new lows every day, it is a pointer of extreme weakness. Such a weakness is broad based and not necessarily Euro-specific. The

dollar's hit a fresh five-year low against the Canadian dollar at C\$1.4039, pushing the Canadian currency's gains this year to more than 10 per cent. The Australian dollar rose to fresh three-year highs at US\$0.6385 and the New Zealand dollar reached a five-year high at US\$0.5705. The Indian Rupee recorded a two-year high against the dollar, touching Rs 47.28 levels.

In the first two days of trading this week, the dollar lost 2.2% against the Euro and over 7% since the outbreak of the war as depicted in the graph. As we forecasted in our earlier message Reality Check (22nd April), the momentum in the slide of the dollar is accelerating. The Euro is expected to breakthrough the \$1.1500 levels by this week. This would translate a gain of 8% by the Euro over the dollar in 7 weeks or a mind-boggling 60% return on an annualized scale. This is despite US Treasury Secretary, John Snow's reiteration that the country will pursue its strong dollar policy.

Though the US Federal Bank has not said it so many words, it's because of a run on the dollar that prevents them from taking the much-needed step of cutting interest rates. Yet, last night the US Federal Bank expressed not only concern about the U.S. economy but signaled it may cut interest rates in the near future. The announcement had an electrifying effect on the financial markets. Gold jumped to a two-month high while oil prices held steady. What the US Federal Bank had warned was the prospect of "unwelcome substantial fall in inflation" (ostensibly due to energy prices falling). With prices of petroleum products falling, analysts were predicting a much better GDP growth for the remaining quarters of the year. What the US Federal Bank was seemingly warning was just the opposite - the fall of inflation may reduce GDP growth.

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The first quarter GDP growth for the US economy demonstrated a specter of "jobless growth". Registered unemployment in the US crossed 6% equalling the level of 1994 where Bush Sr lost his bid for a second-term in office after Gulf War 1991. Overall unemployment is even higher as a significant number do not bother to register at the employment exchanges. US unemployment rate returned to an eight-year high in April, and factory job losses were the worst in 15 months. Data flowing from the US suggests that business sentiment remains depressed, investment weak and firms focused on cost cutting. Growth in consumer purchasing power slowed to a crawl by the end of the first quarter.

Meanwhile, the gridlock related to Bush Jr's tax cut proposal continues and is expected to be resolved by the end of the month. If Bush has his way, even partially, the US current account deficit will balloon to a historic level, creating more downward pressure on the dollar.

Opinion polls have repeatedly pointed out that it is the well being of the economy that is to be the decisive issue for the Presidential poll 2004 and not the wars of Afghanistan and Iraq. The majority of the US population on this score rate Bush's performance very poorly. The economic situation in the country has begun to hurt. If the US economy does not rebound strongly by the year-end, a regime change in Washington is a distinct possibility. This is because by the time, the present trend of joblessness tapers off, even in the most optimistic scenario in which the US economy rebounds by the year-end; unemployment rate is estimated to touch around 7%. To make a significant dent, the US economy needs to do more than rebound. It has to do so very strongly.

As things stand, the US economy, till recently the driver of the global economy, is sputtering in the investor's eyes, with uncertain growth prospects. The widening U.S. current account deficit, which means more dollars leave U.S. financial markets than enter, only increases the downward bias for the greenback's value. A further fall in rates would bode ill for the dollar as the euro has been drawing global funds, largely at the expense of the U.S. currency, because of higher interest rates in the euro zone. The surging Euro is believed to prompt the European Central Bank policymakers with a reason to leave interest rates steady at 2.50 percent at a meeting on Thursday as it squeezes inflationary pressure out of the economy. Accordingly, analysts believe that the euro is within sight of its opening trade of \$1.1747 on Jan. 4, 1999, with little technical to hold it back. The question is whether this target will be reached by this weekend or the next week.

As usual, the weekly wrap up of the financial market is attached. The following articles can be found below this message:

- US Sees the Lights Go Out as States Scrimp and Save
- Expenses on Rise, Homeowner Burdens Get Heavier
- Mapping the Real Deal: The American Tapeworm

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US Sees the Lights Go Out as States Scrimp and Save

by Roland Watson in Washington

(<http://www.commondreams.org/headlines03/0424-01.htm>)

Published on Thursday, April 24, 2003 by the Times/UK

IN MISSOURI they are unscrewing every third light bulb. Prisons in Illinois are splitting prescription drugs in half. The Governor of South Carolina is urging others to follow his practice of reusing Post-it notes and saving

paper clips.

Across the United States the worst budget crisis in half a century has forced states to scrimp for savings in a style reminiscent of the Great Depression. Together, the 50 state governments are facing deficits of \$30 billion (#19 billion) this year and \$82 billion next. Because all but Vermont are obliged by their own laws to balance their budgets, they have to find \$112 billion worth of savings in two years. California, which has the biggest deficit, is about to run out of money.

Tax rises would help to meet some of the need, but in many states moves to increase taxes have been defeated by legislatures or voters, leaving drastic cuts as the only way to make ends meet. "The Big Turn Off" in Missouri, which has dimmed electric light by a third in most government buildings, is typical of the desperate scramble to save pennies. In Kentucky, every other ceiling light has been turned off in the State Capitol.

The Kansas Governor has asked agencies to drop the gold-embossed state seal from stationery, saving 2c a page. Agencies in Oregon are banned from color printing. Such measures, although eye-catching, are largely symbolic, Scott Pattison, of the National Association of State Budget Officers, said. "They demonstrate that you are doing everything you can." They are also aimed chiefly at administrative agencies, or at areas of spending where there are fewer votes, such as prisons. Jail chiefs in Illinois are trying to cut their prescription drugs bill by ordering double-strength drugs and splitting them. In Virginia, prisoners are to receive only two meals a day at weekends. Kentucky has chosen an alternative route, releasing prisoners early.

The sums involved make it impossible, however, for state governments to confine their cuts to politically marginal areas. In Oklahoma, teachers are mopping floors, driving school buses and cooking meals because support staff have been laid off. In Oregon, teachers worked for two weeks without pay to keep schools open. School districts in some parts of Colorado are operating four-day weeks. In Idaho, towns have held cake sales to keep teachers on staff. Across the country, tens of thousands of poorer families are losing access to healthcare as capitals cut back on the Medicaid program. In Texas, 275,000 fewer children will receive healthcare.

California, which faces a \$30-billion deficit, 30 per cent of its budget, will have to start writing IOUs by the summer unless it finds a way of raising money. Alaska and Oregon face even bigger deficits as a proportion of their budget. Nevada, New York, Arizona, New Jersey and Texas all face deficits of between 15 and 20 per cent of their budgets. The turmoil has yet to threaten President Bush. The White House has tried to keep the issue at arm's length, refusing to bail out states and telling them it is their problem. Mr Pattison said that voters tended to take their wrath out on state legislators rather than presidents for local problems.

Mr Bush travels to Ohio today to bang the drum for his economic priority, his endangered package of federal tax cuts. The state demonstrates how state budget deficits could yet hurt him. Ohio is planning to cut 50,000 people from health coverage, the largest such cut yet.

If voters go into the presidential election year in 2004 with their education and healthcare systems in chaos, it may present Democrats with an opening. Mr Bush contends that a recession that began before he came to office, coupled with war, is behind the financial straits of states, as well as of the economy as a whole. States, too, share some of the blame for gorging on the 1990s boom with little regard to possible perils ahead. They cut taxes, increased spending and put some aside in reserves. But it was not nearly enough.

"States are really hurting," Mr Pattison said. "It is particularly bad because in the past they have relied on rainy-day funds to cushion the pain. Now it is nothing but painful cuts."

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Expenses on Rise, Homeowner Burdens Get Heavier

Organization.

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By Aleksandrs Rozens

<http://www.reuters.com/newsArticle.jhtml;jsessionid=GJ245LRZCPTLACRBAEKSEFY?type=reutersEdge&storyID=2684894>

NEW YORK (Reuters) - Credit cards with double-digit interest rates have eaten away at Linda Schrock's savings, making it tough for the Appomattox, Virginia, lab technician and her husband to make timely mortgage payments.

These hefty costs come at a time when the Schrocks -- and many other Americans -- are faced with rising costs for the unavoidable that come with home ownership, like real estate taxes, insurance and energy.

"The costs go up. There is never enough money. You have these insane credit cards you can't get paid off," she said. "You do without stuff if it comes to paying for your home. You're going to make a house payment."

While many homeowners think housing affordability is all about the impact of interest rates on the monthly mortgage payment, mortgage rates are not the only consideration.

"Recent indications that insurance rates are going up, combined with the likelihood the fiscal difficulties of state and local governments will lead them to raise property taxes, will also affect the ability of borrowers to acquire mortgages or meet their current mortgage obligations," said Douglas Duncan, chief economist at the Mortgage Bankers Association of America, an industry trade group.

"For those stretched to make mortgage payments, we could see a rise in delinquencies," he said. Duncan predicts "it will take a while to feed through, maybe later in the year, or early next year."

State and local governments, hit hard by the economic slump, are boosting taxes to close huge budget gaps.

CARD AND AUTO DEBT-TEA LEAVES?

Signs of trouble for homeowners may already be brewing.

Usually, late payments on mortgage debt are preceded by late payments on credit cards and auto loans. After all, few people want to lose the roof over their head.

"It is cards first, cars second and then the home," said Chris Viale, of Cambridge Credit, a firm that helps consumers work out their debt problems. But, he noted, "Sometimes, they'll let the home go before they adjust what they pay for cable TV."

Viale has recommended his clients take any tax refunds they get and pay off debt, beginning with credit cards.

The rise in late credit card payments has already been spotted.

In March, the American Bankers Association said fourth-quarter 2002 credit card delinquencies shot to highs not seen since the group began tracking payment behavior 13 years ago.

Much of that rise in delinquencies was tied to a sluggish employment market, which has worsened since March. Last week, the U.S. government said the nation's jobless rate rose to 6 percent in April.

At the same time, Moody's credit rating agency reported that auto loan delinquencies were on the rise and the MBA reported homes in foreclosure in the final quarter of 2002 zipped to record highs.

These signs all point to tough going for homeowners.

"With the increase in real estate taxes, they'll be caught by surprise," said Viale.

Mapping the Real Deal: The American Tapeworm

<http://www.scoop.co.nz/mason/stories/HL0304/S00228.htm#a>

By Catherine Austin Fitts

"And the serpent's food shall be earth"

--- Isaiah 65:25

See also Part 2...Mapping The Real Deal: The Solari Solution

The other day, a natural healing practitioner explained the strategy used by a tapeworm to prosper. A tapeworm, she said, injected a chemical into its host that triggered a craving by the host for what the tapeworm wished for its dinner. By managing its host's desire, a tapeworm manipulated its host to see its self-interest and please its parasite. And so the tapeworm proceeded to consume its host's energy and health with the host doing most of the work.

The story of how a tapeworm parasitically eats away at its ecosystem came at a moment when the math lover in me was having an adverse reaction to the description of America as the new Roman Empire that seems to be inspired by the recent occupation of Iraq. The investment economics of American imperial conquest work more along the lines of the tapeworm than of the Romans.

If my rudimentary understanding of the rise and fall of ancient empires is useful, the Roman Empire brought an advancement of science, infrastructure, technology and material progress to many of the poorer lands that it conquered. In essence, Rome's territory grew in part from its ability to increase the 'return on investment' of many of the places it conquered.

While those who believe in self-determination may not approve of the Romans right to do so, or their methods, those of us who appreciate roads, bridges and infrastructure understand the positive investment yields that the introduction of intellectual capital to a place can generate. From one point of view, Rome financed its conquests not just by ransacking them --- but by making places smarter in the material sense.

The tapeworm -- a parasite that over time eats its host --can more accurately describe the demonic patterns of stripping places of intellectual capital that come with American imperial conquest. The "dumbing down" so often complained about within America's borders is a phenomenon that our military appears to be implementing globally. We seem intent on removing spiritual power and intellectual IQ as we depopulate globally, moving out the honest and competent and putting the corrupt and bureaucratic in charge.

One of the things that is most disturbing about the American tapeworm is that it has organized its leadership around private banks and defense contractors and its governance and intellectual air cover around think tanks and private universities and their tax-exempt endowments.

In so doing it has done a marvelous job of getting the intellectual resources of the nation disengaged from dealing with what is happening and engaged --if not financially dependent on--- producing chemicals for injection into the body politic through a highly centralized corporate media that will feed the tapeworm's desire.

The Harvard Watch reports description of Harvard academics creating the public policy justifications for Enron's frauds while the Harvard endowment fed at the trough illuminated a perfect example of how the tapeworm gets the host to act against its own self-interest.

The "Break It-Fix It" Subsidy of a Negative Return on Investment Economy

For several years, I have been studying and writing on the corporate and banking economic warfare model of globalization. Just from a case study of one private investor, Pug Winokur, and his investments in and with DynCorp, Enron and Harvard, examples abound.

- US neighborhoods are overrun with narcotics trafficking and HUD financial fraud while systematically worked by enforcement, seizure and War on Drugs teams supported by DynCorp and generating profits for the Harvard Endowment;
- Latin American pipelines, water and other assets are sold for significant discounts to market value to Enron and other multinational investors while DynCorp helps War on Drugs military teams move peasants off the lands;

- Russian banks and pension funds are emptied out by organized crime and laundered through NY Fed member banks while Harvard as financial advisor helps privatize Russian oil companies over to their endowment investment network;

- DynCorp personnel supplying police and aircraft maintenance are active with local mafia in Eastern Europe and practice buying and selling children as slaves which they use for sex;

- \$3.3 trillion is missing from the Department of Defense and the Department of Housing Development where Lockheed, DynCorp & AMS are active managing computer systems and Harvard supplies appointees and contract services.

- Manipulation of the gold markets by the US Treasury and NY Fed member banks are led by Larry Summers, Secretary of the Treasury, and now President of Harvard and his predecessor Robert Rubin, Secretary of Treasury, and now member of the Harvard Corporation Board.

These shenanigans are well documented by a series of courageous reporters and market commentators, including Anne Williamson, Greg Palast, Kelly O'Meara, William Murphy and Chris Sanders.

This tapeworm operates globally. It has been winning at economic warfare because those opposed to it cannot see it clearly and are not yet networked globally to move people, places and capital out of its reach. My pastor, Bishop Alfred Owens, says, "If we can face it, God can fix it." Indeed, divine authority is hamstrung-- waiting for the necessary global networks to align around a common map of the real deal about global consolidation of economic and political power --- and the resulting liquidation of wealth.

This tapeworm is managed tightly by the cartels that syndicate around central banking and warfare and it has four phases:

- Phase One--Break It: Private syndicates make money destroying a place through organized crime, covert operations, warfare or a variety of both;

- Phase Two- Buy It: The profit generated from breaking it is used to buy or seize "legal control" at a discount;

- Phase Three- Fix It: Government funding, credit and subsidies are then used to "fix it" while harvesting remaining assets, including with narcotics trafficking, sex slavery and any other form of liquidating the human, intellectual, environmental and physical capital in a place:

- Phase Four--Declare Victory: Victory is then declared and a flow of foundation and academic grants funded by the "break it-fix it" profits generate awards, photo opportunities and official archives and documentations for the perpetrators to be admired for their bringing of advanced civilization to the natives.

What emerges from an investment banker's analysis of billions of transactions involved in situation after situation, in place after place, in year after year, is surprisingly simple.

We are watching a global first world economy that has a negative return on investment.

For example, in 1997 I lead an analysis of US federal expenditures and credit activities in the Philadelphia area for a group of US pension fund leaders. After analysis of the detailed data resulting from \$10 billion of government reengineering and \$400 billion of federal credit portfolio strategy managed by my company, the evidence was overwhelming ---the federal investment in Philadelphia had a negative return on investment. In short, government budgets were rigging profits and income for companies and people in the area. After each year of government investment, Philadelphia spent more time doing things that were fundamentally not productive and so had been paid to grow "stupider."

The deterioration in environment, culture, infrastructure and quality of life in Philadelphia that was obvious from walking around the city matched the numbers rather than the spin in the corporate news that the economy was doing well. Equity yields were falling steadily and only cooked government and corporate books

could make it look otherwise. The primary thing on the rise was the smugness of the leaders of Philadelphia institutions as their success at covert management and personal "personnel benefits" grew ever stronger.

The Giant Sucking Sound as the Tapeworm Consumes Global Capital

Another way of saying this is that the banking and corporate model as currently constituted does not work. Banks and corporations are entirely dependent on rigged government budgets, government contracts, federal credit arbitrage and corrupt regulation in way that generates a negative return on investment for taxpayers. In addition, as corporations and banks become dependent on such government intervention they become progressively less able to function in a free market. Their culture becomes progressively soviet.

The combination of negative returns to taxpayers and increasingly non-market worthy private organizations is steadily lowering productivity. Add to this the increasingly power of organized crime as a % of GNP and a determinant of who sits in power on Wall Street and Washington, and fundamental productivity does not have a chance.

This state of affairs can go on as long as it can be financed. Hence, as long as America can continue to export dollars, export Treasury bills and mortgage backed and other federally supported credit, and lead in global organized crime and warfare, a negative return economy can continue.

Another way to say this is that rather than let markets adjust in a manner that would hold banks and corporations accountable, the central banks and military and enforcement machinery will guarantee markets by offsetting ever less productivity with ever greater amounts of debt and the liquidation of planetary assets – people, places, and all living things.

Which leads us to Iraq.

The Tapeworm Ransacking of Iraq

The economic desperation that lead up to the invasion of Iraq has been eloquently described by Chris Sanders of Sanders Research Associates and fits the patterns that SRA colleague, John Laughland and his colleagues at the British Helsinki Human Rights Group, have documented in Eastern Europe. Assuming the patterns that we have seen throughout the world apply, that tapeworm's economic desperation will feed on Iraq as follows:

- The first meal to be harvested on Iraq is the profits of invasion --- from government contracts and arms trafficking to media coverage.
- The second meal to be harvested on Iraq is the resulting control of assets, including gold, oil, bank accounts and antiquities. Iraq will be stripped, shipped, or otherwise switched to new ownership. Occupiers will use Iraqi assets to leverage more debt that generates more contracts and business for the inside companies. The antiquities in Iraq and this area of the world have a special meaning and attraction for the American and British leadership networks so don't underestimate the value of these. The gold bugs at LeMetropole Caf? reported that the Americans have captured \$1 billion of gold which was quite relevant as the NY Fed Banks particularly JP Morgan, Goldman, Citibank, are running significant short positions to suppress the gold price. Such a replenishment of their stocks (or the US Treasury who they may be trading on the account of -- they usually simply move the shorts over to the taxpayers on all these types of situations) will be quite refreshing.
- The third meal on Iraq to be harvested will be occupation management. If Eastern Europe is representative, America will partner with local and global organized crime and other intelligence agencies to significantly increase organized crime profits from the place. Attractive children will be culled from the population for shipment to Europe and other areas for sex slavery and pedophilia. Narcotics trafficking will increase as it has in Afghanistan. The award to CSC DynCorp of a \$500 million sole source contract to run police, courts and judiciary in Iraq is an important signal. My question after years of research is whether CSC DynCorp's core competencies relates to enforcement infrastructure designed for places with growing financial fraud, narcotics trafficking, sex slavery and control of leadership through "control files." These are the talents that America needs to strip mine the assets to feed its economic desperation.

- The fourth meal to be harvested on Iraq will be fixing it and declaring victory. This will involve significant government contracts to bring Western Civilization as defined by building those things that ensure the assets that the private corporations and investors have now acquired have the largest increase in value at no expense to themselves. A careful analysis will show expenditure rations in the soviet style—that is we will spend much more than necessary to get anything done. The banks will acquire an entirely new market. Critical to the fixing it phase is the financing of the occupation with the requirement that Iraq use the US dollar. We will print dollars and the Iraqi's will use them. This is free financing for us. Next will come the payback for the not for profit groups. Because Christianity is an essential political support base for legitimizing the de-population of the Moslem territories, a flow of resources to the right church groups to support an expansion of their missionary ministries is likely. Progressive groups will bid for contracts to bring the rule of law and economic development and things like "the rights of women." There will be a flow of money from foundations and universities to study how to help Iraq and to justify what we are doing.

As the corporations and banks are digesting Iraq, the American tapeworm will be setting its sights for the next meal. The money will be flowing to the right think tanks, academia and media apparatus for the preparation of the next injection into the body politic.

The lethal combination of a debt based financial system, falling productivity and the absence of meaningful feedback systems means that the magic of compound interest will dictate that the American tapeworm's hunger for more capital is accelerating.

Where is the Tapeworm's Brain?

The great mystery in all of this is who is really in charge. On one hand, we are watching an official action of the American governmental apparatus. On the other hand, the private companies and banks that operate the apparatus accounts and systems and finance its ever-growing debts now run that governmental apparatus. The investors behind these entities are global, not American. This is not a picture of a sovereign government or leaders loyal to the American people. A review of global insurance risk positions, debt and capital markets would show more about who is managing what than American politics. Indeed, Greg Palast of the BBC has proved beyond a shadow of a doubt that Bush lost the election — something of no practical consequence thanks to the Supreme Court and the corporate media.

The tapeworm is in control and eating into the people of America as it is eating into the people of Iraq. Federal accounts are missing \$3.3 trillion, pension funds have been stripped by pump and dump stock fraud and neighborhoods are overrun with narcotics trafficking. There are increasingly numbers of American citizens who have more in common with the people of Iraq than with the leadership of Wall Street and Washington.

With the takeover of American digital data by defense contractors and banks managing governmental functions, economic warfare takes on a whole new meaning. What is supposed to be private is not as those in the know have total access. What is supposed to be transparent is private, except for those in the know who are free to use it to advantage. With total defense contractor information awareness, people can be adjusted to ensure that markets do not have to adjust.

The American tapeworm is a symptom that the central banking-warfare model that has created the supremacy of the English-speaking people since the time of Queen Elizabeth I is dying. It is dying not because it is wrong but because it is weak. It is dying because --- like a tapeworm — it has begun to create a rapidly weaker system. Hence it is incumbent upon the English-speaking people to reinvent themselves by engaging globally to invent a new model.

Yet, the opportunity to move to a new model requires the ability to see where we are and to outline a vision to those in the system that there is hope. Doing so becomes progressively more important as who is in charge is less important than how many of us are dependent for our bread and butter on a negative return on investment economy as it tapeworms its way towards planetary extinction --- and all of us with it.

In short, the primary problem is not that the folks in charge are centralizing wealth in a destructive way or that some have too much money. That's a problem — but a secondary one. The problem is that from the point of view of the dolphins, the plants and the trees, the planet is worse off for the presence of humans.

All solutions are found when we realize that this is something you and I can correct without wasting more time trying to find someone in charge of the tapeworm to persuade them to change its ways. It can't change --- its too busy finding food to feed all of us.

Harvard Watch:

<http://www.harvardwatch.org>

Catherine Austin Fitts is the President of Solari, Inc.(<http://www.solari.com>), a founding member of UnAnsweredQuestions.org (<http://www.unansweredquestions.org>) and member of the Advisory Board of Sanders Research Associates (<http://www.sandersresearch.com>). Ms. Fitts is former Assistant Secretary of Housing-Federal Housing Commissioner in Bush I and a former managing director and member of the board of directors of Dillon Read & Co. Inc. She is currently litigating with Ervin and Associates (acting on behalf of the US government) and the Department of Housing and Urban Development related to John Ervin's efforts to stop responsible financial management in the US government mortgage insurance portfolios. To support Catherine's litigation efforts: <http://www.solari.com/vote.php> . Ten percent of all donations are tithed to an Independent Media Fund managed by Venture Collective.

If this "Mapping the Real Deal" was useful for you, you can leave comments and send a gift to Catherine Austin Fitts and Scoop Media through Affero: <http://www.affero.net/pngs/rd.png> and receive future columns for free by e-mail - see... Free My Scoop to sign up.

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WRAP-UP OF FINANCIAL MARKETS: 21 March to 3rd May

Campaign to Accelerate the Weakness of the US Economy

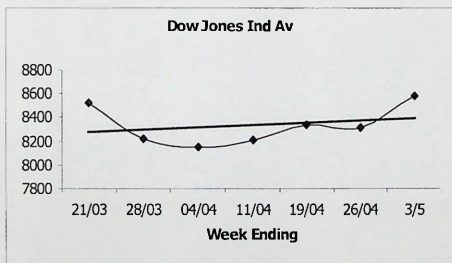
by Rajan Alexander

7th < May 2003

The table as provided below sums up the financial market performance for the week ending 03-05-03. The closings for week ending 21-03-04 are also provided, as a benchmark as it corresponds to the enthusiastic response of the market when war broke out. Stock markets indicate short-term uptrend, though new technology (Nasdaq) appears to be stronger than the old economy (Dow). Gold continues to firm up is an indication than the rally in the stock market is unsustainable. Crude, though losing nearly 8% has not plunged as expected. The dollar lost 5% to the Euro.

Indicators	Week Ending 21-03-04	Week Ending 03-05-04	Change ±	Change %
Dow Jones Index	8521.97	8582.68	+60.71	+0.7
Nasdaq Index	1421.84	1502.88	+ 81.04	+5.7
Gold \$ (Bid)	326.25	340.70	+ 14.45	+4.4
Brent Oil (US\$ Barrel)	26.39	24.36	- 2.03	-7.7
Euro/US\$ (Sell)	1.0658	1.1191	+ 0.0533	+5.0

Stock Markets

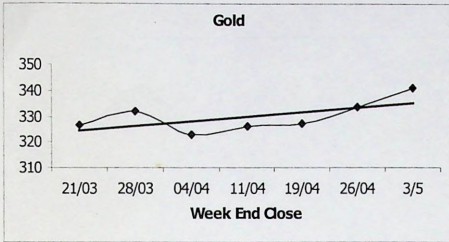


The Dow has hit a 6-week high. Though the short-term trend is clearly on the upswing, the medium trend is strongly bearish. The rally is sustainable only if the Dow breaks through the 9000-resistance barrier.

This is highly unlikely and we should anytime see the Dow go on the downswing as a short-term trend. Poor volumes accompanying the last 3-week rally and evidence of investors

increasingly preferring the safe havens like gold, bond market support lead to such a conclusion. We repeat we see the trend as a classical traders' bear market rally that will run out of steam this month.

Gold



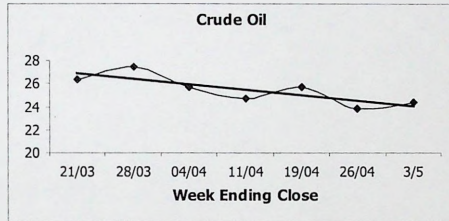
It is significant that the end of the war has not reduced economic uncertainties in the mind of investors and in fact, the search for safe havens are increasingly.

This trend is characterized in the firming of gold prices. The yellow metal prices will hardened even more pronouncedly as and when the current stock market rally runs

out of steam and heads southwards.

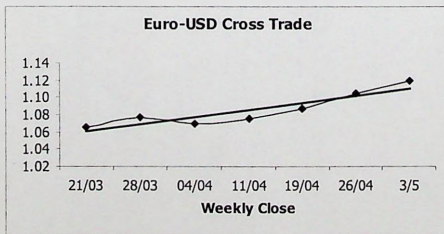
Crude Oil

The weekly close superimposing on the 6-week trendline indicates that crude oil will probably move around the current levels till a trigger appears for prices to breakout upwards. The trigger could be the June second week's meeting where OPEC is expected to announce further production cuts.



Though crude prices have not fallen to below USD 18@barrel as per pre-war expectations, the devaluation of the dollar implies that revenue earnings of oil producing countries have fallen much more in real terms than indicated by current prices. This would contribute to additional pressure on OPEC to continue to denominate crude oil sales in dollars.

Currency



The bullishness of the Euro against the dollar is evident from the trendline. The weekly close above the trendline indicates continued upswing in the Euro's fortunes. The Euro hit a high of \$1.1287 before closing the week at \$1.1191. This is new all time high for the Euro. The next near-term objective for the Euro is \$ 1.5000 against the dollar.

Serial No.

Code No.

COMMUNITY HEALTH CELL

SOCIO-DEMOGRAPHIC SURVEY OF SLUMS COVERED UNDER CHATA PROGRAMME

Name of Inverviewer _____

Date : _____

I. Slum Sudama Nagar Rajendra Nagar Ragigudda Victoria Layout

II. a) Name of the respondent

b) Relationship of respondent to HOH

c) No. of years residing in this slum..... yrs d) Type of House a) Pucca b) Semi-pacca c) Kutcha

e) Rented Own Others

2. House No. (Govt) Street

House No. (CHATA study)

III. Demographic Data :-

Sl. No.	Name	RHF	Age	Sex	Education	Occupation	Income Weekly Monthly	Any Chronic Diseases	Remarks

Chronic disease

- (1) High Blood Pressure (hypertension), (2) Diabetes, (3) Heart problem, (4) Disc problems, (5) Migraine (Recurrent Headaches), (6) Stroke (Cerebral Bleeding), (7) Depression or Anxiety, (8) Sleep problems, (9) Hearing problems, (10) Vision problems, (11) Gastritis or Ulcer, (12) Stress (13) any other (specify)

IV. HOUSE HOLD INCOME :

Who is the main Income Provider to the family

Name Relationship to HOH _____

- a) Occupation of main Income Provider Daily Wages Salaried
- b) On an average how many days of work you (main income provider) would get in a month ? _____
- c) Income per week Rs. _____ per month. Rs. _____
- d) Are you part of any savings scheme Yes / No. If yes Bank P.O. SHG Others

V. Does any member of your family consume alcohol? If **yes**, use the next schedule. If **no**, conclude the interview.

Who drinks quote Sl. No.

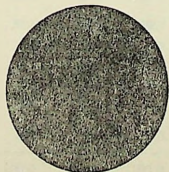
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Table 2.9
Faculty-wise Enrollment of Students at University Level

	1960-61	1970-71	1980-81	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
<u>Thousand Numbers</u>									
Humanities	487	1,457	1,913	1,728	1,783	1,846	1,911	2,044	2,124
Arts incl. oriental	449	1,330	1,114	1,439	1,484	1,537	1,591	1717	1789
Education	15	57	71	82	85	88	91	96	100
Law	23	70	174	207	214	221	229	231	235
Commerce	102	344	554	768	792	820	849	932	972
Science & Technology	381	1,185	820	1,054	1,085	1,125	1,164	1,241	1,294
Science	300	948	534	704	725	751	778	834	869
Engineering/Technology	36	90	129	164	169	176	181	209	217
Medicine	27	98	110	129	132	137	142	142	150
Agriculture	13	43	39	46	48	50	51	45	47
Veterinary Science	5	6	8	11	11	11	12	11	11
Others	30	15	19	21	22	23	24	37	37
Total	1,000	3,001	3,306	3,571	3,682	3,814	3,948	4,254	4,427

Percentage Distribution

Humanities	48.7	48.6	49.4	48.4	48.4	48.4	48.4	48.0	48.0
Arts incl. oriental	44.9	44.3	40.5	40.3	40.3	40.3	40.3	40.4	40.4
Education	1.5	1.9	2.6	2.3	2.3	2.3	2.3	2.3	2.3
Law	2.3	2.4	6.3	5.8	5.8	5.8	5.8	5.4	5.3
Commerce	10.2	11.5	20.1	21.5	21.5	21.5	21.5	21.9	22.0
Science & Technology	38.1	39.4	29.8	29.5	29.5	29.5	29.5	29.2	29.2
Science	30.0	31.6	19.4	19.7	19.7	19.7	19.7	19.6	19.6
Engineering/Technol.	3.6	3.0	4.7	4.6	4.6	4.6	4.6	4.9	4.9
Medicine	2.7	3.2	4.0	3.6	3.6	3.6	3.6	3.3	3.4
Agriculture	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.1	1.1
Veterinary Science	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Others	3.0	0.5	0.7	0.6	0.6	0.6	0.6	0.9	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE No: 1



ISHA

-: 10 :

Estimates of Population ('000) India, States and
Union Territories As on 1st March, 1971, 1981, & 2001

States and Union Territories	1971	1981	2001
1. India	5,47,137	6,85,159	1,074,503
1. Andhra Pradesh	43,432	53,550	83,821
2. Assam	14,589	19,897	36,039
3. Bihar	56,260	69,915	107,969
4. Gujarat	26,639	34,086	55,802
5. Haryana	10,013	12,922	21,520
6. Himachal Pradesh	3,454	4,281	6,576
7. Jammu & Kashmir	4,606	5,961	9,984
8. Karnataka	29,245	37,136	59,879
9. Kerala	21,305	25,454	86,332
10. Madhya Pradesh	41,566	52,179	32,222
11. Maharashtra	50,309	62,784	97,785
12. Manipur	1,070	1,421	2,505
13. Meghalaya	1,009	1,336	2,341
14. Nagaland	515	775	1,755
15. Orissa	21,915	26,370	38,163
16. Punjab	13,528	16,789	25,064
17. Rajasthan	25,712	34,262	60,834
18. Sikkim	209	316	723
19. Tamil Nadu	41,128	48,408	67,061
20. Tripura	1,552	2,053	3,592
21. Uttar Pradesh	88,205	1,10,862	1,75,111
22. West Bengal	44,223	54,581	83,139
23. Andaman & Nicobar	115	189	510
24. Arunachal Pradesh	466	632	1,162
25. Chandigarh	256	451	1,399
26. Dadra & Nagar Haveli	74	104	205
27. Delhi	4,051	6,220	14,663
28. Goa, Daman & Diu	856	1,087	1,752
29. Lakshadweep	32	40	63
30. Mizoram	332	494	1,093
31. Pondicherry	471	604	993

Source : Registrar General of India.

Source: Present Stock of Health Manpower and Projected Requirements
by 2000 and 2020 - A brief Report Author: Ishta - 1989
Table No. 4.

TABLE NO: 2

ESTIMATED PROJECTED POPULATION AND MANPOWER REQUIREMENTS(MAJOR CATEGORIES)

Category	Ratio	1-1-1981	1-1-1991	1-1-2001	1-1-2021
1. Population		685m	875m (2.5% growth)	1,120 m (2.5% growth)	1,680 m (2.5% growth)
2. Doctors	Present:1:3000 population required:1:2000 (1991) (2001) :1:1500 (2021) :1:1000	2,27,000	4,37,000 (1:2000)	7,46,600 (1:1500)	1,68,0000 (1:1000)
3. Nursing	3:1	1,50,000	4,37,000 (1:2000)	7,46,600 (1:1500)	1,680,000 (1:1000)
4. Dentists	1:25,000		15,000	40,000	41,200
5. Pharmacists		1,72,000 (1988)	1,75,556	1,92,696 (1:2000) 2,48,800 (1:1500)	2,11,000 (1:2000) 5,60,000 (1:1000)



ISHA

-: 13 :-

TABLE No: 4

Number of Doctors Registered Possessing Recognised Medical Qualifications (Under IMC Act) With State Medical Councils During 1984 To 1987

S1. No.	Name of State Medical Council	1984	1985	1986	1987
1.	Andhra Medical Council	15,373	15,990	16,516	17,106
2.	Assam Medical Council	8,279	8,640	8,912	9,141
3.	Gujarat Medical Council	16,955	17,669	18,417	19,171
4.	Bihar Medical Council	21,621	22,217	22,902	23,456
5.	Jammu & Kashmir Medical Council	3,103	3,289	3,442	3,621
6.	Karnataka Medical Council	23,470	24,490	25,518	26,722
7.	Bhopal Medical Council	6,473	7,141	7,867	8,526
8.	Maharashtra Medical Council	35,585	37,394	39,397	41,035
9.	Orissa Medical Council	8,831	9,378	9,478	9,866
10.	Punjab Medical Council	23,096	23,632	24,128	24,615
11.	Rajasthan Medical Council	10,065	10,501	11,059	11,613
12.	Tamil Nadu Medical Council	35,644	36,860	38,673	40,023
13.	Uttar Pradesh Medical Council	26,613	27,584	28,514	29,376
14.	West Bengal Medical Council	35,986	37,005	37,751	38,738
15.	Travancore Medical Council (Cochin)	13,644	14,208	14,900	15,568
16.	Hyderabad Medical Council	11,091	11,504	11,780	12,153
17.	Haryana Medical Council	N.A.	N.A.	N.A.	18
Total ..		2,95,829	3,07,502	3,19,254	3,30,755

18 MCI

794

880

NA. Not Available.

Source: 5/30,048 3,31,585

Source : Medical Council of India. Health Information India - 1988, Ministry of Health and Family Welfare, New Delhi.



TABLE No: 5
Doctor (Allopathic) Population Ratio in Different
In States/U.Ts

Sl. No.	State/Union Territory	Doctor's Population	Year Related to
1.	Andhra Pradesh	1 : 12557	3 - 82
2.	A & N Islands	1 : 2896	6 - 81
3.	Arunachal Pradesh	1 : 2841	12 - 81
4.	Assam	1 : 11879	1 - 79
5.	Bihar	1 : 4746	1 - 78
6.	Chandigarh	1 : 1131	1 - 79
7.	Dadra & Nagar Haveli	1 : 5184	6 - 82
8.	Delhi	1 : 1800	--
9.	Goa, Daman, & Diu	1 : 1014	6 - 82
10.	Gujarat	1 : 2603	1 - 78
11.	Haryana	1 : 6131	6 - 82
12.	Himachal Pradesh	1 : 7514	1 - 79
13.	Jammu & Kashmir	1 : 6996	1 - 79
14.	Karnataka	1 : 9770	1 - 79
15.	Kerala	1 : 2491	1 - 79
16.	Lakshadweep	1 : 3095	6 - 82
17.	Madhya Pradesh	1 : 11546	1 - 78
18.	Maharashtra	1 : 2045	4 - 82
19.	Manipur	1 : 3463	12 - 80
20.	Meghalaya	1 : 6422	1 - 79
21.	Mizoram	1 : 7173	12 - 81
22.	Orissa	1 : 9377	1 - 78
23.	Nagaland	1 : 3425	1 - 79
24.	Pondicherry	1 : 2472	6 - 82
25.	Punjab	1 : 5705	6 - 82
26.	Rajasthan	1 : 10637	3 - 82
27.	Sikkim	1 : 3115	1 - 79
28.	Tamil Nadu	1 : 3115	1 - 79
29.	Tripura	1 : 5743	6 - 80
30.	Uttar Pradesh	1 : 16677	1 - 79
31.	West Bengal	1 : 2236	12 - 81

Source : Report of the Working Group on Medical Education, Training and Manpower Planning. (Year 1981)

TABLE No: 6

Table Showing Population, Number of Doctors and
Doctor Population Ratios in Various States



ISHA
:- 15 :-

Sl. No.	States and Union Territories	Population in Lakhs as on 1-5-81	No. of Doctors	Doctor Population Ratio
1.	Andhra Pradesh	534.0	4196*	1 : 12124
2.	Assam	199.0	1518*	1 : 11879
3.	Bihar	698.2	13436	1 : 4746
4.	Gujarat	359.6	11769	1 : 2603
5.	Haryana	128.5	1990	1 : 6183
6.	Himachal Pradesh	42.4	535*	1 : 7514
7.	Jammu & Kashmir	59.8	800*	1 : 6995
8.	Karnataka	370.4	3791	1 : 9770
9.	Kerala	254.0	2562*	1 : 10018
10.	Madhya Pradesh	521.4	4251*	1 : 11546
11.	Maharashtra	627.0	37972	1 : 1557
12.	Orissa	262.7	2860	1 : 9344
13.	Punjab	166.7	8809	1 : 1802
14.	Rajasthan	341.0	3531	1 : 9656
15.	Tamilnadu	483.0	5810*	1 : 8075
16.	Uttar Pradesh	1108.6	6046*	1 : 16677
17.	West Bengal	544.9	28743	1 : 1760
18.	Delhi	62.0	NA	NA
19.	Goa, Daman & Diu	10.8	959	1 : 1140
20.	Pondicherry	6.1	206	1 : 2806
21.	Arunachala Pradesh	6.3	182	1 : 3231
22.	Manipur	14.3	414	1 : 3456
23.	Meghalaya	13.3	218	1 : 5959
24.	Mizoram	4.9	83+	
25.	Nagaland	7.7	182	1 : 3846
26.	Sikkim	3.2	78	1 : 3115
27.	Tripura	20.6	348	1 : 5851
28.	A & N Islands	1.9	65	1 : 1528
29.	Chandigarh	4.5	358*	1 : 1131
30.	Dadra & Nagar Haveli	1.0	19	1 : 4632
31.	Lakshadweep	0.4	13	1 : 2692

+ Included in Assam, * Non-Govt. Doctors not included

Source : Health Statistics of India.

HEALTH STATUS OF THE INDIAN PEOPLE

A Supplement to the ICSSR/ICMR Report
Health for All:
An Alternative Strategy

Produced by

THE FOUNDATION FOR RESEARCH
IN COMMUNITY HEALTH

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DECEMBER 1987

general hospitals, and specialist facilities are available at the post-graduate medical Institutions.

Between 1980-84, 258 CHC's were established bringing the total to 475 centres. In the same period 1,358 SHC/New FHCs were established, bringing the total number of functioning SHCs to 7,126 (13). By March 1984, 7,210 FHC's were established and functioning in the country, while the figure for sub-centres was 74,307 (Table I).

(V) Institutional Facilities for Medical Care

Hospitals

According to the 1984 estimates there are 7,181 hospitals in India (including both public and private) with a total capacity of 500,628 beds. The urban orientation of medical services is evident from the fact that 74 per cent of the hospitals and 86 per cent of bed capacity are located in urban areas, although 70 per cent of the Indian population is rural. Kerala's hospital & bed strengths are the best among the states, where as large & populated states like Madhya Pradesh, Bihar, Orissa & Uttar Pradesh have a high population - bed ratio (Table II).

There are various categories of hospitals, with the teaching -cum research hospitals at the top. These are the All-India Institute of Medical Sciences, New Delhi, Post-Graduate Medical Education & Research Institute, Chandigarh, Jawahar Institute of Post-graduate Medical Education & Research, Pondicherry and All India Institute of Hygiene & Public Health, Calcutta. There are hospitals attached to colleges, big general hospitals (200-300 bed strength) in metropolitan cities, district hospitals (50-200 bed strength) at district headquarters, and hospitals at taluka/tehsil level (20-50 bed strength). The Upgraded Primary Health Centre/Community Health Centre is a 30-bed hospital.

There are 3,256 hospitals run by private and voluntary organizations (1984 estimates), as against 3,540 by the Government, and 38.5 by local bodies. The former are mainly concentrated in Maharashtra (869 hospitals) Gujarat (733) and Kerala (606, 1979 estimate). (14)

Dispensaries

Curative services are also provided through 8,837 urban out-patient dispensaries having a total strength of 10,465 beds (3), and through 12,943 rural dispensaries with a total strength of 25,277 beds (15). Some 6,438 dispensaries (5,306 bed strength) out of a total of 21,780 are in the private and voluntary sector and are largely concentrated in Maharashtra and Gujarat (16).

3. HEALTH MANPOWER DEVELOPMENT

An important component of the health programme is medical education, and the training and development of different categories of personnel

(13) GOI, NOHFW, 1985, p.131.

(14) GOI, DGHS, CBHI, 1984, Table 8.2.

(15) GOI, DGHS, CBHI, 1984, Table 8.4.

(16) GOI, DGHS, CBHI, 1984, Table 8.5.

Table II : NUMBER OF HOSPITALS AND BEDS ACCORDING TO RURAL/URBAN(1.1.1984)

State/UT	<u>RURAL</u>		<u>URBAN</u>		<u>TOTAL</u>	
	Hosp.	Beds	Hosp.	Beds	HOSP.	Beds -
Andhra Pradesh	163	3691	448	32039	611	35730
Assam	38	2207	73	1438	111	3645
Bihar	19	589	207	21985	226	22574
Gujarat	76	3096	838	30975	914	34071
Haryana	8	422	79	6989	87	7411
Himachal Pradesh	26	961	39	3009	65	3970
Jammu & Kashmir	2	60	33	3883	35	3943
Karnataka	47	2778	186	27690	223	30468
Kerala (1.1.79)	595	21635	163	21443	758	43078
Madhya Pradesh	43	751	223	16348	276	17099
Maharashtra	159	6835	1115	74897	1274	81732
Manipur	12	367	9	899	21	1266
Meghalaya	1	30	10	1975	11	2005
Nagaland	29	584	6	528	35	1112
Orissa (1.1.83)	145	2327	162	9255	307	11582
Punjab	111	3169	145	11158	256	14327
Rajasthan	23	1072	207	17026	230	18098
Sikkim	4	225	1	252	5	477
Tamil Nadu (1.1.82)	97	3695	279	36920	376	40615
Tripura	4	125	12	1110	16	1235
Uttar Pradesh.	74	2493	641	43660	715	46153
West Bengal	146	9993	258	40969	404	50162
A & N Islands	10	324	1	363	11	687
Arunachal Pradesh	15	474	7	534	22	1008
Chandigarh (1.1.83)	-	-	2	1120	2	1120
D & N Haveli	1	50	-	-	1	50
Delhi	2	62	64	14442	66	14504
Goa, Daman & Diu	38	822	51	2535	89	3357
Lakshdweep	2	50	-	-	2	50
Mizoram	4	146	8	707	12	853
Pondyicherry	-	-	10	2246	10	2246
TOTAL	1894	68233	5287	432395	7181	500628

Source : GOI, DGHS, CBHI, Health Statistics of India 1984, (New Delhi: MOHFW, 1974),
Table 8.1

involved in the delivery of health care services. Health personnel have traditionally been classified into the following four categories:

1. Core health personnel such as physicians;
2. Para-medical professionals - clinical psychologists, nurses, health economists etc.;
3. Para-medical technicians - X-ray Technicians, Laboratory Technicians, occupational therapists;
4. Para-medical assistants. In the Indian context these refer to the Multi-purpose Health Workers, Auxiliary Nurse Midwives, Health Guides and so on.

This section provides data on several important categories of health workers in the Indian health programme. It also gives details of several Government Schemes for the training and re-orientation of para-medical assistants that aim at improving the out reach of health care services to the vast rural population.

Table III shows the present strength of health manpower in India. In 1984, there are 1,914,387 functionaries (1984-85) working in the field.

Table III : HEALTH MANPOWER IN INDIA

(a) Number of allopathic Doctors (1984) (registered with State Medical Councils.)	2,97,228
(b) Registered Dentists (1984)	8,725
(c) Registered Nurses (all categories) upto 31.12.1983	4,25,399
(i) Nurses	1,64,421
(ii) ANM's	1,63,927
(iii) Midwives	85,630
(iv) Health Visitors	11,421
(d) Registered practitioners of Indian Systems of Medicine & Homeopathy (upto 1.1.1983)	3,87,218
(i) Ayurveda	2,32,190
(ii) Unani	27,736
(iii) Sidha	11,476
(iv) Naturopathy	106
(v) Homeopathy	1,15,710
(e) Community Health Workers/ Health Guides (upto 31.3.85)	3,70,418
(f) Dais (upto March '85)	4,25,399
Total...	19,14,387

Source : GOI, DGHS, CBHI, Health Statistics of India 1985, (New Delhi: MOHFW, 1985), Tables 7.1, 7.2, 7.3, 15.2, 7.6, 7.9 respectively.

Physicians

In 1984 there were 2,97,228 registered physicians in the country (Table III). An important aspect of manpower development and medical education in India, has been the promotion of modern allopathic medicine. This is evident from the rapid growth of medical colleges offering M.B.B.S. degree. Their number rose from 25 in 1947 to 106 in 1981 (Table IV); the 100 medical Colleges from where information is available, have an admission capacity of 10,818 seats. However the total admission capacity is estimated to be over 13,000 seats. (17)

Table IV : NUMBER OF STUDENTS ADMITTED IN FIRST YEAR M.B.B.S. COURSE AND QUALIFIED FINAL M.B.B.S. IN INDIA IN SELECTED ACADEMIC YEARS.

YEAR	TOTAL NO. OF MEDICAL COLLEGES.	NUMBER OF STUDENTS	
		ADMITTED	QUALIFIED
1947-48	25	1,983	959
1950-51	28	2,675	1,557
1960-61	60	5,874	3,387
1970-71	95	12,029	10,407
1980-81	106	11,101*	12,170**
1983-84	106	10,818*	N.R.

N.R. = Not Received.

Note : * Data not received from 6 medical colleges in 1982-83 and 1983-84.

** Data not received from 6 medical colleges in 1981-82 and 7 in 1982-83.

Source : GOI, DGHS, CBHI, 1985, Table 6.1.

However, the share of different States in the distribution of medical colleges is very uneven. This is demonstrated by the number of admissions per lakh (100,000) population, which range from 2.73 per lakh for Karnataka to 0.96 per lakh for Uttar Pradesh (Table V). According to Banerji, "This differential coverage has wide implications, quite apart from the production of physicians. The attached hospital of a medical college makes available a high quality of medical care to the local population. Correspondingly, most facilities for post-graduate medical education are also concentrated in States which have a high ratio of admission in medical colleges. Distribution of medical colleges thus provides an important indicator of disparities in terms of health institutions and health manpower". (18)

Medical education has also been characterised by an increasing orientation towards specializations and super specializations in the curative field, as demonstrated by the expansion of post-graduate education. The admission capacity for the MD course is 2,584 (1978-79), and for the post-graduate diploma course is 3,197. (19)

(17) GOI, DGHS, CBHI, Pocketbook of Health Statistics of India 1980. (New Delhi: Ministry of Health & Family Welfare, 1980), Table 27.

(18) Banerji, 1985, p.57.

(19) GOI, DGHS, CBHI, 1981, Table 6.4.

Table V : POPULATION COVERAGE OF MEDICAL COLLEGES (MBBS) IN INDIA 1980-81.

States/Union Territories	No. of Medical Colleges	No. of Students Admitted (1st Yr.) 1980-81	No. of Admissions per one lakh population (100,000)	Entitlement of Medical Colleges*
Andhra Pradesh	8	911	1.71	11
Assam	3	+	+	4
Bihar	9	531	0.76	14
Gujarat	5	659	1.94	7
Haryana	1	124	0.96	3
Himachal Pradesh	1	66	1.56	1
Jammu & Kashmir	2	141	2.36	1
Karnataka	9	1013	2.73	7
Kerala	4	586	2.31	5
Madhya Pradesh	6	509	0.98	10
Maharashtra	13	1468	2.34	13
Orissa	3	75	0.29	5
Punjab	5	300	1.80	3
Rajasthan	5	460	1.35	7
Tamil Nadu	9	566	1.17	10
Uttar Pradesh	9	1074	0.96	22
West Bengal	7	915	1.68	11
Delhi	4	763	12.31	1
Goa, Daman, Diu	1	461	42.69	-
Pondicherry	1	70	11.48	-
Other UTs.	1	135	1.92	1

N. A. : not available.

* The norm set by the Bhore Committee was 1:50 lakhs.

Source : GOI, DGHS, CBHI, Health Statistics of India 1981. (New Delhi: MOHFW, 1981, Table 6.3)

There is no sign of controlling the intake of these institutions. On the one hand there is growing unemployment among physicians, and on the other, this rapid expansion has made little impact on the public health care system, and the health services in the rural areas. This assessment is contained in the reports of successive official committees and Study-Group. (20) The Sixth Plan admits, (21), "There has been pre-occupation with the promotion of curative and clinical services through city-based hospitals which have by and large catered to certain sections of the urban population.The concept of health, in its totality with preventive and promotive health care services in addition to the curative, is still to be made operational. Doctors and para-medicals are reluctant to serve in the rural areas. They are generally city oriented and their training is not adequately adapted to the needs of the rural areas particularly in the field of preventive and promotive health".

Upgraded departments of preventive and social medicine were established in medical colleges, many with facilities for post-graduate education, to provide a social reorientation to the education and training of health workers. However, these remain among the least favoured departments in terms of funding, authority or prestige. (22)

The proliferation of specializations at variance with the social conditions in the country, has led to the export of medical personnel to the industrialised countries of the West, and more recently, to the oil producing countries. According to one estimate, almost 13 per cent of the total number of medical personnel educated in India have settled abroad. (23)

The flourishing private sector is largely concentrated in the urban areas. In the rural areas, private practice is carried out chiefly by Registered Medical Practitioners (RMPs), usually belonging to the local community. The overproduction of allopathics doctors resulting in skill competition in urban areas has compelled many to settle in rural places. This together with lack of even the minimal health infrastructural support, make their presence less useful than generally surmized, and often leads to unnecessary and excessive medication.

The Sixth Plan (1980-85), besides stating the necessity of re-orienting medical education to meet the requirements of rural areas, also proposed to encourage private practitioners to settle in rural areas as a supplement to the Government health services. Besides the scheme launched by nationalised banks to provide financial assistance to professionals, including doctors, for self-employment, the Plan also cites the examples of the schemes to

(20) Government of India, Group on Medical Education and Support Manpower (Shrivastav Committee), Health Services and Medical Education: A Programme for Immediate Action, (New Delhi: Ministry of Health and Family Planning, 1975) pp. 38-39; 601, Draft Sixth Five Year Plan 1978-83 (Revised), (New Delhi: Planning Commission, 1979), p. 431; Indian Council of Social Science Research and Indian Council of Medical Research, Health for All: An Alternative Strategy: Report of a Study Group Set Up Jointly by ICSSR and ICMR, (Pune: Indian Institute of Education, 1981), p. 159-59.

(21) Government of India, Planning Commission, Sixth Five Year Plan 1980-85, (New Delhi: Planning Commission, 1981), p.367..

(22) S.S. Jha, "How to make our Doctors more Relevant", Science Today, December 1981.

(23) A. Bose, "Evolution of Health Policy in India". In Bose and Desai (eds.), 1983, p.34.

encourage part-time service from private practitioners and voluntary agencies at the sub-centre and village levels, initiated by Tamil Nadu and Andhra Pradesh. (24)

The representation of women in medical teaching institutions is poor, with the exception of the Obstetrics and Gynaecology departments. The number of female doctors is below that of male doctors (Table VI).

Table VI: NUMBER OF DOCTORS BY SEX AND QUALIFICATIONS REGISTERED WITH THE IMC UPTO 1979.

<u>GRADUATES</u>		<u>LICENTIATES</u>		<u>TOTAL</u>	
MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
1,60,297	53,259	53,259	2,935	1,94,687	46,194
GRAND TOTAL		- 2,40,881			

Note : Information for Karnataka Council is for 1978. Data are from 17 state medical councils.

Source : Medical Council of India, as cited in GOI, Handbook on Social Welfare Statistics 1981, (New Delhi:1982), Tables 3.3 & 3.4.

Dentists

The number of dentists registered with the Dental Council of India in 1984 was 8,725 (Table III), having risen from 3,290 in 1951 (25). By 1983-84 there were 25 dental colleges with a total annual admission capacity of 831 seats (26).

Pharmacists

The number of pharmacists registered with the State Pharmacy Councils was 16,046 as on 31.3.82. (27)

Practitioners of Indian Systems of Medicine (ISM) & Homeopathy (H).

Upto January 1983, there were a total of 3,87, 218 registered practitioner of the Indigenous (traditional) Systems of Medicines & Homeopathy (ISM & H) in India (Table III). These included 2,32,190 practitioners of Ayurveda, 27,736 practitioners of Unani, 11,476 practitioners of Sidha, 106 practitioners of Naturopathy and 1,15,710 practitioners of Homeopathy. (28)

(24) GOI, Planning Commission, 1981, p. 371.

(25) GOI, DGHS, CBHI, 1985, Table 7.2.

(26) Ibid, Table 6.4.

(27) Ibid, Table 7.17.

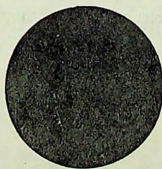
(28) For details of ISM & H, see the Chapter on Indian Systems of Medicine & Homeopathy in this volume.

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Table I.1
Census Population: 1951 to 1991

Population('000)					Annual rate of growth (%) between				
1951	1961	1971	1981	1991	1951 and 1961	1961 and 1971	1971 and 1981	1981 and 1991	1951 and 1991
<u>States</u>									
31,115	35,983	43,503	53,551	66,508	1.5	1.9	2.1	2.2	1.9
@@	337	468	632	865		3.3	3.0	3.2	3.2
8,029	10,837	14,625	18,041	22,414	3.0	3.0	2.1	2.2	2.6
38,782	46,447	56,353	69,915	86,374	1.8	2.0	2.2	2.1	2.0
547	590	795	1,008	1,170	0.8	3.0	2.4	1.5	1.9
16,263	20,633	26,698	34,086	41,310	2.4	2.6	2.5	1.9	2.4
5,674	7,591	10,037	12,922	16,464	3.0	2.8	2.6	2.5	2.7
2,386	2,812	3,460	4,281	5,171	1.7	2.1	2.2	1.9	2.0
3,254	3,561	4,617	5,987	7,719	0.9	2.6	2.6	2.6	6.8
19,402	23,587	29,299	37,136	44,977	2.0	2.2	2.4	1.9	1.0
13,549	16,904	21,347	25,454	29,098	2.2	2.4	1.8	1.3	1.9
26,072	32,372	41,654	53,179	66,181	2.2	2.6	2.5	2.2	2.4
32,002	39,554	50,412	62,783	78,937	2.1	2.5	2.2	2.3	2.3
578	780	1,073	1,421	1,837	3.0	3.2	2.8	2.6	2.9
606	769	1,012	1,336	1,775	2.4	2.8	2.8	2.9	2.7
196	266	332	494	690	3.1	2.2	4.0	3.4	3.2
213	369	516	775	1,210	5.6	3.4	4.2	4.6	4.4
14,646	17,549	21,945	26,370	31,660	1.8	2.3	1.9	1.8	1.9
9,160	11,135	13,551	16,789	20,282	2.0	2.0	2.2	1.9	2.0
15,971	20,156	25,766	34,262	44,006	2.4	2.5	2.9	2.5	2.6
138	162	210	316	406	1.6	2.6	4.2	2.5	2.7
30,119	33,687	41,199	48,408	55,859	1.1	2.0	1.6	1.4	1.6
639	1,142	1,556	2,053	2,757	6.0	3.1	2.8	3.0	3.7
63,220	73,755	88,341	110,863	139,112	1.6	1.8	2.3	2.3	2.0
26,300	34,926	44,312	54,581	68,078	2.9	2.4	2.1	2.2	2.4
<u>Union Territories</u>									
31	64	115	189	281	7.5	6.0	5.1	4.1	5.7
24	120	257	452	642	17.5	7.9	5.8	3.6	8.6
41	58	74	104	138	3.5	2.5	3.4	2.9	3.1
49	37	63	79	101	-2.8	5.5	2.3	2.5	1.8
1,744	2,659	4,066	6,220	9,420	4.3	4.3	4.3	4.2	4.3
21	24	32	40	52	1.3	2.9	2.3	2.6	2.3
317	369	472	604	808	1.5	2.5	2.5	2.9	2.4
361,088	439,235	548,160	684,329	846,302	2.0	2.2	2.2	2.1	2.2
46,836	58,280	74,000	92,494	115,683	2.2	2.4	2.3	2.3	2.3
158,691	190,279	234,059	294,588	367,333	1.8	2.1	2.3	2.2	2.1

@@ Included under Assam.

Table 2.2

Doctors Registered with State Medical Councils: 1971 to 1987

Number of Registered Medical Practitioners					Persons per doctor ('000 persons)					
1971	1974	1980	1985	1987		1971	1974	1980	1985	1987
<u>States</u>										
9,647	13,612	21,487	27,494	29,261	Andhra Pradesh	4.51	3.55	2.49	2.17	2.08
4,336	5,085	7,165	8,640	9,149	Assam	3.37	3.19	2.52	2.32	2.24
10,446	11,828	17,063	22,217	23,450	Bihar	5.39	5.31	4.10	3.50	3.38
6,896	9,248	13,884	17,669	19,173	Gujarat	3.87	3.26	2.46	2.12	1.99
743	1,293	2,459	3,289	3,622	Jammu & Kashmir	6.21	4.07	2.43	2.07	1.93
7,745	11,165	18,959	24,490	26,722	Karnataka	3.78	2.95	1.96	1.67	1.56
4,943	6,910	11,097	14,208	15,568	Kerala	4.32	3.37	2.29	1.91	1.77
4,651	7,014	11,077	7,141	8,526	Madhya Pradesh	8.96	6.65	4.71	8.23	7.06
21,835	26,798	39,062	37,394	41,035	Maharashtra	2.31	2.10	1.61	1.88	1.75
4,323	5,611	7,704	9,378	9,866	Orissa	5.08	4.29	3.42	3.07	2.97
12,358	15,297	20,012	23,632	24,615	Punjab	1.10	0.99	0.84	0.78	0.76
3,337	5,086	8,124	10,501	11,613	Rajasthan	7.72	5.84	4.22	3.69	3.42
18,728	22,461	30,305	36,860	40,023	Tamil Nadu	2.20	1.99	1.60	1.41	1.31
12,887	16,494	22,610	27,584	29,376	Uttar Pradesh	6.86	6.00	4.90	4.50	4.32
25,664	27,058	31,623	37,005	38,738	West Bengal	1.73	1.82	1.73	1.65	1.61
			682	830	Delhi				11.19	9.58
148,539	184,960	262,631	308,184	331,567	Above States & UT	3.55	3.18	2.50	2.37	2.25
34,193	42,095	59,074	61,026	65,650	Relatively rich States	1.87	1.69	1.35	1.45	1.38
35,644	46,033	66,578	76,821	82,831	Relatively poor States	6.57	5.69	4.41	4.27	4.05

Table A7 : OUTTURN OF ALLOPATHIC MEDICAL AND NURSING PERSONNEL
IN INDIA (1950-1987).

REFERENCE YEARS	ALLOPATHS	DENTISTS	POST GRADUATES (ALLOPATHS & DENTISTS)	NURSES	
				B.Sc.	GENERAL
1950	1557	14	88	14	1282
1955	2743	31	110	21	1962
1960	3387	140	397	25	2562
1965	5387	294	791	67	4255
1970	10407	478	1396	101	6257
1976	11962	499	2265	184	5506
1977	13783	449	3694	190	5892
1978	12190*	466	3699	240	6788
1979	13083	515	3562	219	6503
1980	12170*	501	3759	263	7256
1981	12197*	488	3833	214	8144
1982	11992*	541	3940	240	7351
1983	10511	603	4161	315	7750
1984	10469*	662	4909	NA	8533
1985	9177*	567	5121	NA	8956
1986	NA	677	5427	NA	8208
1987	NA	660	5791	NA	NA

SOURCE : Health Information of India, CBHI, GOI, various years.

Notes : * Data on the outturn of allopaths was not received from 2 medical colleges in 1975-76, 1 in 1976-77, 2 in 1977-78, 6 in 1981-82, 7 in 1982-83, 14 in 1983-84, 15 in 1984-85 and 25 in 1985-86. Thus, the data is grossly underrated.

NA = Not Available.

Table A1: MEDICAL AND NURSING HUMANPOWER IN INDIA (1952-87)

1:3000 1974-83

Doctor Population Ratio

REFERENCE YEARS	DOCTORS						DENTISTS	PARAMEDICS		
	ALLOPATHS	HOMOEOPATHS	AYURVEDS	SIDHA	UNANI	TOTAL		NURSES	MILWIVES	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1952	65370	NA	NA	NA	NA	-	3291	17989	NA	-
1956	76904	NA	NA	NA	NA	-	3003	24724	NA	-
1961	83756	27468	73382	NA	NA	184606	3582	35584	51194*	86778
1966	103184	NA	NA	NA	NA	-	4374	57621	NA	-
1969	128584	110514	155828	NA	24530	419456	5182	69937	NA	-
1971	151129	NA	NA	NA	NA	-	5512	80620	80159	160779
1974	190838	145434	223109	18128	30400	607909	6647	98403	100554	198957
1979	249752	112638	225477	18093	25988	631948	7518	139825	130382	270207
1981	268712	115710	233824	18357	28737	665340	8648	154230	144820	299050
1984	297228	123852	251071	11352	28382	711885	8725	170888	168493	339381
1985	306966	123852	251071	11352	28382	721623	9598	197735	171590	369325
1986	319254	131091	272800	11581	28711	763437	9725	207430	185240	392670
1987	330755	NA	NA	NA	NA	-	9750	NA	NA	-

SOURCE : Health Statistics of India, CBHI, GOI relevant years.

Source: The Foundation for Research in Community Health - "Health Care Services in India"
1990. Table No: A1.

Table A2 : RURAL-URBAN DISTRIBUTION OF MEDICAL HUMANPOWER IN INDIA

REFERENCE YEARS	TOTAL	ALLOPATHS	HOMOEOPATHS	AYURVEDS	UNANI
1961 R	80484 (48.7)	19187 (29.5)	16185 (52.4)	45112 (61.8)	-
U	84787 (51.3)	45837 (70.5)	11075 (40.6)	27875 (38.2)	-
T	165271 (100.0)	65024 (100.0)	27280 (100.0)	72987 (100.0)	-
1971 R	114354 (49.4)	49846 (39.4)	23527 (61.2)	36871 (62.6)	4110 (52.4)
U	117154 (50.6)	76507 (60.6)	14917 (38.8)	21994 (37.4)	3736 (47.6)
T	231508 (100.0)	126353 (100.0)	38444 (100.0)	58865 (100.0)	7846 (100.0)
1981 R	124426 (39.2)	53407 (27.2)	31916 (63.7)	36503 (57.3)	2600 (38.8)
U	192643 (60.8)	143147 (72.8)	18188 (36.3)	27211 (42.7)	4097 (61.2)
T	317069 (100.0)	196554 (100.0)	50104 (100.0)	63714 (100.0)	6697 (100.0)

Source : Census 1961, 1971, 1981, GOI.

Notes : R = Rural ; U = Urban ; T = Total
 Figures in parentheses are percentages.

Unani practitioners were not covered separately by the 1961 Census. Sidha medical practitioners were not covered by the census.

Table I
Developments In Health Sector
(Pre-Independent India to India In the year 1989)

	1946	1989
1. Population Served	342 million	776 million
2. Health manpower (population per unit)		
a. Doctors available	1:6,300	1:2,680
b. Nurses	1:43,000	1:4,500
c. Health visitor	1:4,00,000	1:30,000
d. Midwife	1:60,000	—
e. Trained Dais	Nil	5.64 lakh trained since 1974
3. Beds available/ 1000 population	0.24	0.59
4. Health and Family Welfare Indicators		
a. Crude Death Rate	44	11.7
b. Crude Birth Rate	46 (1941)	32
c. Infant Mortality Rate	162/1000	96
d. Maternal Mortality Rate	20/1000	3 - 4
e. Couple Protection Rate	Nil	40%
f. Life Expectancy at birth	32	58
5. Control of Communicable Diseases		
a. Small Pox	Very High	Eradicated
b. Malaria	75 millions	16,63,284
c. Plague	very high	virtually nil

Sources:

1. Bhole Committee Report (1946)
2. Statement of National Health Policy Government of India (1983)
3. Health Information India (1988)
- ✓ 4. India's Population - Policies and Perspectives, Planning Commission, ~~Government of India, May 1989.~~
5. Annual Report 1988-89, Ministry of Health and Family Welfare, Government of India

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 FARM FRONT Column

Asian farmers' co-ops gear up to face WTO challenge

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ASHOK B SHARMA

Posted Online : Monday, October 11, 2004 at 0000 hours IST

Farmers' cooperatives of Asia has at last woken up to evaluate the Oshima-Supachai revised framework draft on WTO negotiations and to formulate future strategies.

The Asian Farmers' Group for Cooperation (AFGC) has begun its two-day deliberation on this issue in Delhi from October 10. AFGC was formed at the initiative of the JA-Zenchi which is the Central Union of Agricultural Cooperatives for Japan. The principal mandate of AFGC is to promote WTO agricultural negotiations in the interest of Asian farmers and to strengthen economic integration in the region.

AFGC believes that in the era of globalisation of trade, small farmers should be regularly consulted and involved in WTO negotiations. In its earlier meetings the AFGC had called for coordination of agricultural policy in Asia so that all countries in the region benefit economically. It also advocated that the WTO negotiations should be flexible enough to take into account the distinctive features of farm systems in the region. AFGC also believes that the free trade agreements (FTAs) and economic partnership agreements (EPAs) should be improving the quality of life and income of farmers.

The Delhi meeting of the AFGC is the sixth in the series and is being attended by farmers' representatives from nine countries like Indonesia, Japan, Korea, Malaysia, The Philippines, Sri Lanka, Thailand, Vietnam and India. Hopefully the conference will be able to come out with some practical solutions to the injustice done to the Third World in the Oshima-Supachai draft.

10/15/04

lets - WTO file
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 10/15

The president of the International Cooperative Alliance (ICA), Ivano Barberini when he was in India on the occasion of the Asia-Pacific Cooperative Ministers' Conference in February this year suggested the need for agriculture cooperatives across to come closer and evolve a common stand for WTO negotiations and for other global bodies. The ICA director-general, Iain Macdonald even went to the extent of suggesting trans-boundary trade between cooperatives. Hope these suggestions translate into reality!

The Asian farmers cooperatives, by and large, has held India along with other G-5 countries like US, EU, Australia and Brazil responsible for lacuna in the framework draft as they took initiatives to reach at an agreement on modalities at the WTO general council meeting in August 1, 2004. India is the G-5 member which negotiated on behalf of Asian countries, some of which are food importing countries.

Toshio Yamada, senior executive director of JA Zenchu, Japan said that the framework draft serves as a potential foothold for upcoming negotiations and evaluation should be done to some extent since flexibilities are given in terms of a treatment of sensitive products. Non-trade concerns as reflected in para 13 of the Doha Declaration should be taken into account in farm negotiations in the interests of small farmers, poverty eradication and food security. The special and differential treatment for developing countries in the draft needs to be properly evaluated.

Yamada pleaded for more market access, co-existence of different types of farming systems through flexibilities on treatment of sensitive products. Special safeguard mechanism for developing countries needs to be negotiated. There should be a clear-cut definitions of 'subsistence farmers' as well as 'resource-poor farmers', taking into consideration Asian farming system, poverty alleviation and food security. Food aid should also be defined to the point whether it is for humanitarian reasons or for disposal of surplus stocks.

The views of Korean farmers is important in the context that a Korean farmer, frustrated with the WTO terms of trade, committed suicide at Cancun when negotiations were on. Here the Korean representative, Hyung-Sung Hwang of the National Agricultural Cooperative Federation said that the tiered tariff reduction formula proposed in Oshimo-Supachai draft will adversely affect Korea which has relatively large number of high tariffs. Damages to Korean agriculture can be made good to a certain extent if countries are allowed to self-select sensitive products.

Negotiations will be very difficult on the issue of whether to cap high farm tariff. A dual reduction approach, apart from a tiered formula, would impose a considerable limitation on Korea's future implementation of domestic support. Hwang further said that a tentative analysis carried out in a research institute in Korea shows that 20% down payment cut in the first implementing year would have no immediate impact on agriculture.

Capping product-specific AMS at average levels and reducing some of the them would likely place the most serious burden upon design and implementation of Korea's future supporting policies. Even if Korea's farm sector maintains a developing country status in the current negotiations, Korea would not be exempt from the reduction of de minimis payments. The views of the Asian farm cooperatives are diverse. Let's hope the conference will reach at some consensus.

ICA set to bail out cotton mills facing disputes

http://www.financialexpress.com/fe_full_story.php?content_id=71052

ASHOK B SHARMA

Posted Online : Monday, October 11, 2004 at 0000 hours IST

NEW DELHI, OCT 10: The Indian Council of Arbitration (ICA) has come forward to bail out the domestic cotton mills facing disputes in import of cotton.

ICA, a body floated by the Federation of Indian Chambers of Commerce and Industry (FICCI) has agreed to handle cotton arbitration issue of Indian mills. But the Indian Cotton Mills Federation (ICMF) wants ICA to have proper legal teeth regarding the issue.

ICMF has already prepared a standard cotton contract form and got it cleared by Mulla & Mulla & Craigie Blant & Caroe. The ICMF chairman, Dr BK Krishnaraj Vanavaryar has written to the Union commerce minister, Kamal Nath to accept this draft standard cotton contract form and notify it under the New Foreign Trade Policy which would ultimately mandate that all disputes of Indian mills arising out of import of cotton would be settled through ICA.

The matter is currently engaging the attention of Kamal Nath and a decision to this effect is expected shortly.

Sources in the ICA said "we have planned to establish a separate cotton arbitration committee which would include representatives from cotton mills. We have also decided to frame a separate set of cotton arbitration rules on basis of that framed by ICMF and a standard cotton contract form in consultation with ICMF "

ICA is an experienced and internationally reputed arbitration body and has cooperation agreements with 40 arbitration bodies all over the world.

Speaking to FF, the ICMF secretary-general DK Nair said: "Currently the cotton imports are being done through contracts under Liverpool Cotton Association (L.C.A). The L.C.A contracts and rules are heavily weighed in favour of suppliers. We tried our best to negotiate with L.C.A for modifying the rules, but it did not yield any results."

He said that earlier the millers had planed to set up a separate arbitration body in the country for cotton consisting of nominees from ICMF and other regional bodies like EICA and SICA. Later there was a plan to approach ICA for taking up the issue of arbitration.

Mr Nair said that the industry has estimated that cotton output in the country in 2004-05 would be about 213 lakh bales. There is a carryover stock of 26 lakh bales from the previous year. But despite, the situation of good availability of cotton, Mr Nair said there would be some imports, particularly extra long staple cotton in which the country is in short supply. He said that extra long staple cotton is needed for processing yarns having long counts. Besides this, he said some mills may like to import cotton for which they have preferences like cotton from Australia or Israel or any other country.

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P. Satya Sekhar, Indian Institute of Health and Family Welfare,
Hyderabad.

Vijay Mahajan, Director, BASIX, Hyderabad.

S.V. Subramanian, Department of Health and Social Behaviour, Harvard
School of Public Health, Harvard University, Boston, USA

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Economic Reforms and Challenges Ahead: An Overview

C.H. Hanumantha Rao and
S. Mahendra Dev

1. MACROECONOMIC SCENE

Introduction

If the balance of payments crisis in 1991 triggered off economic reforms in the country, the year 1995-96, in many ways, proved to be a watershed for the macroeconomic scene in Andhra Pradesh. State's own tax revenues as per cent of Gross State Domestic Product (GSDP) dropped by nearly 3 percentage points between 1990-91 and 1995-96, due largely to the fall in revenues from state excise following the introduction of Prohibition. The subsidy on rice, which is untargeted, amounted to thrice the level at which the population below the poverty line could be provided. These together with the low rates for water and electricity for irrigation resulted in a huge revenue loss which was much beyond the capacity of a state like A.P. whose per capita income was below the national average. The state thus landed itself in a severe financial crisis, holding up much needed developmental expenditure.

The state government responded to this challenge boldly and imaginatively by undertaking measures to raise tax and non-tax revenues and by launching several reforms to restructure the institutions for the management of infrastructure, after holding wide-ranging discussions with experts and people at large. These initiatives have earned a name for Andhra Pradesh as one in the forefront of economic reforms, raising high expectations within the country and abroad about its performance.

However, the impact of economic reforms on development is not instantaneous. There are usually considerable time lags between the initiation of reforms and the outcomes in terms of various indicators of development. For a short period of a few years, some of the observed achievements and deficiencies may be traceable to policies and programmes initiated long ago, whereas quite a few of the results from the policy initiatives currently being undertaken can be expected only after a considerable lapse of time. Nevertheless, this need not deter one from

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forming judgements as to the intrinsic worth of reforms being undertaken or their likely consequences.

Growth

The GSDP growth in the 1980s in A.P., at a little over 5% p.a., was nearly the same or marginally higher than the GDP growth for the country. But in the 1990s whereas there was a clear step-up in the growth rate of GDP for the country to a little over 6%, there is no clear evidence of an improvement in the growth rate of GSDP in A.P. However, thanks to the rapid decline in the population growth rate in the state during the 1990s, there was an improvement in the per capita SDP growth from 3.3% to 4.0%, but was still lower than the per capita GDP growth in the country in the 1990s. The level of per capita income in the state has always been lower than all India, and the gap has widened somewhat in the 1990s between the state and All India as well as fast growing states, as is evident from the increasing divergence in these per capita growth rates.

It is interesting to note that the improved performance of the state in terms of per capita GSDP growth in the post-reform period of nineties is entirely due to the deceleration in population growth rate which has hardly anything to do with economic reforms launched in the state since mid-nineties. We shall discuss later the factors contributing to this rapid decline in fertility rate.

The improvement in the GDP growth in the country in the post-reform period is accounted wholly by the growth in the service sector (which reflects in part the recent rise in salaries), as the growth rates for agriculture & allied as well as industry showed a decline. A.P. experienced a deceleration in the growth of service sector and was well below the All India growth.

How does one explain the fact that whereas some states did experience significant rise in their SDP growth rates in the 1990s by benefiting from economic reforms and thereby pushed up the All India average growth rate, A.P. could not respond in a similar way? The answer lies partly in the initial or pre-reform level of social and economic infrastructure conducive to growth and partly in the rate of capital formation, physical as well as human, in the post-reform period.

Capital Formation

The index of Social and Economic Infrastructure for Andhra Pradesh was slightly below the All India average in 1995, and was a little above the average in the year 2000. Of the seven states ranking higher than A.P. in respect of GSDP growth, except Rajasthan, the remaining 6 states

had a higher rank than A.P. in regard to Social and Economic Infrastructure in 1995 as well as in 2000. Similarly, out of the seven states whose GSDP growth rates were lower than that of A.P., except Punjab in 1995, and Punjab as well as Uttar Pradesh in 2000, the remaining states had a lower rank than that of A.P. in respect of Social and Economic Infrastructure'. Clearly, the states whose initial or pre-reform conditions were favourable in respect of infrastructure could benefit more from the opportunities opened up, especially in the service sector, by economic reforms and register higher growth rates in GSDP.

The states ranking higher than A.P. in respect of social and economic infrastructure could attract greater foreign direct investment (FDI). Between 1991 and 2001, the top five states in terms of attracting FDI, viz., Maharashtra, Delhi, Tamil Nadu, Karnataka and Gujarat, accounted for 52% of total FDI approvals in the country. Despite its reforms, A.P. could manage to attract only about 4.6% of total FDI in the country. Domestic private investment is similarly influenced by the availability of social and economic infrastructure. For example, of the financial assistance disbursed by the All India financial institutions, the cumulative share of Andhra Pradesh upto March 1997 was 7.2% as against 13.5% for Gujarat and 21.0% for Maharashtra.

Thus there has been a deceleration in the growth rate of total gross fixed capital formation (public and private) in Andhra Pradesh from 6% in the 1980s to 3.6% in the 1990s. Despite this downturn in the rate of capital formation, if there is no marked decline in the GSDP growth rate between the eighties and the nineties, it could well be due to some improvement in the efficiency of resource use, including possible changes in the composition of growth towards less capital-intensive activities.

Income Poverty and Human Development

The official poverty ratios, based on the Lakdawala Committee methodology, show very low levels of rural poverty (11%) and high levels of urban poverty (26.6%) for A.P. as compared to all India (27% and 23.6% respectively) for 1999-2000. Thus the official estimates of poverty ratio for urban areas in A.P. are more than double those for rural areas in the 1990s. This is quite contrary to what one would expect on the basis of the rural-urban differences in per capita income and wages. However, alternative estimates by reputed scholars like Angus Deaton and Jean Dreze show that the poverty ratios in A.P. were closer to the all India pattern i.e., 26% for rural areas and 12% for urban areas. The very low level of official rural poverty ratios in A.P. were due to its base year poverty line in

significant decline in the tax-GDP ratio for the Centre as well as for states, as many of these services are not taxed. Second, due to the reduction in tax rates by the Centre in the post-reform period, in the absence of necessary reforms to widen the tax base or to improve compliance, the growth of tax revenues has decelerated adversely affecting the revenues of the Centre as well as the states. Consequently, revenues from the Centre as a proportion of A.P.'s total revenue receipts declined significantly during this period. On the expenditure side, the rise in expenditure on salaries following the recommendations of the Fifth Pay Commission was the single most important factor affecting the finances of the Centre as well as the states. A comparative picture alone would reveal how different states have responded to the emerging fiscal stress. Looked at from this angle, the performance of Andhra Pradesh is not bad.

However, there is considerable scope for raising revenues in A.P., especially from non-tax sources. For example, successful implementation of reforms for the participatory management of the distribution systems for rural electricity and irrigation water can raise the revenues through higher user charges. Similarly, there is a scope for raising tax revenues from sales tax, motor vehicle tax, stamp duty and registration fee and profession tax through the necessary reforms and effective implementation. Needless to say, there is a significant potential for achieving economy in expenditure. These measures for augmenting resources need to be combined with refocusing expenditure towards greater capital outlays for building up infrastructure.

2 INFRASTRUCTURE

Andhra Pradesh has taken major initiatives in the mid-nineties to introduce reforms in the management of infrastructure in critical areas like power and irrigation, besides achieving a breakthrough in introducing Information Technology which has far reaching consequences for the economy and society. We propose to review in this Section the progress of reforms in these three major sectors in the state.

Power

Power sector in the state experienced a sharp deterioration in the nineties. The A.P. State Electricity Board (APSEB) has been the most well performing institution among the State Electricity Boards in the country upto 1990. It has passed through three distinct phases in the last three decades: Period of rise (1970-90); Period of fall (1990-96); and Period of reform (1996-2000).

The first period is characterized by the high rate of growth of capacity addition, rapid increases in the sale of energy and sound financial performance. Till 1980, industrial consumption accounted for nearly two-thirds of the total sales and contributed to the high average realization of revenue in spite of greatly subsidized tariff for agriculture which was compensated by relentlessly increasing the tariff for industries. During the first period industrial tariff increased by 7 times while agricultural tariff decreased. From 1982 onwards, APSEB adopted a non-metered flat rate for agriculture. Among other factors, this lenient tariff extended by the Rural Electrification Corporation led to rapid rise in the agricultural consumption and consequently, around 1990, agriculture occupied a space almost equal to industries. In addition, this cross-subsidization against industry played an important role in the rise of captive generation plants and consequently the reduction in the share of industry in consumption.

The rate of growth of generation capacity noticeably slowed down during 1990 to 1996. However, APSEB kept on increasing supply to agriculture by purchasing power at high cost from other sources. Moreover, due to several unavoidable factors cost of electricity generation increased significantly since 1994-95. For example, of the additional capacity set up during this period, nearly 85% was Thermal (coal and gas). During the period up to 1994-95 the tariff rose in step with consumer price index. Later the tariff was not revised and consequently APSEB started incurring losses. Tariff revision was undertaken in 1995-96 which led to an improved position of revenue collection in the following two years but declined very sharply from 1998-99 onwards. The revision was resorted to again only in January 1999. A big increase in tariff did push up the tariff to HT and commercial consumers, but it did not have significant positive revenue effect, because additional sales to these categories was insignificant!

It became clear that financial problems of APSEB were primarily due to: (i) irrational tariff setting, especially for agriculture, which rendered the system unviable; and (ii) increasing Transmission and Distribution (T&D) losses which were camouflaged by "treating" most of it as agricultural consumption. This was becoming clearly unsustainable. In response to the emerging crisis, the state government came forward with reforms through a forward-looking legislation.

In 1998, Andhra Pradesh Electricity Reform Act was enacted and Andhra Pradesh Electricity Reform Rules were issued in 1999. Andhra Pradesh Electricity Regulatory Commission (APERC) was set up and APSEB was restructured in 1999 into APGENCO, which was entrusted with all the generation related assets and APTRANSCO with transmission and distribution related assets. The generation function was thus separated

from the transmission and distribution functions. This was a major step in the right direction based on the international experience, but much remains to be done to increase competition at the generation level as well as at the distribution end through decentralisation.

Power sector reforms in the state are stuck up on the core issue of tariff setting for agricultural uses and not much headway can be made without bringing about a measure of consensus by adopting innovative approaches to achieve the goals of higher revenue, greater equity, conservation of resources, e.g., power and ground water, and accountability of management to the consumers. The present debate on tariff centres round the goals of revenue and equity often by counter-posing the two. The other two issues, viz., conserving ground water and electricity, and accountability to the consumers are hardly brought into the picture. Yet, overexploitation of ground water on account of flat rate for power where the marginal cost of pumping water is zero, is a matter of serious concern. This issue has to be brought into the forefront of debate on electricity tariff for agriculture. It may be noted, in this context, that the heavy implied subsidy in the water rates for assured sources of irrigation is seen by the farmers under lift irrigation as a justification for a corresponding subsidy for them. Therefore, rationalization of surface irrigation rates has also to be looked at simultaneously.

A viable solution would be to combine subsidy on power with metering of pump sets within a decentralised system of distribution through the participation of user-farmers. A reasonable subsidy on a certain number of units sufficient to pump water for one or two hectares can be given to all the farmers where there are no assured sources of surface irrigation. Coupons can be issued to the farmers sufficient to cover the cost of subsidised electricity which they can use for payment of bills, while paying on their own for the excess electricity consumed. This system would have the merit of inducing economy on the use of electricity beyond the subsidised units by the middle and large farmers who are in fact the bulk consumers, while providing relief to the small and marginal farmers. Since all the farmers are provided subsidy uniformly at a flat rate, the scheme can become politically feasible, even as the effective incidence of electricity rate would be progressive, because the proportion of subsidised consumption would decline as the size of holding increases. Under the system of decentralised participatory management, the latter would be accountable to the farmers for the promised quantity of supply well as for the quality of services.

It should be possible to take steps, that are overdue, for improving business management and corporate governance under the public

ownership. Urgent action is needed to tighten the internal control procedures and introduce innovative rewards and penalties with assigned accountability at all levels. The regulatory commission must have a policy on how cross subsidization would be dealt within their commercial tariff fixation. The tariff should be based on costs that are competitive assuming minimal losses on account of T&D and theft of power. Finally, reforms should be projected as the means to provide adequate power of acceptable quality at affordable prices to all consumers.

Irrigation

Andhra Pradesh has been a leading participant in Green Revolution in the country, especially for rice. This has been greatly facilitated by the availability of good irrigation infrastructure. However, the existing systems have deteriorated over time and addition to the capacity has been negligible due to the decline in public investment. According to the Planning Commission, nearly 35% of the ultimate potential from Major & Medium irrigation projects in the state is yet to be exploited. In the case of minor irrigation, about 40% of the ultimate potential remains unutilised.

In Telangana and Rayalaseema regions, well irrigation has become the dominant source replacing tanks. Tanks, which used to be traditionally managed by the village communities were being managed now by the irrigation department. With the neglect of maintenance and encroachment of tank beds by resourceful farmers, most of them became dysfunctional. In the absence of ground water replenishment, mainly through tanks, failure of wells has become common. Recent cotton farmer suicides in the state are attributed, among other factors, to well failure.

Major problems in irrigation sector in the state are: Inadequate allocation for Operation and Maintenance (O&M), inequitable distribution of water, lack of incentives for saving water and low recovery of water rates. Neglect of O&M is attributable to low recovery of water charges. This problem is compounded on account of water rate being in the nature of a tax collected by the revenue department, robbing the irrigation systems of a sense of ownership.

Andhra Pradesh is the first state in the country to enact in 1997 the Andhra Pradesh Farmers Management of Irrigation Systems Act, 1997 (APFMIS Act) making the formation of Water Users' Associations (WUAs) mandatory for the management of irrigation. This is designed to bring greater accountability in irrigation department as well as a sense of ownership of the management systems among farmers. More than 10,000 Water Users' Associations (WUAs) have been formed, of which about 80%

are in minor irrigation sector. However, bulk of the area covered is under canal irrigation.

The impact of WUAs has been encouraging in these areas, especially in terms of providing irrigation to tail end farmers. This has been made possible by cleaning of canals and water courses and monitoring of water losses by the WUAs. Area under paddy is reported to have increased significantly following reforms. However, much of the reported increase could be statistical because of underreporting of irrigated area before reform, as this meant lesser payment of water tax to revenue department. Paddy yields are reported to have increased by 40%.

Irrigation charges were increased by more than three times from 1997. Even so, the surface water rates will at best cover maintenance charges, whereas in the case of lift irrigation the farmer also bears the full capital cost of the well or bore. However, despite a significant rise in irrigation charges, the farmers' support for reforms in respect of surface irrigation is visible. This is because the launching of these reforms was preceded by widespread consultation and awareness building among farmers about the benefits from reforms. Consequently, increased water tax is seen by farmers as supplementing the resources of WUAs for maintenance of irrigation systems. Even so, the effective rate of collection remains low at around 64%. The reason could be that WUAs have not yet been made fully responsible for collection of water charges, making the process fully democratic and accountable. Another notable development was that the works were executed by WUAs themselves at lesser cost instead of getting them done by contractors. But the vested interests lost no time in adjusting to the new situation by presidents of the WUAs acting as contractors. This and other malpractices invited the wrath of farmers who in several cases used the provision in the Act for recall of the presidents. The only long-term solution to this is awareness building and promoting participatory monitoring and evaluation. Unlike in the case of canal irrigation, WUAs are not found to be effective in respect of tank irrigation due to insufficient allocations.

Further reforms contemplated in the immediate future are to ensure greater share in water tax to the WUAs, ranging from 50% in the case of major irrigation to 90% in the case of minor irrigation where the costs of rehabilitation are high and management problems more complex.

It is proposed that, in the medium term, WUAs should move towards volumetric pricing so as to induce efficient use of water, including shifts in cropping pattern, after the delivery systems are technically upgraded by installing measuring devices for this purpose. WUAs seem to be willing to collect water charges on a volumetric basis. However, successful

implementation requires, in addition to improved awareness of the benefits e.g. conservation of water, capacity building through training to the lower level officials as well as the functionaries of the WUAs.

There has been a major progress towards bringing ground water under the purview of community management through Watershed Development. We shall discuss this below when we take up the issue of environmental degradation. While reforms for rehabilitating the existing systems through WUAs and measures for conserving rain water through watershed development have inspired the farmers and won their support, there is, as yet, not enough clarity in official pronouncements on the efficient management of rural electricity systems and the expansion of irrigated area from assured sources. The controversy on these issues has acquired sharper overtones because backward regions like Rayalaseema and Telangana are heavily dependent on electricity for pumping water and, at the same time, the unexploited potential from major irrigation projects is greater for these regions. Clarity in official policy and credible steps to reduce regional imbalances in respect of assured sources of irrigation can alone win wider support of the farmers for reforms in irrigation sector.

Information Technology

The IT industry has an immense potential for growth in Andhra Pradesh on account of a large pool of scientific manpower and a strong commitment of the state government to promote this industry. In A.P., especially in the city of Hyderabad, a great thrust has been given in the nineties to the growth of software industry. This is evidenced by the impressive growth of software exports from the state from Rs.0.20 million to nearly Rs.37 billion during 1991-92 to 2002-03. The state stood fourth in the country with nearly 10% of exports made by STP units in 2002-03. The bulk of software exports from Hyderabad went to the USA and Canada (59%). The IT-enabled services accounted for 39% of the software exports in 20002-03 and are playing a significant role in the creation of employment opportunities in this sector.

An area of about 52 sq. km near the 'Hi-Tec City' has been carved out as Cyberabad. Efforts seem to be on to ensure broad based development of this sector, as in Tamil Nadu, by shifting the focus of software development to the other important urban centres in the state. Indian software industry has so far been basically engaged in meeting the export demand as a low cost supplier. But it must now venture into high-end products and services moving up the value chain and cater to demand from Indian industry, agriculture and consumers at large. From this angle, some of the recent developments in A.P. are encouraging.

Among the several 'e-government' initiatives that the government of A.P has undertaken, e-Seva seems to be getting popular in Hyderabad. It is planned for expansion to 56 other towns with a total of 146 centres. These are basically collection centers for various bills/fees (like telephone, electricity, trade license fee etc.) and other services for the citizens and are integrated with several departments. Apart from e-Seva, some of the 'e-government' projects in the state are Computer Aided Registration Department(CARD), Fully Automated Services of Transport(FAST), Andhra Pradesh State Wide Area Network(APS WAN), Andhra Pradesh Development Monitoring System(APDMS) and Secretariat Knowledge and Information System(SKIMS).

In addition to such services, priority should be given for IT applications that directly benefit industry, agriculture and rural areas in general for reducing poverty. Rural people should be convinced that IT solutions would help them to improve their incomes and livelihoods. It is heartening that the National Institute of Agricultural Extension Management (MANAGE), Hyderabad, is taking up measures towards this end by selecting some villages in Rangareddy district. These villages had successful Mutually Aided Co-operative Thrift and Credit Societies(MACTCS). Multimedia CDs are distributed to these groups on several aspects of Agriculture, Rural Development, Health and Education etc. They have been using the Internet for browsing the websites for government programmes and schemes, weather forecasts, market prices, job opportunities, news etc. regularly. MANAGE is planning to connect over 350 blocks in 28 districts in the country on Internet in the near future.

There is a need, on the above lines, for a greater thrust in the policy framework in A.P. towards making IT an enabler in development and equaliser of opportunities. With the spread of education and decentralisation of governance, IT can become a powerful tool in the hands of people at large for their socio-economic betterment and overall empowerment.

3. SECTORAL DEVELOPMENT - PRODUCTION SECTORS

Agriculture

Andhra Pradesh was among the very few states in the country which heralded green revolution, especially in respect of rice, in the 1970s. Agriculture & Allied sector in the state registered a growth rate of 2.21% in the eighties and its performance was only marginally better in the post-reform period of nineties (2.47%). There was a deceleration in the growth

of this sector in the country as a whole in the nineties to 2.73%. Thus agricultural growth of A.P in the post-reform period is below the low All India growth rate and significantly lower than 3.7% projected by the 'A.P. Vision 2020' document for the period 1995-2000. The available data shows that the state experienced a decline in capital formation in agriculture sector in the post-reform period, even in absolute terms, basically on account of a decline in capital formation by the private sector, at a time when there was a significant increase in the private sector capital formation in this sector for the country as a whole. This aspect needs further investigation.

The growth rate of crop output in the state decelerated from 3.4% in the eighties to 2.3 per cent in the nineties. The growth rate of total factor productivity in the crop sector declined from 1.58 per cent to 1.05 per cent over the same period. As a result, the state has slid down in its competitiveness in respect of several crops. For example, in the case of rice, the cost of production per unit of output in A.P. is now higher than in major rice growing states of Punjab and Uttar Pradesh. Cost of production of cotton is also higher as compared to Maharashtra. The resulting unremunerativeness of crop production probably explains the increase in fallow land noticed in some districts of Telangana and Rayalaseema. Given viable strategies, such lands could have been used for water-saving enterprises like fodder cultivation for dairy development, animal husbandry and horticulture.

Growth rate in Agriculture & Allied sectors has been maintained during the nineties in the state: roughly at the eighties level, despite a significant reduction in the growth of crop output, because of diversification of agriculture into enterprises like dairying, animal husbandry, poultry etc., which contribute more than 20 per cent to the state domestic product from agriculture. The demand for these products has been favourable on account of the rise in per capita income and high income elasticity of demand for such products. Thus the nineties witnessed a revival in milk production with an annual growth rate rising to 5.7 per cent per annum, with a prospect of further growth in its demand to about six per cent per annum during the current decade. Development of dairying has received a special impetus with the shift from cattle to buffalo on account of a significant reduction in animal power consequent to mechanisation, and adoption of cow where buffalo is not suitable. Further, there has been a steep increase in the demand for mutton since the eighties. Therefore, the population of small ruminants, particularly goats, has been increasing at a fast rate, especially in resource poor areas. Andhra Pradesh specializes in poultry production, contributing as high as 20 per cent of the total eggs produced in the country.

Despite encouraging trends in some of these sectors, the overall performance of agriculture in the last two decades has remained poor and much below its potential. It is surprising that even in the post-reform period, government regulations that inhibit private investment and enterprise in agriculture, e.g., restrictions on the movement of foodgrains, levy on millers and other restrictions on marketing and processing are, by and large, intact. Such restrictions together with declining public investment in irrigation, rural infrastructure, and agricultural research explain the steep decline in private investment. Increase in concealed tenancy with insecurity of tenure and continued rural unrest and extremist violence may also be inhibiting private investment.

Area under public sources of irrigation, e.g., canals declined in the nineties due to deceleration in public investment. As such, the entire increase in the irrigated area in the nineties is due to well irrigation which has become highly erratic in most areas on account of a steep fall in water table. Growth rate of public expenditure on research and education declined from 6.6 per cent in the eighties to 3.9 per cent in the nineties. The intensity of government investment in agricultural research and education in the state at 0.26% of its agriculture GDP during 1992-94, was lower than for the other three southern states and was just around half of that for All India (0.49%), i.e., for the Centre and states together. Public expenditure on extension, which is borne by the state government, declined in absolute terms in the nineties. It constituted a mere 0.02% of state's Ag GDP during 1992-94, as against the All States average of 0.15%.

Several studies show that small and marginal farmers in A.P. still depend on informal or non-institutional sources of credit, particularly money-lenders, for 60 to 80 per cent of their credit requirements. Consequently, the rates of interest charged are also quite high. This has had an adverse fall-out in the context of the emerging high-input, high-risk agriculture. With the virtual breakdown of the extension machinery and lack of access to institutional credit, small and marginal farmers are becoming increasingly dependent upon the private trade for credit and extension services. In the absence of public regulation of such services, the resource-poor and gullible farmers are becoming victims of exploitation by the unscrupulous traders and moneylenders interested in selling spurious materials like pesticides. The cases of suicide by the farmers in the state relate basically to small and marginal farmers and tenants, and are traceable to such deprivation and malpractices, and so highlight the immediate need for revamping the extension and credit delivery systems in the state.

Despite its poor performance in the last two decades, agriculture in the state has the potential for achieving a minimum growth rate of 4 per

cent per annum. In fact, the average growth rate of agriculture for the state projected by the Vision-2020 document of the government of A.P. is over 6% p.a. for the period 2000-2020. Andhra Pradesh has a special advantage of being centrally located in the country with a long coast line. It has varied agro-climatic conditions conducive to diversified agriculture in tune with the emerging demand. The farmers in the state are known for their enterprise and willingness to take risk. High agricultural growth would step up the rural demand for non-cereal items of food including dairy products, as well as non-farm products, as income elasticities of demand for them are quite high in rural areas. This can provide an impetus to the growth of rural non-farm sector in the state and would contribute to eradicating rural poverty by absorbing the labour force released from agriculture.

The Vision-2020 document focuses on critical areas of importance for agriculture in A.P. taking into account state's comparative advantage, opportunities being opened up in the country and globally, and the development experience in other countries. The document emphasises a critical role both for public and private investments, and releasing of private initiative and enterprise by liberalising the regulatory framework. Within this framework, the Vision-2020 document advocates full exploitation of the available irrigation potential, development of rural roads and marketing infrastructure, evolution and application of cost reducing technologies, especially biotechnology focusing on dry land crops and enterprises, and strengthening the small farm sector through the consolidation of holdings and supply of institutional credit. It also advocates contractual arrangements between the private sector engaged in agro-processing etc., and the small farmers with a view to ensuring for them easy access to technology, inputs and credit and for minimising risk by guaranteeing remunerative prices for their produce.

It is clear that the role of the government is critical by way of stepping up investments as well as creating the policy environment conducive to private investment and enterprise, and for ensuring full participation of the resource-poor farmers and the lagging regions in agricultural development. The initiatives of the state government in this direction so far fall very much short of the requirements and expectations. The government, therefore, needs to set its priorities right by placing agriculture development high on its agenda.

Industry

There has been some slow down in the growth rate of GSDP from industry in the state from 7.36% to 6.2% between the eighties and the

post-liberalisation period (1993-94 to 2000-01). Though the share of the industrial sector in the state domestic product has increased somewhat in the nineties, this has not been accompanied by the increase in its share in employment. During the last three decades AP economy has been experiencing a slow but significant structural shift from agriculture to mainly services sector both in terms of output and employment. To sustain the growth of the services sector, which now accounts for 50% of GSDP, the commodity sectors, especially industry, need to grow at a sufficiently rapid rate to generate adequate demand for the services.

The slow down in industrial growth in the post-liberalisation period is accounted by the deceleration in the growth of registered manufacturing sector. Construction and the non-agro based industries have shown a higher growth in this period. The annual growth rate of chemical and chemical products, of which drugs and pharmaceuticals is an important component, has more than doubled. The transport equipment and parts has also shown a phenomenal growth in the post liberalization period.

In its 1992 'New Industrial Policy Statement' the government of AP identified the agro-based industries as one of the most potential industrial activities and suggested a number of incentives for this sector. Despite this, the growth rate of agro-industries declined, though marginally, with the exception of textile products and cotton textiles. There is an indication of a rise in the input prices of agro-based industries compared to those of metal and chemical-based ones: Among the agro-based industries food processing sector is given most importance. But it is difficult to judge the impact of the policy effort to boost this industry in the 90s. While there is probably a positive impact of emphasis on export promotion on the textile product sector in the state, some of the industries have performed unsatisfactorily in the post-reform period. The other industrial sector which has got specific emphasis in the 'New Industrial Policy' of 1992 is the electronic and software-based industries. The data show a considerable decline in the organized sector of this industry during 1994-95 to 1997-98. However, the considerable increase in the software exports from the state in the recent years points to the possibility of much of this activity taking place in the unregistered sector.

There is a fear that the liberalized regime in the Indian context may lead to jobless growth. However, employment in the registered manufacturing sector in A.P. has grown at a higher rate in the post-liberalization period when compared to the earlier years. The agro-based industries of textile products, food products and synthetic fiber textiles have mainly contributed to this rise, while employment growth rate in the non agro-based industries is nearly the same in both the periods. The rate

of growth of real wages was lower in the nineties when compared with the pre-liberalization period. Disaggregated data show a similar trend for the agro-based industries. However, the growth of wages in the non agro-based industries is higher in the nineties where growth rate of employment is lower. It appears that in the liberalised regime growth in employment has been higher in sectors where the wage rates have risen slowly. There is a general improvement in the labour productivity in almost all the industrial categories, but, in general, this increase in labour productivity has not been associated with the increase in the rate of growth of employment due to slow down in industrial growth. In comparison with industrially developed states of India, labour productivity is significantly low in the small-scale industrial activities in A.P. Non-availability of credit facilities and acute shortage of infrastructure, mainly power, may account for inefficient technology in small units. However, export promotion parks taken up by the government in the recent years may improve some of the small scale sector activities in the state.

The Vision-2020 document for A.P. has recognized that investment needed for the proposed growth rate of 11% is not possible with internal savings only. There is evidence of a slow rate of growth of investment in the state in the 1990s. According to the CII study, AP has the 8th rank among states in respect of investment attractiveness. Together with a number of incentives, government is trying to assure sufficient infrastructural support to the new industrial ventures as well as make the process less bureaucratic and hazard-free, for example, through its special emphasis on the 'single window' procedure. In order to reduce the investment gap, the government hopes to get external investments both from domestic and foreign sources by making the state an attractive destination for investments. However, it is very unlikely that the level of funding available would be such as to raise levels of living by nine times as envisaged in the Vision- 2020 document.

Of the growth engines identified by the Vision-2020 document, knowledge-intensive industries have, by and large, shown a high growth. I.T. sector and Chemical and Chemical products belong to this category. Barring construction, other resource-intensive and labour-intensive industries, for which there is a large potential for growth in the state, have not performed equally well. Agro- industries including food processing, leather products, and mining belong to this group. Some of these, e.g., garments and leather products, have a large potential for exports as well as employment generation.

Unlike in agriculture, A.P. does not have a strong background and tradition of industrial development, like the neighbouring state of Tamil

Nadu, in terms of entrepreneurship, technical skills, infrastructure and the orientation of bureaucracy. Besides, new challenges have been thrown up in this sector in the post-liberalisation era: Industry is exposed now to greater domestic as well as external competition. Also, a consensus is emerging now among the states to desist from unhealthy competition among themselves to attract industries by providing undue tax concessions and such other incentives. In this new context, therefore, growth of industry in A.P. depends crucially on the internal capabilities at the state level such as the availability of physical infrastructure like power, water and transport, skilled manpower, credit and absence of regulatory constraints that inhibit investment and growth. These requirements are even more critical for small and medium industries including agro-industries lacking in resources and influence.

One of the major constraints on the growth rate is ensuring timely availability of adequate credit at reasonable cost from institutional sources to the small and medium enterprises, especially to those located in rural areas. The other is good governance for ensuring growth-promoting regulatory environment by cutting down delays in clearances and corruption.

4. SECTORAL DEVELOPMENT: SOCIAL SECTOR

Demography

After high growth in population for four decades between 1951-91, there was a rapid decline in population growth in the last decade (1991-2001). The Sample Registration System shows that the total fertility rate (TFR) has fallen from nearly 4.6 children per women in the early 1970s to 2.5 children by 1997, a decline to the tune of 2 children per woman during the 26-year period. The National Family Health Survey (NFHS) estimate of TFR is 2.25 during 1996-98 period with rural areas having slightly higher fertility (2.32) than urban areas (2.07). The state, thus, would achieve a replacement level of fertility in the very near future. The decline in fertility was largely attained through the contraceptive use and particularly through female sterilization. It is worth noting here that the fertility reduction has embraced all sections of the society in all the regions irrespective of economic, social, religious or cultural differences.

It is interesting that fertility reduction in A.P. defies conventional theories and beliefs, which thought that fertility reduction needed considerable improvement either in economic or social development. The experience of Kerala state indicates that female education and health improvement (e.g. reduction in infant mortality) were responsible for decline in fertility levels. In the case of A.P., female illiteracy and infant

mortality are relatively high but fertility decline has been faster. The existing fertility levels, however, are higher among the illiterate and low-income groups, and in backward or less-developed districts.

The policies and programmes followed in the state during 1980s and 1990s could be responsible for the fertility decline. The rapid decline began in the state by the second half of 1980s and accelerated in the 1990s. In the 1980s, welfare programmes like Public Distribution System (PDS) and Integrated Child Development services (ICDS), women's movement (DWCRA groups) and expansion of health services could be responsible for fertility decline by providing social security, raising awareness of women and empowering them. The family planning programme received further boost in the 1990s through concrete policies and action. In order to have decentralized decision making, district population stabilization societies were formed and funds devolved to local levels. In the 1990s, the women's self help group movement is an undoubted success story. Such groups not only helped women to earn additional income but also would have imparted progressive outlook on issues such as small family size and contraceptive use.

Hence the success of the state in controlling the population problem partly lies in better governance of both family planning related and welfare oriented programmes including women's self help groups.

Regarding mortality levels, although the overall mortality level is low the present level of infant mortality is comparatively high. A major part of infant mortality is now explained by neonatal mortality (28 days). Oddly, neonatal mortality has not recorded any marked decline even with dramatic decline in fertility level. The main causes of neonatal deaths are usually associated with mother specific factors. Given the poor social and health indicators of women in the state, major strides in infant mortality is unlikely to be achieved without addressing the overall socio-economic and health status of the women particularly the nutritional levels, and access to health care in the critical post delivery period.

The population projections show that state has to face two challenges in future. First, there is going to be considerable increase in the working age population primarily due to the high fertility in the past. This would create severe pressure on employment by the year 2020. This can also be an opportunity as, for example, the faster increase in working population was found to be a blessing for the economic boom in East Asian countries. Second, old age population may double between 1991-2016. At the same time, the younger population will be declining in numbers. This would result in a greying population and the state has to prepare for old age security measures.

Health

Health indicators such as life expectancy and infant mortality show that the performance of the state is lower as compared to the rest of the southern states. Surveys on medical facilities in the state indicate the predominance of private sector in health care and its rapid growth. The NSS data indicate that the private sector was predominant in AP even during the 1980s. It accounted for about 70 percent of inpatient care in rural areas and 62 percent in urban areas, which was highest in the country. By mid 1990s, its share further increased to 77.5 percent in the rural areas and marginally increased in the urban areas. The role of private sector was much higher in the developed districts.

The government hospitals have their limitations in terms of inadequate funding, overcrowding, corruption, lack of cleanliness etc., but the private hospitals need regulation. They indulge in overcharging, excess medication/testing, unnecessary treatment etc., which are more harmful to the patients physically and financially. The poor suffer much more than the rich because of these unethical practices.

The private sector in medical care has outgrown the size of public sector through the direct and indirect incentives given by the state. Public policy should focus on mechanisms to enforce the provision of providing free care to the poor by private hospitals who utilized the financial incentives, land grants, etc. Otherwise the role of the state should be confined to regulation of quality and pricing of medical care. Instead of direct regulation, the state should create independent regulatory institutions with representations to all stakeholders like consumer societies, NGOs, government officials, private medical establishments, etc. to ensure basic standards in the quality and pricing of medical care.

Due to lack of adequate resources, there was stagnation in the size and degeneration in the quality of care at the public hospitals. There is overcrowding and more than full capacity utilization of public hospitals, particularly at the secondary and the tertiary levels. There is still widespread unmet demand for medical care among the poor and the government should expand facilities in the public sector to meet this demand. The recent investments in the secondary level hospitals and perceptible improvement in the quality of care attracted more and more patients particularly from the poorer sections. Thus public hospitals at present are self-targeted, i.e., used mostly by the poor. It is not very clear whether increase in user charges would improve the performance of public hospitals.

Major weakness in public health care system is poor performance of the primary health centres, mainly due to staff absenteeism. Hospital

Advisory Committees (HACs) have been created, but they are not effective. There is a need to involve Panchayati Raj Institutions (PRIs) in health sector at local level. State should encourage community participation to improve the functioning of the public health care system.

In the case of health sector, three issues have to be addressed to improve the performance. First, public expenditure on health sector has to be increased. Public expenditure on health is now only around 1 per cent of GSDP. The expenditure on primary health is at a meagre 0.1 per cent of GSDP. These percentages have been stagnant in the 1990s and there is a need to allocate more resources to the sector. However, along with this the efficiency of public spending has to be improved. More resources should be spent on preventive care, as the poor benefit more from this. Primary health care services should be accountable to the local governments and ensure better services for the money spent. The second issue is how to make the private sector accountable. The share of private sector in the total health care sector is high and has increased over time. One can not ignore, therefore, the role of private sector in the state. Government should promote institutions to regulate the private sector. Third, there is a need to promote community health insurance schemes (e.g. SEWA's scheme) in order to provide health services at low cost to poor.

Education

Literacy rate in Andhra Pradesh has been much below the all India level during the last four decades. However, the gap between the two has narrowed down during the 1990s, as the rate of increase in literacy rate during this period in the state is one of the highest in the country. Literacy rates across regions show highest rural-urban as well as social disparities in Telangana while Rayalaseema reflects highest gender disparities. Between 1971 and 2001, regional disparities in literacy rates have come down substantially. Enrolment ratio has increased substantially but dropouts continue to be a problem despite declining trend, especially in backward regions.

The RBI data shows that the ratio of public expenditure on education to GSDP in A.P. declined from 3.3% in 1985-86 to 2.1% in 1995-96. It then started increasing and reached the ratio of 2.9% in 2000-01. As compared to other South Indian states, the share of public expenditure on education in GSDP and budget was lower in A.P. Primary education gets low priority within education. As a result, quality of education suffers (per student expenditures are much lower in AP).

While the demand factors are important in influencing the extent of literacy and dropout rates, access or supply or quality factors influence enrolment rates. Poverty in backward regions and rising demand for labour in developed regions are the most important reasons for dropouts. Indirect cost of education (Uniform, transport etc.) is substantial and hence dampens the demand for education.

There is a need for an integrated approach in order to bring children to school and retain them. The Vision 2020 document rightly identifies demand and supply factors like low literacy of parents, poverty, lack of access to school and poor infrastructure facilities as the main causes of low literacy rates. The 93rd amendment of the Indian Constitution to provide universal provision of school education to all the children in the age group 6-14 years will now require the state governments to improve supply side factors like access to schools, increase in the number of teachers, infrastructure etc. Andhra Pradesh government is preparing for provision of universal education to all children. A.P. is the first state to consider all the non-school going children as child labourers. The state feels that such a definition would put pressure on government, parents and civil society to achieve universal provision of school education. From the demand side, generation of productive employment and minimum wages would go a long way in reducing the household's dependence on children. Specific policies are required to address the gender and social disparities.

Similar to health, there are three issues that the state has to address in improving literacy and primary education in the state. First, more resources have to be allocated to education, particularly to primary education, from the budget. Second, the quality of education in terms of curriculum, better infrastructure and teaching has to be improved. Third, retaining children in the schools is more difficult than enrolling them. The A.P. government has designed schemes such as 'Mabadi' (our school), 'Chaduvkunda' (back to school) and akshara sankranti to improve access to children, women and disadvantaged communities. The focus of these programmes being more on enrolment this may result in more dropouts later. Retaining of children in the schools needs social mobilization of the community against child labour and for education and intensive institutional arrangements. Such attempts are very successful at the micro level as demonstrated by NGOs like the MV Foundation. Also, there is a need to involve PRIs in primary education at local level.

5. EMPLOYMENT, POVERTY AND INEQUALITY

Faster growth through economic reforms is not always accompanied by a faster rate of poverty reduction. Poverty can be reduced if growth increases employment potential (quantity and quality). Similarly, the extent to which the working poor are able to integrate into the economic process also determines the impact of growth on poverty. For example, if there is a mismatch between the opportunities available due to economic reforms and skills of the workers, the poor will not be able to take advantage of such opportunities and gain from the reforms.

Employment

Employment in A.P. is largely unorganized, rural and non-industrial. The work participation rates declined significantly in both rural and urban areas in the 1990s. The employment growth recorded a drastic decline during 1993-94 to 1999-2000 as compared to the period 1983-84 to 1993-94. Thus the expectations of increasing employment opportunities due to economic reforms have not materialized.

Only around 6 per cent of the total work force is in the organized sector in A.P. The growth of employment in the organized sector has declined over time. In the post-reform period, the growth of public sector employment declined drastically while that of private sector employment increased. However, the growth of private sector employment has not been able to compensate for the loss of jobs in the public sector.

The share of non-farm employment in rural areas has been stagnant since 1983. The diversification of employment has been slower in A.P. as compared to all India in the 1990s. There is no sign of increase in the usual status unemployment rates. However, the daily status unemployment recorded significant increase in the 1990s. This is a matter of concern for the state. The problem of unemployment is more severe for the educated and the youth. Casualization has been increasing over time. Rural A.P. has the second highest percentage of casual labourers in the country. Labour productivity showed high growth in agriculture and manufacturing in the 1990s. In spite of this, the growth of real wages in rural areas declined significantly in the 1990s. Around 91 per cent of the rural workers in A.P. are either illiterate or have been educated only up to primary level.

Some macro projections show that to focus on agriculture & allied and services would be the most desirable option from the point of view of increasing employment, while reducing poverty and income disparity significantly. There are some constraints for private sector participation.

Failures in labour, credit, and product markets are some such constraints. Low infrastructure is another important constraint.

Given the problem of unemployment and underemployment for the masses and unemployment for educated, there is a need to have twin strategies for improving the livelihoods. The first sub-strategy should aim at rural and urban masses that are illiterate/semi-literate, unskilled, and semi-literate/skilled. The second sub-strategy has to address the educated unemployed. The policy goal should be to improve economic growth in rural areas with emphasis on employment generation for the poor, and shift workers from agriculture to non-agriculture activities, particularly services in rural areas. To achieve this goal, it is necessary to focus on selected growth engines and clusters: In order to have a focused intervention, the Vision 2020 had suggested 18 "growth engines" for vertical (e.g. leaf to cloth) sub-sectoral interventions. However, these may not be adequate to generate near full employment. As such, the number of growth engines in agriculture, industry and services may have to be increased to between 30 to 40 for that purpose.

The task of generating employment (quantity and quality) is an urgent and crucial one for reducing poverty. It needs a range of concerted actions from the government, donors, banks, and the private sector and from civil society institutions.

Poverty

We already looked at the measurement issues and the trends in official and alternative estimates of poverty in the state. Here we propose to examine the determinants of poverty and poverty alleviation programmes.

A multivariate analysis using wages and agriculture output as independent variables shows that in the post-green revolution period (1970s to 1990s) increase in real wages played a more important role than the growth of agricultural output. On the other hand, the effect of real wages was low in the pre-green revolution period. It is possible that the gains from agricultural growth were shared more widely in the pre-green revolution period. Also, poverty in the post-green revolution period is concentrated more among the wage labour.

Regarding poverty alleviation programmes, an evaluation shows that the entry of non-poor into the Integrated Rural Development Programme (IRDP) is around 26 percent across the selected districts viz., Anantapur, Nalgonda, and Vizianagaram in the late 1990s. The income gains are more pronounced in the developed districts and among the relatively better off among the poor. Under the Jawahar Rozgar Yojana (JRY), employment generated per person per year, on an average, is around

40 days across the sample villages of selected districts in 2001. The employment created is not adequate to influence the wage rates in labour market.

The government's strategy paper on poverty eradication recognizes that long-term investment in core sectors such as agriculture, health and education will accelerate the pace of poverty reduction. The government would like to build on the successful lessons learnt from the self-help and group approach towards empowerment of the poor for poverty reduction. There are also some innovative programmes such as Janmabhoomi and Deepam (LPG scheme), which help the poor. The rural poverty reduction strategies thus will be multi-pronged and multi-sectoral. They can be broadly classified under three categories: (a) intensive poverty reduction initiatives through a strategy of social mobilization, (b) aggressively promoting agricultural growth and (c) provision of basic minimum services.

After experimenting with several poverty alleviation programmes, Government of A.P. has settled for two important programmes. One is self-help group programme and the other is watershed based approach. The Government's basic strategy for removal of rural poverty in A.P. would revolve around social mobilization and empowerment of the poor. The ongoing mobilization of the rural poor women into self-help groups is a major element of this strategy. The ongoing District Rural Poverty Initiative (DPII) project in 6 backward districts and the proposed A.P. Rural Poverty Reduction project (APRPRP) are based on the strategy of social mobilization and the empowerment of the rural poor. Considering the inadequacies in the past developmental strategies, these two projects are mandated to focus on the poorest of the poor, who have been left out of various development initiatives. The impact of these programmes is yet to be evaluated. Another important component for improving livelihoods is micro watershed approach. The objectives of natural resource management, growth in rainfed agricultural productivity and growth in employment and incomes for the poor are sought to be achieved in a participatory manner using the micro watershed as the basis for planning.

Andhra Pradesh has taken bold steps to demonstrate that a convergence of conservation and development objectives can be achieved through Joint Forest Management (JFM). Formation of JFM Committees in Andhra Pradesh has successfully targeted remote and under-served communities, in particular tribal populations. Women and landless members of the community are specifically identified as they are much more likely to be directly dependent on forests for income and to meet their daily needs for fuel and fodder.

Presently, there are more than 25 poverty alleviation and welfare schemes in the state. There is a need to have a re-look at some of these programmes because welfare and poverty alleviation programmes that are not cost-effective crowd out long-term investments.

Providing productive employment in agriculture and rural non-farm sector is important for reduction in poverty. Access to land (as owners or tenants) and credit are important for the poor in agriculture. In order to develop the rural non-farm sector, there is a need to look at issues such as rural-urban linkages, infrastructure, markets, technology, and training in skills.

Poverty alleviation depends on both macroeconomic policies and poverty alleviation programmes. The economic reforms open up opportunities for some groups and adversely affect some others. The key strategy for reducing poverty lies in creating productive employment for the poor through labour-intensive pattern of growth and better implementation of poverty alleviation programmes.

Women's Groups

Another important social change taking place in A.P. relates to women's empowerment (social and economic) through self-help groups. As mentioned above, women's self help group (SHGs) approach has formed a central element in the state's social mobilization and community empowerment strategy for poverty reduction. We look here at the contribution of these groups to poverty alleviation and empowerment.

Groups formed under Development of Women and Children in Rural Areas (DWCRA), South Asia Poverty Alleviation Programme (SAPAP) and Cooperative Development Foundation (CDF) are considered here. The basic assumption of all the models is that social capital contributes to poverty alleviation. The groups consist of only the poor as members except in CDF. While there are internal and external funds in DWCRA and SAPAP, there are only internal funds in CDF.

DWCRA is the main model with large number of groups. Out of the total existing SHGs of 4.28 lakhs in September 2002, around 1.90 lakhs are covered under DWCRA with a membership of around 25 lakhs. The thrift and revolving fund of these groups add up to Rs.1000 crores. SAPAP created 5,201 groups in 20 mandals covering 34,600 women and CDF formed 45,605 women into 200 woman thrift co-operatives (WTCs). In terms of functioning of DWCRA groups, only 18 per cent of the groups are of 'A' grade, 63 per cent of 'B' grade, and 19 per cent are of 'C' grade. In case of SAPAP, 47.6 per cent of groups are of 'A' grade.

Weaker sections of the society viz., SCs, STs, BCs are emphatically targeted in DWCRA and SAPAP and to some extent in WTCs. However, the participation of the poorest of the poor is very less in these models. The entry of non-poor was found to be 16.65% in DWCRA and 28% in SAPAP. The membership of groups is fairly long lived viz., 10 years or more and drop outs are very low (less than 4%). The single most important benefit from the groups is that they improved access to credit for the women members. As they provide both production and consumption loans, the members are relieved from the clutches of money lenders. As a result, the interest rate in the informal credit market declined sharply. A main strength of the DWCRA groups lies in the fact that these women groups have managed to receive credit from banks. The repayment rate is high, i.e., more than 85% across all the models.

It was found that these groups had a perceptible impact on alleviation of poverty. The additional income accrued to the members from the activities undertaken in DWCRA varied between Rs.10-30 per day, on an average. In SAPAP, poverty was reduced for 69% of the members but reduction in poverty was less for Dalits and women headed households. Though gender poverty did not decline significantly, food security improved marginally. These group-based activities enabled the near poor to cross the poverty line. The activities undertaken are mostly traditional, utilizing the existing skills of the members. These activities provided full employment to the members as well as their male counterparts. In many cases, the quality of employment improved as a result of shift from wage employment to self-employment.

There were also non-economic impacts of the groups such as on literacy, health, housing, and empowerment. The drive for literacy is a common feature in all the models. The expenditure on health of the members improved and infant mortality rate declined in DWCRA and SAPAP. It was found that the women have taken up non-farm (service and small business) activities and are venturing into non-traditional tasks and enterprises, to some extent. Besides, the role of women in decision-making in the family improved slightly. Some of them contested local body elections also.

The findings show that the poorest of the poor are not participating in the existing self-help groups. The repayment schedule suitable to the poorest of the poor should be adopted. The improvement in skill base, given the other asset base, can also be a solution to tackle the problems of the poorest. Proper livelihood planning, bulk purchases of inputs and collective marketing of outputs help the poorest of the poor to organize their economic activity effectively. Thus micro-credit alone cannot address

the problems of the poorest. Interventions in commodity markets are also needed. The second issue is how to make the existing groups sustainable over time. The low growth of the economy and existing class relations are posing constraints for the relatively better off among the poor in improving their well-being. The process of empowerment of women can not be sustained unless their livelihood concerns are aptly addressed. There is a need to undertake viable economic activities which can improve incomes much faster.

Food Security

The state is considered as food grain surplus and food secure at macro level. However, there is food insecurity at the household level. Around one fourth of the state's population still suffers from chronic food insecurity and around 40 per cent of the children suffer from malnutrition.

The consumption data indicate declining per capita monthly consumption of cereals across all the income groups in rural and urban areas of Andhra Pradesh. Within cereals rice, which is a staple food in AP, shows mixed trends. In the case of the poorest 30 per cent in rural areas, rice consumption increased at 2 per cent per annum, while for their counterparts in the urban areas it fluctuated without any significant trend. For the top group, both rural and urban, the rice consumption declined considerably. High rate of decline in coarse cereal consumption is visible across all the three income groups.

The implications of these trends for the cost of energy and energy intake levels are adverse. The declining cereal consumption and within this the declining coarse cereal consumption raised the cost of calories derived from food expenditure considerably. The calorie-rupee ratio (the ratio of calorie intake and food real expenditure) is declining for all the income groups. It is of great concern that it is declining faster among the poor compared to that of the richer groups. Given these trends, any price rise in food items will further erode the calorie content of the food expenditure for the poor.

To understand the factors responsible for these changes, the trends in total expenditures and prices have been examined. In rural areas, with the exception of 1999-2000, the growth rate of real expenditure is positive for all the years. In urban areas also, the real expenditures show positive growth rates. For the entire period, the trend growth rate for rural areas is faster compared to that for urban areas. The relative price indices for cereals in rural areas show a declining trend over the past three decades. However, the rate of decline is coming down gradually in each of the last two decades. In urban sector, the relative price index declined in the seventies and

eighties, but increased in the nineties. Though these trends do not indicate anything adverse as of now, the trend, if it continues, may have adverse impact on the poor who derive substantial portion of their energy intake in the form of cereals. The shift in the consumption patterns inspite of favourable price and income movements is attributed to the changes in tastes and preferences, associated with increasing modernization and urbanization of rural areas. Given the existing patterns of consumption, ensuring adequate food security for the poor is possible only by raising their purchasing power and by subsidizing their consumption.

The performance of state in the PDS is better than in the country as a whole. However, it is still lagging behind southern states. The income gains through the PDS in 1999-00 forms 6.57 per cent of the rural poor's total expenditure. PDS reduced rural poverty by about 7 percentage points in 1999-00. Covering about 70 per cent of the households, the rice scheme of Andhra Pradesh is highly cost ineffective. The estimates indicate that the cost of transferring a rupee to the poor through PDS is about Rs.10.85, on account of ineffective targeting.

The projected demand estimates indicate that an additional 30 to 40 lakh tones of rice will be required by 2020 depending on the growth rate of total expenditures. Given the problem of poverty and malnutrition, there is a need for direct interventions like PDS and ICDS. The rice scheme in AP can be modified to make it cost-effective so that the poor can be protected without straining investments in other sectors of human development.

Regional Disparities

Andhra Pradesh is conventionally classified into three broad regions, viz., Coastal Andhra, Rayalaseema and Telangana for comparisons of the levels of development. However, there is significant heterogeneity within the Coastal Andhra and Telangana regions. Therefore, in addition to the conventional classification into three regions, it is found useful to disaggregate them into six regions, viz., North Coastal Andhra, South Coastal Andhra, Rayalaseema, North Telangana, South Telangana and Hyderabad. This is done on the basis of agro-climatic conditions, level of urbanisation and industrial development.

Whether one follows the conventional or the more disaggregated classification, the regional disparities in the levels of socio-economic development in the state have come down over the last 50 years. There has been a significant decline in disparity in the levels of agricultural development, measured as the value of crop output per hectare, between Coastal Andhra and Telangana, especially between South Coastal Andhra

and North Telangana. This is because area under irrigation, including from canals, expanded at a faster rate in Telangana and green revolution technologies have been adopted widely.

Agriculturally developed regions in the state like South Coastal Andhra had a low level of industrialisation in the initial period. Also, industrial development has been faster in the agriculturally backward regions like South Telangana, Rayalaseema and North Coastal Andhra. As a result, the regional disparities in per capita domestic product, consisting of income from agriculture as well as non-agricultural sources, are now lower than when income from agriculture alone is considered.

Social development, e.g. education and health are basically dependent on public investment, the impact of which is quicker and widely spread compared to investment in physical infrastructure. Consequently, the regional disparities in literacy, primary education and health facilities are not as marked as in other sectors. These disparities, particularly in the case of literacy and education, have come down substantially because of the special programmes launched by the government during the 1980s and the 1990s. The regional differences in the incidence of rural poverty have also been reduced significantly. The Information Technology (I.T.) sector which was initially concentrated in Hyderabad is now spreading to other centres in different regions of the state.

in the levels of development. Notwithstanding, the regional disparities in South Coastal Andhra, became all significant in the state. For example, irrigation, continues to occupy the top priority of assured sources of output per hectare, followed by North Telangana and to agricultural Andhra. Rayalaseema and South Telangana are at the bottom because of insufficient irrigation coupled with low and erratic rainfall. Moreover, well irrigation is predominant in Telangana and Rayalaseema, entailing high cost of power for pumping water, besides exposing them to weather shocks and shortages of drinking water.

The index of average per capita Gross Domestic Product for the period 1995-2000 (with state average as 100) ranged from 91 for North Telangana to around 106 for South Coastal Andhra and 122 for Hyderabad & Ranga Reddy. The incidence of rural poverty in North Coastal Andhra in 1993-94 was way above that for North Telangana. The literacy rates for Telangana (excluding Hyderabad) and North Coastal Andhra were well below that for South Coastal Andhra. The drop-out rates at primary education in 2000-01 for boys and girls were quite high in Telangana, especially for S.C.s and S.T.s. In respect of health care, private sector is concentrated mainly in the developed districts, so that the state policy aimed at

encouraging privatisation has benefited the developed districts accentuating the regional inequalities in the availability of medical facilities. The Child mortality rates are quite high in North Coastal Andhra, Rayalaseema and South Telangana.

The development experience of A.P. clearly brings out that stepping up public investment in physical and social infrastructure has an immense potential for reducing regional disparities in the levels of development. The gap between the ultimate irrigation potential from major and medium irrigation projects, which can be undertaken only through public investment, and the potential actually created so far is quite high for the drought prone regions of Rayalaseema and Telangana. Public investments for undertaking the remaining projects and for the speedy completion of the on-going ones together with rehabilitation of existing tanks by involving Water Users' Associations holds a great promise for further development and for mitigating the severity of droughts in these regions. Public expenditure on health and education needs to be stepped up substantially focusing on the less developed areas.

Small and marginal farmers being preponderant in these regions require special public support towards the provision of cheaper power, better access to quality inputs and institutional credit. Further, the overall working of the women's Self-Help Groups and Panchayati Raj institutions is found to be relatively better in the developed regions. The less developed regions, therefore, need special attention for empowering the weaker sections and the community institutions.

6. ENVIRONMENT

Environmental concerns are among the policy priorities in A.P. We briefly look at the status and strategies relating to environment in four areas: air, land and water management, mining, industrial pollution and urban environment.

It is estimated that the cost of soil degradation alone is about 1.2 per cent of its GSDP. That is, by checking degradation of soil the level of GSDP can be raised by 1.2 per cent. The state's experiments with watershed development programme to promote dry-land agriculture and the irrigation development programme are the most innovative in the country. Watershed development under the new guidelines, in general, has an overall positive impact on environment. However, groundwater tables are depleting at an alarming rate. The de facto privatization of groundwater and subsidized power supply are the main culprits. There has been a neglect of minor

irrigation sources like tanks. Shortage of drinking water has accentuated and quality of water has declined over time.

About 19% of cultivated area is degraded. There is no relation between development and degradation across districts. However, incidence of degradation seems to be more in less irrigated areas. Composition of livestock is shifting in favour of small ruminants. The declining number of cattle means lower ratios of organic to inorganic input (fertilizer) and higher dependence on tractors for cultivation. Both these practices would have an adverse impact on the environment. In A.P. about 38% of forest area is degraded, as against 25% for All India. Overexploitation of fish rendered fishing unsustainable and aquaculture created serious environmental problems.

Mining could lead to irreversible damages if follow-up action is not taken after the mining activity is completed. The Vision document proposes to issue the safety bonds for the future mining activity. In industrial sector, most polluting industries have attracted highest investments. Water bodies are the worst affected. The estimated annual loss per household affected is about Rs.36000. The main reasons for industrial pollution include weak institutions (implementing agencies), lack of cost effective technologies, political interference, nexus between industry, bureaucracy and politicians, absence of awareness and weak bargaining power of the victims. In urban areas, water supply shortage is around 36%. Among the regions, Rayalaseema has the highest shortage (43%) of water supply. Sewerage facilities are too little to meet the demand.

An integrated approach is needed for water resources management in the state. An appropriate strategy should integrate institutional approaches with market principles. Since institutional innovation (Water user associations) is already in place for canal irrigation, it is time now to implement volumetric pricing. There is a need to de-link water rights from land rights in order to ensure equity and sustainability.

In the case of land and forestry, watershed approach and Joint Forest Management are crucial for protecting the environment. The critical issue is sustainability of these programmes. Although watersheds have shown positive economic impact, the social issues are missing. More participatory approach and involvement of women would lead to sustainability of watershed development approach. In the case of JFM, the department is focusing on high income areas like timber. Low value products constituting sources of livelihoods for the poor have low priority. Customary rights of the tribals on podu (shifting cultivation) have to be recognised.

Industrial pollution can be reduced by awareness building and promotion of environment friendly technologies through proper

(dis)incentive structures. Rekindling the rural industrialization process would go a long way in addressing the problem of urban congestion.

Demand management of urban amenities such as drinking water should be given top priority. Efficient provision of services fostered with appropriate pricing would result in their efficient use. Solid waste management is another area of importance. Appropriate institutional arrangements need to be worked out to collect, recycle and dispose the waste.

Awareness and involvement of the civil society is a precondition for checking environmental degradation. Environmental movements would have a discerning impact in this regard.

7. DECENTRALISATION

Keeping in view the main objectives of the 73rd Constitutional Amendment Act, the Government of A.P. has passed the A.P. Panchayat Raj Act 1994. The actual performance so far in terms of genuine decentralization / devolution to the local bodies is far from satisfactory. In the functional domain, the present status in AP shows that it transferred functions in respect of 16 subjects of which 5 subjects with funds and only 2 subjects with *functionaries* are transferred to the local bodies. The performance of AP in this respect is much lower than that of Karnataka, Kerala and West Bengal. Moreover, a majority of the line departments in AP have not been brought under the control of PR bodies. Only the relatively less important functions have been transferred to the local bodies. The District Rural Development Agency (DRDA), which commands sizeable resources, functions independently of the PR bodies. Similarly, Corporations, like AP Scheduled Castes Corporation, AP Backward Caste Corporation, AP Women Development Corporation work independently of PR bodies in the state.

The panchayats have no financial autonomy either in raising financial resources or in deciding on the allocation of funds across different sectors. Funds for centrally sponsored public works schemes like JRY form the bulk of the panchayat's budgets. The allocations to different activities are generally decided by the central/state governments. The devolution of funds to panchayats in A.P. is much less than in Kerala where around 40% of state plan funds are allocated to local bodies.

There are some structural aspects of AP PR system, which impede the local bodies from functioning effectively. The State Government, the Commissioner and the District Collector have been given powers under various sections of the Act to control PR institutions at all the three levels.