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From Editor's Desk

The Centre has initiated a process for forming a committee which will decide policy rate of interest in the country. This is slated to be a big ticket change; as so far this power rests with the Reserve Bank of India (RBI). Although the rate of interest payable on deposits (saving or fixed); and rate of interest levied on loans disbursed by banks is decided by respective banks; however, basic or what may be called policy rates of interests are decided by the RBI. As a policy the RBI decides repo rate, reverse repo rate and bank rate. The RBI also fixes prime lending rate (PLR). The RBI tends to affect rates of interest in the country by effecting changes in repo rate and reverse repo rate. Barring a few exceptions, in more than last three years, the RBI has been continuously increasing or not reducing rates of interest. Last month again the RBI has chosen not to reduce rates of interest, citing inflationary concerns. Today, Indian economy has been passing through a very difficult situation. During the last 10 years of the UPA rule, more particularly during the last five years, economic mismanagement, corruption and policy paralysis and inflation have been crossing all limits. Rupee has also depreciated significantly. The manufacturing sector has shown nearly zero growth continuously for more than three years. The sector is becoming incompetent due to high interest cost. The RBI gives two major arguments for not reducing the rate of interest. First, reduction in interest rates may spark inflation due to increase in demand and, secondly, to encourage savings we need to have a positive real rate of interest, that is, market rate of interest minus rate inflation. Even if one accepts RBI arguments in favour of high interest rates, the fact remains that high interest rates have been dampening industrial

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growth and now manufacturing growth has entered into negative zone, with -0.7 per cent growth in 2013-14. According to the data published by HSBC, purchasing manager index (PMI) has fallen from 52.4 to 51.0 in September 2014 and further fall to less than 50 may be very disastrous. After negative growth in manufacturing in 2013-14, continued descending manufacturing sector is a cause of major concern today.

It is notable that till sometime back, India, witnessed fairly high rate of growth in industrial sector, however the growth has not been uniform in all industries. Electronic, electricals, telecom, computers and even toys; production could not increase much. Some of these industries got a big setback. The result was that between 2001 and 2013, the import of electrical and electronics, telecom and computers increased by more than 100 times. Many of our industries shifted to China and continuously rising trade deficit reached \$ 41 billion by 2013. In view of the concerns of downfall of manufacturing in recent years, and the need to correct imbalance in industrial sector, new incumbent in the prime minister's chair has given the slogan of "Make in India", inviting foreign players to come and produce in India. At the same time, the prime minister has also called upon domestic players to improvise domestic production to build brand India. However, just slogan shouting is not going to serve the purpose, we have to make concerted efforts that should include lowering interest rates. Declining industrial production indicates at existence of excess capacity. Capacity may be fully utilised by ensuring demand on the one hand and availability of working capital and lowering of interest rates on the other. Once we are able to raise industrial production combating inflation would be an easier task, which would help us in furthering lowering down of interest rates. It is an open secret that till NDA I took over, the GDP growth could not exceed 4-5 per cent annually. However, by the year 2003-04, we could achieve a GDP growth rate of 8.5 per cent and this happened because of lowering of interest rates. However, rising interest rates pulled the growth down to 4-5 per cent range once again. Not only the industrial sector, but infrastructure and service sectors are also getting impacted due to high interest cost. Many of the Public Private Partnership projects are not picking up, as private parties are unwilling to even bid for the same due to high interest cost. Projects like airports, where returns are guaranteed by the government, are only taking off, roads came up during the NDA regime on a large scale, due to low interest cost. The RBI is not able to come out of its conventional thinking about inflation-based monetary policy, especially about deciding on interest rates. Howsoever good its arguments may be, the fact remains that there is an urgent need for doing something drastic to come out of this mess. Central banks all around the world are adopting unconventional policies. Example of quantitative easing (QEs) as adopted by Federal Reserve of the US is one such example of unconventional and out-of-the-box policies. The RBI should also invent such policies to reduce interest cost in the economy. As the RBI is not willing to take the call, there is a thinking emerging in the government circles for taking over the power of deciding on interest rates. We must understand that, this is situation of act or perish and we need to break this impasse by reducing interest rate at any cost.

Dr Ashwani Mahajan

Chief Editor

Reasons in Declining Quality in Teaching in English Language

Dr. Anupama Singh

The poor learning outcomes are a result of several factors. In many schools, learning environment is not conducive to learning. Lack of classrooms, toilets, water, and electricity and inadequate supply of (motivated) teachers contribute to poor learning outcomes.

English teachers are educated in a variety of institutions and by wide range of curriculum models. Nevertheless, these institutions face similar challenges and one of the biggest seems to be how to bridge the gap between theory and practice.

India has done a commendable job in enrolling its children to schools; a decade ago, 30 million Indian children were not in school, and today the figure is near 3 million. As per School Education Statistics (SES) in 2005-06 the enrolment of girls was over 60.2 million in primary schools. The figure has increased to 60.5 million in 2010-11. With an increased Gross enrolment ratio of over 20% in higher education, over 621 Universities and 33,500 colleges, India will be producing over 24 million graduates by the end of 2020. But here-in lies the problem, according to an earlier survey by the Confederation of Indian Industries (CII) only 39.5% of all graduates in the country were viewed as employable.

India is going berserk to enrol its children in schools and higher education institutes but quality has gone for a toss. Enrolment ratio has gone higher but so has the drop-out ratio. *Sarva Shiksha Abhiyan* which means 'Education for All' programme in Hindi is a Government of India's flagship programme for achievement of universalization of Elementary Education and caters to the needs of over 192 million children but according to an article in *The Economic Times* dated November 23, 2012; there are over 700,000 teaching posts vacant under this particular programme. Delhi, the capital city of India is facing a crunch of over 1500 teachers in government schools catering to the

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weaker sections of the society. The above two paragraphs raises a number of questions, most important of them being: What is the reason for such a massive gap between the demand and supply of Teachers in government schools? Even with such a gigantic working population why the government schools in India are not able to attract the talent or provide quality education to the millions of kids in government schools across the country.

The role of Teachers is most important in realizing the goal of imparting quality education. Massive Teacher training programmes should be conducted, non-teaching government tasks should not be assigned to the teachers, a strict monitoring mechanism should be devised, infrastructural development of schools and awareness campaign for the parents of students in government schools should be conducted. Today's aspirational Indians want their children to go to a school where lessons are taught in English. But often the pupils leave speaking a language that would not be recognised in London or New York. Could this Hinglish be the language of India's future?

Majority of India still lives in villages and so the topic of rural education in India is of utmost importance. A survey named called the Annual Status of Education Report (ASER), shows that even though the number of rural students attending schools is rising, but more than half of the students in fifth grade are unable to read a second grade text book and are not able to solve simple mathematical problems. Not only this, the level of maths and reading is further declining. Though efforts are being made, they are not in the right direction. The reason cited for this problem in surveys is the increasing number of single classroom to educate students from more than one grade. In some states attendance of teachers and students is also declining. These are a few reasons why schools have failed to educate rural India.

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Teaching English in rural and difficult areas is an unplanned teaching/learning activity. In fact both the teacher and the taught are unaware of the effective pedagogical strategies. The reasons for such an unplanned perpetuation of English language teaching in such areas could be innumerable but a few are enumerated below.

- The teachers entrusted with the teaching of English are untrained and unqualified.
- The training provided is purely theoretical and bookish.
- Minimum intervention of technology and in majority of cases it is not available.
- Basic infrastructure is absent.
- The primary level of schooling is completely mismanaged and ignored.
- Heterogeneous classes.
- Substandard teaching material.
- Hostile socio-cultural factors.

The British applied linguist David Graddol says in his book (2010) that the official position of English in India remains that of a transitional necessity. But this position has been overtaken by events happening. For growing globalised urban middle class, English is playing a greater role in both their work and personal lives. According to a survey carried out by Indian television channel CNN-IBN in August 2009, 87% people feel that knowledge of English is important to succeed in life but 82% feel that knowing the State language is very important and interestingly 57% feel that English is making us forget our mother tongue. Isn't it a very confusing state of affairs as far as learning of English is concerned? But the fact remains that learning of English is inevitable for prospective job seekers. With this kind of situation, I have drawn my own conclusion that to succeed in life one should know at least three languages; the mother tongue, the national language and an international language. If English is an international language, then we must promote its systematic and planned learning.

Teaching of English in rural or difficult areas is definitely a challenge. It's a challenge in the sense that all theoretical knowledge acquired as part of ELT training goes haywire in the classroom. A teacher has to evolve strategies at every step and sometimes 'jugad' has to be used. Let us take an overview of the grey areas as far as teaching of English in rural areas is concerned.

- English as a phobia
- English treated as elite over other languages

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- English as an indicator of social status
- taught like any other subject notional
- introduction of technology incompetent teachers
- jingoism substandard teaching material
- non-availability of basic
- infrastructure hostile socio-cultural factors

There could be many more other reasons and are well known to all. The process of English language teaching in rural areas is enjoyable because it involves innocent learners who look forward to an English teacher as God.

A learner imitates a teacher's every utterance and gestures. The students in rural areas, who are very ignorant and first generation learners of English, treat a teacher's voice as sacrosanct. So it is very important that a teacher teaching English at any level; primary, secondary or tertiary has to have a very good command over all the skills of English language.

Unfortunately, cutting across the States of India, this is not so. In fact the situation at primary and secondary level is pathetic. Moreover in a State like Haryana there are no English teachers to teach English at primary level. Any Social Studies' teacher teaches English, assuming all is well. It is known to all those who are in the business of teaching language that critical age to learn a language is up to 04-05 years. One can imagine the intensity of damage done to a young learner.

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Problems Faced by Learners at Graduate level Study in Hindi Speaking States in India

Ms. Poonam Chaudhary

Higher education is on the concurrent list in the Indian constitution, meaning that it is a shared responsibility between the Union or Central Government and the State Governments. The Department of Secondary and Higher Education is placed within the Ministry of Human Resource Development. There is also a Department of Education in each state.

The Central Government is responsible for the major policy on higher education and for the co-ordination and determination of standards in higher education institutions. State Governments for their part are responsible for the establishment of state universities and colleges and for providing grants for their development and maintenance.

India has one of the largest education systems in the world and also one of the most complex. The European system of higher education was introduced in India by the British in 1857 with the establishment of universities for European education in three cities and withdrawal of support for indigenous education. At the time of independence, there were 20 universities and 500 colleges in India but the number has increased rapidly since then and the student enrolment has gone up by nearly 36 times.

When the British left the country in 1947, there were many schools in which education up to primary and secondary stages were in major Indian languages of respective regions. But at the higher education stages, the universities recognized only English as the medium with no alternatives. During the Independence struggle, in thrust for language autonomy and language privileges, many political and educational organizations had built up strong pressures to extend Indian languages as media at the university level.

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Initially, the new Congress Government showed a good deal of enthusiasm for rapid change in the medium policy, and some universities expressed their willingness to introduce Hindi, Urdu, and other regional languages as media in five years time. The University Education Commission in 1949 also endorsed the view that the switch over to mother tongue education should be achieved within next five years in all universities so as „to promote cultural renaissance and social integration.

But soon it became evident that due to the conflicting ideological pressures among the national leaders and also due to the unenthusiastic response from the education experts who operated within the ‘established’ system, the government had to face an uphill task as far as the fulfillment of such aspirations was concerned.

In this tussle for leadership among the ‘established’ and the ‘rising’ elites, various language interests groups adopted rigid stands regarding language policy at the university stage:

1. The supporters of English claimed the virtues of having an ‘advanced’ medium for technological and scientific progress.
2. The supporters of Hindi were motivated by the interests of cultural regeneration and cohesion at the national level.
3. The supporters of regional languages emphasized the facility of expression for students, and were guided by the claims of equal privileges and autonomy for their languages.

National leaders like Nehru, Azad, and Zakir Hussain (1950) were the early champions of common medium. Moderating over the rigid postures in medium controversy, they suggested the alternate media policy, where Hindi serving the national interests could be adopted as the University medium along With English as a universally developed medium of knowledge.

But the Tarachand Commission (1948) rejected Hindi as common medium for universities and suggested regional media in the states for administrative and academic purposes, restricting the common medium for the federal government.

The Official Language Commission in 1956 spelled out the criteria for the choice of medium at the university stage on the basis of the facility of expression, and the usefulness of such medium for students.

It endorsed the alternate media policy with regional language as the major medium. A variety of solutions cropped up in the dissenting notes:

1. English- with alternatives (Hindi, or dominant regional language).
2. Hindi with alternatives (English, or regional languages).
3. Sole Hindi medium.
4. Sole regional language medium.

The later two suggestions were later dubbed as 'Hindi imperialism' and 'language chauvinism' respectively by the opponents of these solutions in the controversy.

During the fifties many socio-political and legal battles were fought over the university medium issue concerning Bombay, Gujarat, and Madras universities. The state governments' enthusiasm for switching over to Hindi (for Bombay University),

Gujarati (for Gujarat University), and Tamil (for Madras University) were frustrated by professional bodies: Hence, by and large, the states had to compromise their position, and leave the program of switch over in universities largely unimplemented. At the time of linguistic reorganization of states in 1956, it was strongly felt throughout the country that language tensions were undermining the national unity. The demand for a nation-wide common medium got into momentum on the pleas that national loyalty requires free and rather intense communication within the nation, and regional languages as sole media will damage the administrative, judicial and academic integrity and scientific pursuits of the country.

The University Grants Commission (UGC) in its 1960 Report pointed out the difficulties of students when moving from a mother tongue-medium-school to the English-medium university education, leading to parrot-learning and the crippling of original thought.

It strongly pleaded that the sole dependence on English was widening the gulf between the educated few and the uneducated masses, which cannot be nourished in a democratic society. Earlier the Official Language Commission (1956) had also emphasized the deteriorating effects of English-medium education, such as, 'a wearisome burdening of the memory, a 'sacrifice of the faculty of independent thinking, and a blunting of intellect.

Hence from early catholic stands of sole English, Hindi, or regional language, by 1961 a new approach promoting a link language had gained favour among national leaders.

English and Hindi enthusiasts again seized the opportunity for claiming the 'new' link status. Some southern and eastern states showed

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preference for English in place of Hindi as a common medium. The Link Language Formula was evolved by the Central Advisory

Board of Education in 1962, suggesting that regional language medium would be necessary for removing the gap between the masses and the intellectual elites; and English as the 'transitional,' and Hindi as the 'eventual' link languages will promote national unity, mobility among teachers and students, and the standards of education. The timing of the switch over to the new system was left open. Concerning the eventual adoption of Hindi as the link language, a veto was given to the states, and also to the professionals for gradual and well-prepared change from English to regional languages and Hindi.

Many professionals continued to emphasize the utility of a highly cultivated media as a precision-instrument of thinking and communication through which students can be trained in logical thought and in the disciplined use of words. A UGC Committee reporting on Standards of University Education (1965) went to the extent of saying: "A change is justified only when the university is confident of raising standards by doing so. Unless an Indian language has grown up to its full stature, with a good literature in science and other subjects, the move for its acceptance as the medium of instruction immediately would be a retrograde step".

It is interesting to note that this argument against Indian languages has been held by some Indian elite for over a century.

It's been 67 years since India's independence and our people from one part of India can barely communicate with those in another part.

Education being a state subject has failed its citizens by promoting the local language as the medium of instruction. Promotion of the local language has not helped in bringing together the people of this country and has only accentuated the differences. This has been a sensitive issue and a bone of contention between centre and respective states. The central government wanted to promote Hindi as a national language but the states, especially Southern ones, vehemently opposed the move in favour of their respective local languages. Meanwhile, the nation today has de facto adopted English as the medium of communication.

Andhra Pradesh alone has over 750 Engineering colleges that have mushroomed over the last two decades. The state has the highest concentration of engineering colleges, churning out the largest number of engineering graduates. But when it comes to job interviews, the young graduates are being denied opportunities for no fault of theirs.

The biggest problem that the industry faces, is finding engineering graduates that can speak in fluent English. Even basic spoken English is a major challenge. This significantly reduces the chances of selection, even if the candidate is technically competent. Those who do get selected face a major problem of communication with the local population wherever he or she may be subsequently posted. The story plays out across states in India.

The genesis of the problem lies in each state's insistence on using the local language as the medium of instruction in state sponsored schools. As a result, a student can barely speak any English by the time he passes out of school and is restricted to his own state to pursue further studies. Is it his fault that he was forced to study in his mother tongue? While the politicians very conveniently continue to mouth regional language platitudes, their own children are sent to the best of English medium schools, in their own state or outside.

This problem is an international problem across nations. Look at China, Japan, Korea, and Brazil or for that matter any non-English speaking nation. The current generation in all these countries aspire to speak English and travel outside their national boundaries to seek job opportunities. They are all severely handicapped due to lack of English.

India in that sense is better off though the lack of English amongst the wider population is still holding India back.

The Solution

States have insisted on retaining education as a state subject. They have a point in promoting their own language, history and culture and this must definitely be promoted. No debate. So can we achieve this while ensuring we address the 'English' issue?

A 3 language formula is both feasible and desirable. English must be the medium of instruction right from primary school. The local language must be compulsorily taught to ALL residents of the state, irrespective whether they are locals or migrants to the state. Extra classes may be included to give due focus and attention to local history and culture.

Any migrant residing in another state must be able to speak the local language fluently and must try to integrate within that society. Repeatedly, it is seen that migrants have lived in another state for several years and some were even born there and yet many of them can neither speak the local language nor do they try to integrate with

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the local society. This is a major cause for regional political parties to whip up regional chauvinism using language as the whipping stick. They have a point! This is where compulsory teaching of the local language in schools to ALL students will help. But the primary medium of instruction has to be English.

Hindi must be also be taught as a third language, as it will continue to grow, both in India and overseas, given its increasing popularity due to Hindi cinema and television.

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The Origins of Muslim Slave System

Asha Rani

From the day India became a target of Muslim invaders its people began to be enslaved in droves to be sold in foreign lands or employed in various capacities on menial and not-so-menial jobs within the country. To understand this phenomenon it is necessary to go into the origins and development of the Islamic system of slavery.

For, wherever the Muslims went, mostly as conquerors but also as traders, there developed a system of slavery peculiar to the climate, terrain and populace of the place. For example, simultaneously with Muhammad bin Qasim's invasion of Sindh in early 8th century, the expansion of Arab Islam had gone apace as far as Egypt, North Africa and the Iberian Peninsula in the West, as well as in Syria, Asia Minor, Palestine, Iraq, Iran, Khurasan, Sistan and Transoxiana. In all these countries Muslim slave system grew and developed in its own way. There was constant contact between India and most of these countries in the medieval times.

For example, as early as during the reigns of the slave sultans Iltutmish and Balban (1210-86), there arrived at their courts in Delhi a large number of princes with their followers from Iraq, Khurasan and Mawar-un-Nahr because of the Mongol upheaval. Many localities in Delhi and its environs were settled by these elites and their slaves, soldiers and scholars. In Balban's royal procession 500 Sistani, Ghauri and Samarqandi slave-troops with drawn swords used to march by his side pointing to the fact that a large number of foreign slaves from these lands had come to India in 13th-14th centuries. When the Mughals launched their conquest of India, there was the establishment of the Ottoman Empire in Turkey which at its height included present-day Albania, Greece, Bulgaria, Serbia, Romania and several other contiguous countries. Then there was the Safavid empire in Iran. The Ottoman Empire traded with Europe and imported 'there indispensable stock of slaves. (Slav, as the word indicates), supplied by merchants,

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sometimes Jewish, from Verdun, Venice or elsewhere in Italy. Other slaves were brought from black Africa, eastern Europe and Turkish Central Asia.' The Mughals of India had very close contacts with the Turkish Ottoman and Iranian Safavid empires. This contact certainly included exchange of slaves and ideas on slavery. But any attempt in this area of study, which is so vast and labyrinthine, is bound to deflect us from our main theme which is restricted to India. We shall therefore confine ourselves to the barest particulars of the beginnings of the institution outside India which will suffice for understanding the Muslim slave system in India in the medieval period.

Prophet Muhammad found slavery existing in Arabia, and recognised it in the Quran. The origins of Muslim slave system can thus be traced to Arabia, the original Muslim homeland, and the regions into which Islam spread. Quranic injunctions, Islamic conquests and Muslim administrative institutions gave it a continuity and legitimacy. According to T.P. Hughes, 'Slavery is in complete harmony with the spirit of Islam' That Muhammad ameliorated the condition of the slave, as it existed under the heathen law of Arabia, we cannot doubt; but it is equally certain that the Arabian legislator intended it to be a permanent institution.' D.S. Margoliouth elaborates on the theme adding that 'On the whole' the Prophet did something to alleviate the existence of the captives' manumission was declared by him to be an act of piety' and murder or maiming of slaves was to be punished by retaliation.' In one of his last sermons, Muhammad exhorted his followers thus: 'And your Slaves! See that ye feed them with such food as ye eat yourselves; and clothe them with the stuff ye wear. And if they commit a fault which ye are not inclined to forgive, then sell them, for they are the servants of the Lord, and are not to be tormented.' His first orthodox biographer, Ibn Ishaq, however mentions a transaction which set a precedent for Islamic slave trade at a later, stage: 'Then the apostle sent Saad b. Zayd Al-Ansari' with some of the captive women of B Qurayza to Najd and he sold them for horses and weapons.' The women had been made captive after their menfolk had been slaughtered enmasse in the market place at Medina.

Status of Slaves in Islam

The appeal of Muhammad contained some fundamental perceptions about the status of slaves in Islam. It recognised the slave as the property of the master. A slave could be sold but, being a Muslim or servant of the Lord, was not to be treated harshly. Here it needs to be

observed that in the early days of Islam it was the scum of the society that flocked to the standard of Muhammad and became his fighting force. 'Koran acknowledges so distinctly that the followers of the Prophet were the lowest of the people.' Arabian aristocracy 'requested him to send away this scum before they would argue with him', (as did the Turkish ruling classes treat the early Muslim converts in India). But the mission of Muhammad was to spread his creed and any non-humane regulations would have presented a very unfavourable picture of Islam to the captives. This would have discouraged proselytization. On conversion also Muslim slaves could not be treated badly for that again would have been damaging to the reputation of the new creed and galling to the lives of the new converts. How these injunctions were later on followed or flouted by Muslim invaders and rulers in other countries is a different matter. In the original land of Islam, in Arabia, it was enjoined not to treat the slaves harshly; instead the masters were encouraged to utilize to the best services of men slaves and enjoy the intimate company of women slaves.

This tolerant treatment was not without conditions. A slave was the property of his master. His tenor of life was determined by the latter. For example, he could not marry without the master's permission. Although he was free to move from place to place, he could not hold pleasure parties nor pay visits to friends. A slave could not bestow aims or grant a loan or make a pilgrimage. If he managed to accumulate any property, it was inherited not by his sons but by the master. In theory a slave could purchase his freedom, but bond of freedom was granted to a slave in return for money paid, and until full money was paid there was no total redemption. A slave should not seek his emancipation by running away, 'The slave who fled from his master committed an act of infidelity', says Muhammad.

The emancipation of slaves was not unknown in pre-Islamic Arabia. It was an old custom among the Arabs of more pious disposition to will that their slaves would be freed at their death. To Muhammad, the freeing of a slave was an act of charity on the part of the master, not a matter of justice, and only a believing slave deserved freedom.

In short, slavery in Islam is a permanent and perennial institution. As Margoliouth points out, 'the abolition of slavery was not a notion that ever entered the Prophet's mind.' 'The fact remains,' writes Ram Swarup 'that Muhammad, by introducing the concept of religious war and by denying human rights to non-Muslims, sanctioned slavery on

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an unprecedented scale' (and on) such massive proportions. Zubair, a close companion of the Prophet, owned one thousand slaves when he died. The Prophet himself possessed at least fifty-nine slaves at one stage or another, besides thirty-eight servants, both male and female. Mirkhond, the Prophet's fifteenth century biographer, names them all in his *Rauzat-us-Safa*. The fact is that slavery, tribute, and booty became the main props of the new Arab aristocracy'..? '.

The Slavery of Islam is interwoven with the Law of marriage, the Law of sale, and the Law of inheritance, of the system, and its abolition would strike at the very foundations of the code of Muhammadanism.'

Extension of Islamic Slavery

Islamic slave system spread and developed wherever Muslim rule was established. *Ghulam or quallar* (slave) was the creation of the Safavid state. Mamluks were found in Egypt. In the Ottoman empire they were called kapi-kulus. 'Kapi-kulu were recruited originally from the Sultan's share of prisoners of war, and subsequently from a periodical levy (*depshrine*) of Christian boys. Most of the youths entered the Janissary corps.' Christian slaves were drawn from the ranks of the Georgian, Armenian and Circassian prisoners or their descendants.'

Black slaves, natives of East Africa, were called Zanj. Majority of slaves who penetrated and flourished in India were Turks.

Immediately after its birth, Muhammadanism entered upon a career of aggressive and expansionist conquest. Its Caliphs conquered extensively and set up autocratic governments based on the tenets of Islam rather than democratic governments based on the will of the people. Conquests required large armies; despotic governments could not be run without a train of bureaucrats. From the ninth to the thirteenth century in particular it was a period of feverish activity in Muslim Asia; empires were established and pulled down; cities were founded and destroyed. In other words, the whole of Central Asia, Transoxiana and Turkistan was a very disturbed region in the medieval period. Armies and bureaucrats were needed in large numbers to administer the ever expanding dominions of Islam. The Turks came handy for such services.

Turkish Slaves

The Abbasids had built up a very large empire with capital at Baghdad, and its provinces were administered by their Turkish slave officers and Turk mercenary troops. Caliph al-Mutasim (833-842 C.E.)

introduced the Turkish element into the army, and he was the first Caliph to have Turkish slaves under his employment. For it was soon discovered that the young slaves acquired from Turkistan and Mawar-un-Nahr formed an excellent material for such a corps.

Turks is a generic term comprehending peoples of sundry denominations and tribes. The Turkistan of the medieval historians was an extensive country. It was bounded on the east by China, on the west by Rum or Turkey, on the north by the walls of Yajuj and Majuj (Gog and Magog) and on the south by the mountains of Hindustan. The Turks as a people were both civilised town-dwellers and the migratory tribes trekking across the desert or wilderness. With the extension of the Muslim frontier to the north and west of Persia one tribe after another, like Turks, Tartars, Turkomen and even Mongols and Afghans came under subjection. They attracted the attention of their conquerors by their bravery and spirit of adventure. They were acquired in groups and droves as slaves. The Caliphs of Islam also purchased Turkish slaves to manage their far-flung empire. The Turkish slaves helped the cause of Islam through their fighting spirit.

But as their numbers grew, they became unmanageable. For example, Caliph al-Mutasim's own guard was of 4000 Turks; the number later rose to 70,000 slave mercenaries. With time the tyranny, lawlessness and power of the Turks went on increasing. The unscrupulous policy of religious persecution followed by the Caliph Mutawakkil was responsible for the alienation of the subject races. His own son entered into a conspiracy with the Turks, which ended in the Caliph's murder in 861. The Caliph Mutadid (892-902) was unable to suppress the power of the Turks. The final decline of the Caliphate set in just after the murder of Muqtadir in 932 C.E. 'The Turkish soldiers made and murdered Caliphs at their pleasure.' As the Caliphal empire disintegrated, in the third century of Islam, its provincial governors became independent.

But technically these Turkish governors were only slaves and their tenure of power rested on military force and chance-victory and not on any moral foundations. On the other hand, the Caliphs were objects of respect. The first four Caliphs were directly related to Muhammad. Muawiyah, the founder of the Umayyad Caliphate, was a cousin of Abbas, an uncle of the Prophet. Abbas himself was founder of the Abbasid Caliphate. The Turkish slaves, therefore, considered it politic to keep a sort of special relationship with the Caliph: they went on

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paying him tribute and seeking from him recognition of their 'sovereignty'. That is how, in course of time, their political power was firmly established.

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Distance Education and Curriculum Technology

Dr. Ram Pravesh Singh

Distance Education and Its Effectiveness

Distance Learning (DL) education is defined as a planned teaching and learning experience that uses a wide spectrum of technologies to reach learners at a distance and is designed to encourage learner interaction. The developments in telecommunications already available or currently under development will result in a useful and friendly workstation in every home within the next 10 years. The implications for education and training are immense; learning can be independent of time and place, and available at all stages of person's life.

The learning context will be technologically rich. Learners will have access not only to a wide range of media, but also to a wide range of sources of education. Peterson's 1999 catalog of Distance Learning lists hundreds of institutions that offer distance learning classes and programmes. Much has been written about the types of distance education available, the richness of the media, new commercial products available, and personal testimonials of the experiences of individuals. However, much less has been written about the effectiveness of distance learning technologies. This is becoming increasingly important as more and more institutions are offering classes which do not have a set number of contact hours, and schools have to consider what courses should be transferable and what criteria must be met to satisfy accreditation. This chapter will address the question of effectiveness. It will focus on the newest format in which distance learning takes place, over the Internet. For the purposes of this paper, the following terms are synonymous: Internet based education, cyber education and virtual education. None of these terms has been universally accepted by the distance learning establishment. This paper includes an in-depth review of the literature and questionnaire data retrieved from the directors of distance education programmes

Virtual courses are expanding very rapidly, with both institutions of higher education and private companies trying to jump on board.

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However, given the new teaching paradigm, there is minimal and mixed evidence about the effectiveness of the new delivery systems.

Some academicians are resisting these technological trends. One group believes that universities will import the best lectures from around the world, having little use for the instructor who is not a good performer. A recent study found that the implementation of distance learning programmes is moving faster than understanding of its uses.

Those programmes that have been evaluated rely heavily on student performance measures. A study by Spooner, et al, 1999, found no differences in performance between traditional and distance education. Another study identified problems using student evaluations to evaluate courses. A study compared overall performance of students upon graduation. He compared those who had taken at least one distance learning course with those who had taken none, and found no difference in achievement. Most research indicates no significant difference between student learning dependants on course setting. Distance learners tend to older and have more business experience. Tom Russell (1999) has developed a web site that keeps track of studies which have evaluated Internet based courses.

He found that the vast majority (over 90%) reported that student performance was as good as or better than student performance in traditional classrooms. Online classes are being offered throughout the world. The general result of these forty articles is that distance learning compares favorably to traditional classroom based instruction. Students and faculty have a positive attitude towards the new medium of education. However, they go on to point out several problems with the reported research.

These include:

- Lack of control of extraneous variables
- Studies do not use randomly selected subjects
- Validity and reliability of instruments used is questionable
- Lack of control for feelings and attitudes of those involved.

All these factors limit the generalize ability of the results More research is being reported about the importance of evaluation. Middleton (1997) found that no specific criteria had been developed to evaluate these courses in a survey taken of distance courses. Phelps and Ross, 1999, talk about the importance of evaluating such a course before launching it. The criteria suggested are usability, content, and perceived pedagogical worth. Before offering their virtual courses for the first time, all were significantly modified. Many faculty members must be retrained to effectively use the new technology.

It is important that guided support is made available for faculty teaching Internet based courses. Many institutions have developed course evaluation form specific to Internet based courses. Others talk about their University's experience with on-line education, which are generally positive. See the appendix for the instrument used at the University of Massachusetts Lowell. Questionnaires are good ways to see if what customers are getting and what they want and a good feedback mechanism to the provider's. Hawkes provides an interesting taxonomy for evaluating Internet based courses.

He suggests that evaluation criteria can be broken into four major areas: technical, instructional, organizational, and ethical criteria. It very well may be that an institution does a good job in satisfying three of the criteria, but not all four.

Individual factors are listed below:

- *Technical Criteria:* Ease of use, access speed, graphical realism level, and audio/video output flexibility.
- *Instructional Criteria:* Interactivity, integrative capacity, learner control, learner/instructor attitudes, and learner achievement
- *Organizational Criteria:* Technical maintenance, space and time feasibility, support systems availability, staff development, and community partnerships
- *Ethical Criteria:* technology access.

Techniques available to evaluate virtual courses include observations, interview, focus groups, case studies, document review, and use of logs/journals, surveys, the use of expert reviews, standardized tests, and experiments. Unfortunately, in the race to get new programmes online, these techniques have not generally been employed. Another set of literature evaluates cyber courses based on course characteristics. Boshier examined 127 web courses and found the best courses were attractive, accessible, and highly interactive describe a set of tools or an infrastructure for the delivery of virtual classes.

This system, called the GEOTEL system provides an interactive, adaptive, tutor-aided, Web-based learning environment for learners grouped in virtual classrooms. It describes the general characteristics of the system and of the accompanying courseware, highlighting aspects related to the monitoring of the activities of the learners and to the adaptability of the system. The technology has grown faster than tools to effectively deliver the courses.

Many institutions do not have adequate staff to maintain the servers and provide immediate feedback to both students and faculty on

technical problems. There is no consensus on whether we should use the same mechanisms that you would use with any regular class including evaluation and assessment. Technology has been developed which helps in individual instruction other than face to face. Others have developed criteria to evaluate Web tools that are being developed for the purpose of building distance education systems. Others have investigated methods of helping to improve the chances of success of Internet based courses. Some suggest that although Internet based courses do a good job of reaching more students, they lack the richness of traditional classrooms.

One study shows the positive impact of groupware for a distance-learning class to emulate a traditional class. Some have found that is good to present material in small steps with immediate feedback and that peer evaluations be used. Schrum, 1998, provides recommendations for both institutions and users of this new technology. His study covers a variety of issues including stimulation of interactivity, organizational issues dealing with timing, ongoing evaluation, faculty incentives, and technical support needed for virtual courses to be successful. Powers suggests that we must look at what the students needs are up front.

A key characteristic of any virtual programme is to learn from classes already offered. If a template works for one class, there should be no hesitation to duplicate it in another. Fukerth talks about the need to build assessment tools into courses. He suggests a step by step approach for developing an online course. Hsu, et al, among others provides a good structure for the development of virtual courses. Other issues of Internet based education arise. There is a question of accessibility. The difference in accessibility between the haves and have-nots is broadening. Wealthy students have a greater opportunity since they have access to technology.

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The Development of the GATT WTO System

Mohammed Rubani

A System for Change

The recent widespread publication of the so-called “Kelly Award” for “best creative subversion” has prompted us at WTO/GATT to present a public face for the first time in our history. For nearly five years we have been funding acts of sabotage with activist or aesthetic aims, in a manner that does not lend itself to widespread participation. We have been very successful in our work, generating seventeen very clever acts of “creative subversion” during the time of our operation; but perhaps this is not successful enough.

Because of the apparently growing desire for the type of funding we provide, and the insufficiency of any single large sum (such as the Kelly Award’s) to provide it, we have decided to risk misunderstanding and even exposure in order to make our work more accessible and our help more available to the public at large. We have invented a sort of “interface” between our core functions and the public; it is described in Section III. Access to our core technologies (described in Section II) has been discontinued. Also, in order to demonstrate the scope of our work and make the present proposals more appetizing, we are, for the first time, allowing our previous project participants to reveal themselves if they so wish. We have recently indicated to each of our previous workers that they are free to speak about the source of their funding, their work, etc., though not about the details of our organization; those who provided the funding are also at liberty to discuss it. We will not reveal any names on our own, but only provide confirmation after the workers or donors have revealed themselves.

Description of WTO/GATT Core

WTO/GATT is a system of workers, ideas, and money whose function is to encourage the intelligent sabotage of mass-produced items. The projects that the WTO/GATT system helps fund are aesthetic or activist

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in their aims, rather than capitalist or strictly political, and tend to be relatively benign—they do not cause *physical* injury, and they do not fundamentally damage a product or a company's profits. This is not because product or profits are good, but because WTO/GATT is more likely to survive in the viciously jealous world of the American market if it is not seen as attempting to damage its hosts.

WTO/GATT is essentially a matchmaker and bank, helping groups or individuals fund sabotage projects. Money provided by donors is held by WTO/GATT until project completion, and goes to the saboteur at that time; he or she can use it to find a new job or career, pay for lawyers, fund an avocation or a vacation, etc. Should the project not be completed, the funds are returned to the donor. The four keys to each WTO/GATT project are the worker, the sponsor, the product, and the idea. WTO/GATT's entire purpose is to unite these four keys into projects.

Until recently, the core of the WTO/GATT system was a database located on an anonymous Internet server and accessed by users in double-blind anonymity. Once the four blanks in a database record were filled—worker, sponsor, product, idea—a project was launched. The order in which the blanks were filled was not important.

Here, for illustration, are descriptions of three of WTO/GATT's projects; all parties involved have indicated their willingness to be discussed in this manner. (Again, we can only confirm actual identities after the parties involved have revealed them independently.)

1. A musician in charge of remixing songs for export to Japan proposed altering song titles and lyrics in ways that would highlight the music's crass nature and alert any anglophone listeners to that crassness. Two individuals put forth funds: one sum was for at least ten major changes, the other an amount for each change. The musician ended up collecting a fairly large sum for his alterations (which did not, furthermore, cost him his job).
2. A group of military veterans opposed to war toys and the like put forth the idea: to switch the voiceboxes of GI Joe and Barbie dolls so that when they were purchased, GI Joes would speak like Barbies and vice-versa.

They also offered a sum for the accomplishment of this project. Several company workers showed interest, but the difficulties that coordination would pose were deemed by WTO/GATT to be too great and the workers' proposals were rejected. After nearly a year, the group that came to be known as the Barbie Liberation Organization (BLO) put forth a proposal to enter stores where the dolls had already been placed for sale, buy

them, and then return them to the shelves with their voiceboxes switched. While the original intention had been to fund internal company workers, the practicality of the BLO's idea won out and, furthermore, the veterans' group that had sponsored the idea agreed to pay for the additional expenses.

The BLO purchased and altered several hundred Barbies and GI Joes, at which point the project was deemed successful. The veterans' group also agreed to fund a video discussing the action, which the BLO made and distributed to the media and to universities.

3. A stripper, who played action games and knew that Maxis, Inc. was beginning work on its first such, put forth the idea: that someone add very visible homoerotic content to this new game. Thus the product and idea blanks were filled first.

An unemployed programmer liked the idea and declared his availability. Shortly after this a shopowner with activist leanings also fell in with a reward.

The first programmer was unable to get himself hired at Maxis, and his name was removed from the worker blank; several other programmers volunteered and one of them, already at Maxis, was chosen based on his higher likelihood of success. At this point the project was launched. The programmer fulfilled the project idea by making swimsuit clad men appear here and there and express their mutual affection in a very dramatic way; by the time Maxis, Inc. discovered this and fired the programmer, the game had been shipped all over the country. To make the "homoerotic content" more visible, the result was publicized in the media.

Description Of The Current Interface

In order to make our system more available to the general public, we decided to discontinue the dial-in system and solicit donors, workers, and ideas via e-mail; lately we have moved to the World-Wide Web. We also maintain a list of projects which have sponsors and ideas, making them similar to contest guidelines. In a change from our previous protocol, worker and sometimes product blanks will only be filled upon successful completion.

Because of this difference, several competitors for a prize might all succeed. Unfortunately, for the moment, only the first worker who successfully fulfils a prize's criteria will collect it, unless otherwise noted. Since we are appealing to a large audience, we think it prudent to state the obvious: you may be caught. If you are caught, you may, of course, lose your job, since almost all projects require egregious

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violations of company policy. But since prizes that require illegal activities will never be posted, you can rest assured that unless you've acted far outside of the stated conditions, you will not end up in jail.

For many, losing a job is not a risk; many people work on relatively short contracts (temps, etc.) and many others are eager for a change of scene. As already stated, this can offer you a way to take that month off, or get training needed for another career, or just leave a job in a manner that does something good in the world. For those to whom losing a job would represent a serious setback, we might appreciate your courage, but we could assume no responsibility for any such eventuality: this may simply not be for you.

IV. Ideas and Aims

Why are we running what to many might seem like Satan's temp agency? Let us invert the metaphor. On the local scale, since WTO/GATT helps individuals change careers, pay for vacations, etc., it is an ark made of ® and ™. On the global scale, it is an ark for our humanness through the deluge of ® and ™, an attempt to give our thoughts and desires a vehicle to make themselves seen and felt in the often mechanical world around us. It is an attempt to make our environment more palatable, more reflective of us, and generally more human. We are simply idealists of the most wide-eyed variety: we dare hope that our humble organization might help bridge the present to a future in which power is controlled by the "demos" in democracy, in which the public good isn't determined by the highest bidder, in which "welfare" comes to mean "health" once again. How these things are to happen, we're only starting to consider, and we may not be the best suited for that cognitive task. But in an age in which "utopia" is a dirty word, it's already something just to dream and hope and resist.

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The Concept of Most Favoured Nation

Neha Chadha

Most favoured nation (MFN) is a status awarded by one nation to another in international trade. Although *most favoured nation* sounds like a contradiction, it means that the receiving nation will be granted all trade advantages — such as low tariffs — that any other nation also receives.

In effect, a nation with MFN status will not be treated worse than any other nation with MFN status. Each WTO member treats all the WTO members as *most favoured* trading partner. In the United States, MFN is called permanent normal trade relations. The members of the World Trade Organization (WTO), which include all developed nations, must accord MFN status to each other. Exceptions allow for preferential treatment of developing countries, regional free trade areas and customs unions. Together with the principle of national treatment, MFN is one of the cornerstones of WTO trade law.

Most favoured nation relationships contrast with *reciprocal* relationships, since in reciprocal relationships a particular privilege granted by one party only extends to other parties who reciprocate that privilege, rather than to all parties with which it has a most favoured nation agreement.

History

In the early days of international trade, most favoured nation status was usually used on a dual-party, state-to-state basis. A nation could enter into a most favoured nation treaty with another nation. With the Jay Treaty in 1794, the U.S. granted most favoured nation trading status to Britain.

Generally bilateral, in the late 19th and early 20th century unilateral most favoured nation clauses were imposed on Asian nations by the more powerful Western countries. One particular example of “most favoured nation” status is the Treaty of Nanking as part of the series of unequal treaties. It was implemented in the aftermath of the First

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Opium War between Great Britain and Chinese Qing Dynasty involving the Hong Kong islands.

After World War II, tariff and trade agreements were negotiated simultaneously by all interested parties through the General Agreement on Tariffs and Trade (GATT), which ultimately resulted in the World Trade Organization in 1995.

The World Trade Organization requires members to grant one another most favoured nation status. A most favoured nation clause is also included in the majority of the numerous bilateral investment treaties concluded between capital exporting and capital importing countries after the Second World War.

Benefits

Trade experts consider MFN clauses to have the following benefits:

- A country that grants MFN on imports will have its imports provided by the most efficient supplier. This may not be the case if tariffs differ by country.
- MFN allows smaller countries, in particular, to participate in the advantages that larger countries often grant to each other, whereas on their own, smaller countries would often not be powerful enough to negotiate such advantages by themselves.
- Granting MFN has domestic benefits: having one set of tariffs for all countries simplifies the rules and makes them more transparent. It also lessens the frustrating problem of having to establish rules of origin to determine which country a product (that may contain parts from all over the world) must be attributed to for customs purposes.
- MFN restrains domestic special interests from obtaining protectionist measures. For example, butter producers in country A may not be able to lobby for high tariffs on butter to prevent cheap imports from developing country B, because, as the higher tariffs would apply to every country, the interests of A's principal ally C might get impaired. As MFN clauses promote non-discrimination among countries, they also tend to promote the objective of free trade in general.

Exceptions

GATT members recognized in principle that the most favoured nation rule should be relaxed to accommodate the needs of developing countries, and the UN Conference on Trade and Development

(established in 1964) has sought to extend preferential treatment to the exports of the developing countries.

Another challenge to the most favoured nation principle has been posed by regional trade blocs such as the European Union and the North American Free Trade Agreement (NAFTA), which have lowered or eliminated tariffs among the members while maintaining tariff walls between member nations and the rest of the world. Trade agreements usually allow for exceptions to allow for regional economic integration

Specific Countries' Policies

United States

In the 1990s, continued most favoured nation status for the People's Republic of China created controversy because of its sales of sensitive military technology. China's most favoured nation status was made permanent in 2000. All of the former Soviet states, including Russia, were granted most favoured nation status in 1992. On a bilateral level, however, the United States cannot grant MFN status to some members of the former Soviet Union, including the Russian Federation, because of the Jackson-Vanik amendment. This presents an obstacle to those countries' accession to the WTO.

In the United States, "most favoured nation status" has been renamed "permanent normal trade relations" (NTR) in 1998 as all but a handful of countries had this status already, making it a misnomer. (The impetus for the change in terminology came from irritation voiced by some Americans that various totalitarian governments around the world enjoyed being a "most favoured nation" of the United States).

The ideas behind MFN policies can first be seen in US foreign policy during the opening of Japan in the mid to late 1850s, when they were included as a clause in the Commercial Treaty of 1858, which signalled the opening of the Japanese market.

Since 1998, the term normal trade relations (NTR) has replaced most-favoured-nation in all U.S. statutes. This change was included in section 5003 of the Internal Revenue Service Restructuring and Reform Act of 1998 (P.L. 105-206). However, Title IV of the Trade Act of 1974 (P.L. 93-618) established conditions on U.S. MFN/NTR tariff treatment to certain non-market economies, one of which is certain freedom-of-emigration requirements (better known as the Jackson-Vanik amendment). The act authorizes the president to waive a country's full compliance with Jackson-Vanik under specified conditions, and

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this must be renewed by June 3 of each year. Once the president does so, the waiver is automatic unless Congress passes (and sustains a presidential veto of) a disapproval resolution.

MFN/NTR status for China, a non-market economy, which had been originally suspended in 1951, was restored in 1980 and was continued in effect through subsequent annual Presidential extensions. Following the brutal suppression of pro-democracy demonstrators in Tiananmen Square in 1989, however, the annual renewal of China's MFN status became a source of considerable debate in the Congress; and legislation was introduced to terminate China's MFN/NTR status or to impose additional conditions relating to improvements in China's actions on various trade and non-trade issues. Agricultural interests generally opposed attempts to block MFN /NTR renewal for China, contending that several billion dollars annually in current and future U.S. agricultural exports could be jeopardized if that country retaliated. In China's case, permanent normal trade relations (PNTR) status was accorded in P.L. 106-286. PNTR paved the way for China's accession to the WTO in December 2000; it provides U.S. exporters of agricultural products the opportunity to benefit from China's WTO agreements to reduce trade barriers and open its agricultural markets.

Commercial Treaty

A Commercial treaty is a formal agreement between states for the purpose of establishing mutual rights and regulating conditions of trade.

For example, the Methuen Treaty was a commercial treaty between Portugal and England.

Another example, between the close of the Napoleonic wars of 1815 and the year 1860, the tariff system of Great Britain was changed from elaborate protection to practically complete free trade. An attempt had indeed been made in 1786 to modify the rigidly protective legislation of the 18th century. In that year Pitt concluded a commercial treaty with France, providing for large reductions of duties in both countries. But the treaty was swept away with the outbreak of the wars with France, and accordingly the old system was still in force in 1815. The first important step, and in some respects the decisive step, towards modifying it was taken in 1824, under the policy of Huskisson. In that year, and again in 1825, great reductions were made in the duties on raw materials, especially on wool, raw silk, flax and iron, while considerable reductions were also made in the duties on manufactured

goods. The most sharply contested of the changes was in regard to silks, which had been completely prohibited, and were now admitted at a duty of 30 per cent. A considerable breach was thus made in the protective system; and some further changes in the same direction were made in the next decade, especially under Lord Althorp in 1833. But in the decade from 1830 to 1840 the Corn Laws were the chief subject of contention.

The great increase in population since the middle of the 18th century had made England a cornimporting country, especially with the rapid growth of manufactures in the early years of the 19th century. The first systematic Corn Laws imposing duties on grain had been passed in 1773. From 1816 onwards a series of measures were passed, all designed to maintain the high price of grain. The Act of 1816 prohibited the importation of wheat when the price was less than 80s. a quarter (= \$2.50 a bushel). In 1822 the prohibitive point was lowered to 70s. In 1828 the sliding scale was introduced, under which the duty went up and down as the price of grain went down and up; and it was against this form of the Corn Law that the great agitation led by Cobden and Bright was directed after 1830. For a long time the anti-Corn Law agitation seemed to have no effect, although conducted with extraordinary skill and enthusiasm. In 1842, however, Sir Robert Peel made the first important concession, by modifying the sliding scale, his opponent, Lord John Russell, having proposed in the previous year a fixed duty of 8s. a quarter. In view of the bad harvest of 1845-46, and the famine in Ireland.

In 1846, Peel surrendered, and proposed in 1846 the admission of grain with only a fixed duty of 1s. a quarter as a registration fee. This change was carried, but Peel, being able to carry only a fraction of his party with him, was compelled shortly afterwards to resign. The Corn Laws had great political strength, serving as they did the interests of the landowners, whose hold on parliament was still very strong; but the general economic situation in Great Britain, from the rapid growth of the manufacturing population and the imperative need of more food, made the abolition inevitable. After having been maintained till the middle of the century, apparently with irresistible support, they suddenly collapsed under the strain of a season of exceptionally short crops. Both their continued maintenance and their final sudden abolition are in some respects divergent from the general course of British tariff history.

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Instructional Technology and Design

Ram Tirath

Understanding Instructional Technology

In education, instructional technology is “the theory and practice of design, development, utilization, management, and evaluation of processes and resources for learning,” according to the Association for Educational Communications and Technology (AECT) Definitions and Terminology Committee. Instructional technology is often referred to as a part of educational technology but the use of these terms has changed over the years. While instructional technology covers the processes and systems of learning and instruction, educational technology includes other systems used in the process of developing human capability.

The first use of instructional technology cannot be attributed to a specific person or time. Many histories of instructional technology start in the early 20th century, while others go back to the 17th century. This depends on the definition of *instructional technology*. Definitions that focus on a systems approach tend to reach further back in history, while those definitions focused on sensory devices are more recent. The use of audio and visual instruction was boosted as a military response to the problems of a labor shortage during World War II in the United States. There was a definitive need to fill the factories with skilled labor. Instructional technology provided a methodology for training in a systematic and efficient manner. With it came the use of highly structured manuals, instructional films, and standardized tests. Thomas Edison saw the value of instructional technology in films but did not formalize the science of instruction as the US military did so well.

Current Status

Instructional technology is a growing field of study which uses technology as a means to solve educational challenges, both in the classroom and in distance learning environments. While instructional technology promises solutions to many educational problems, resistance

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from faculty and administrators to the use of technology in the classroom is not unusual. This reaction can arise from the belief—or fear—that the ultimate aim of instructional technology is to reduce or even remove the human element of instruction.

However, most instructional technologists would counter that education will always require human intervention from instructors or facilitators. Many graduate programs are producing instructional designers, who increasingly are being employed by industry and universities to create materials for distance education programs. These professionals often employ e-learning tools, which provide distance learners the opportunity to interact with instructors and experts in the field, even if they are not located physically close to each other. More recently a new form of Instructional technology known as Human Performance Technology has evolved. HPT focuses on performance problems and deals primarily with corporate entities.

Relation to Learning Theory

The purpose of instructional technology, of course, is the promotion of learning. Learning theory (education) has influenced Instructional design and Instructional designers (the practitioners of Instructional Technology). Instructional Technologies promote communication and interactivity. These two come together under the general heading of Interaction.

Moore (1989) argues that there are three types of learner interaction (learner-content, learner-instructor, and learner-learner interactions). In the years since Moore's article, several philosophical views have surfaced that relate Instructional technology to these types of interaction. Most traditional researchers (those subscribing to Cognitivism) argue that learner-content interaction is perhaps the most important endeavor of Instructional technology. Some researchers (those subscribing to constructivism) argue that Moore's social interactions, (learner-instructor and learner-learner interactions), are as useful as learner-content interaction.

Areas

Razavi (2005) advocates the idea that educational technology covers instructional technology. It includes instructional technology and the field study in human teaching and learning. So educational technology is broader than instructional technology. Instructional technology itself consists of two major parts: one is teaching technology and the other is

learning technology. In the education industry, the term “instructional technology” is frequently used interchangeably with “educational technology.”

Human Performance Technology (HPT) has a focus on corporate environments. Learning sciences is a growing area of focus dealing instructional techniques and learning theories.

ADDIE Model

The ADDIE model is the generic process traditionally used by instructional designers and training developers. The five phases—Analysis, Design, Development, Implementation, and Evaluation—represent a dynamic, flexible guideline for building effective training and performance support tools.

It is an Instructional Systems Design (ISD) model. Most of the current instructional design models are spin-offs or variations of the ADDIE model; other models include the Dick & Carey and Kemp ISD models. One commonly accepted improvement to this model is the use of rapid prototyping. This is the idea of receiving continual or formative feedback while instructional materials are being created. This model attempts to save time and money by catching problems while they are still easy to fix. Instructional theories also play an important role in the design of instructional materials. Theories such as behaviorism, constructivism, social learning and cognitivism help shape and define the outcome of instructional materials.

Analysis Phase

In the analysis phase, the instructional problem is clarified, the instructional goals and objectives are established and the learning environment and learner’s existing knowledge and skills are identified. Below are some of the questions that are addressed during the analysis phase:

- Who are the learners and what are their characteristics?
- What is the new behavioral outcome?
- What types of learning constraints exist?
- What are the delivery options?
- What are the online pedagogical considerations?
- What are the Adult Learning Theory considerations?
- What is the timeline for project completion?

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Design Phase

The design phase deals with learning objectives, assessment instruments, exercises, content, subject matter analysis, lesson planning and media selection. The design phase should be systematic and specific. *Systematic* means a logical, orderly method of identifying, developing and evaluating a set of planned strategies targeted for attaining the project's goals. *Specific* means each element of the instructional design plan needs to be executed with attention to details.

These are steps involved in design phase:

- Document the project's instructional, visual and technical design strategy
- Apply instructional strategies according to the intended behavioral outcomes by domain (cognitive, affective, and psychomotor).
- Design the user interface and/or user experience
- Create prototype
- Apply visual design (graphic design)

Development Phase

The development phase is where instructional designers and developers create and assemble the content assets that were blueprinted in the design phase. In this phase, storyboards and graphics are designed. If elearning is involved, programmers develop and/or integrate technologies. Testers perform debugging procedures. The project is reviewed and revised according to the feedback received.

Implementation Phase

During the implementation phase, a procedure for training the facilitators and the learners is developed. The facilitators' training should cover the course curriculum, learning outcomes, method of delivery, and testing procedures. Preparation of the learners includes training them on new tools (software or hardware) and student registration. This is also the phase where the project manager ensures that the books, hands-on equipment, tools, CD-ROMs and software are in place, and that the learning application or website is functional.

Evaluation Phase

The evaluation phase consists of two parts: formative and summative. Formative evaluation is present in each stage of the ADDIE

process. Summative evaluation consists of tests designed for domain specific criterion-related referenced items and providing opportunities for feedback from the users which were identified.

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Resources and Strategy in Strategic Management

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According to Jay Barney, resources and capabilities are the core of the resource-based view (RBV) of strategic management. However, the difference between resources and capabilities remains controversial among strategic management scholars. This study uses a classroom experiment to test for the difference between resources and capabilities to students. In a nutshell, the results of the experiment suggest that: (a) resources and capabilities are different constructs, (b) inter-group (inter-organisational) differences in capabilities is the major determinant of inter-group (inter-organisational) difference in performance, and (c) active participation of students in classroom experiments is a teaching tool that enhances students' knowledge of key strategic management constructs such as resources and capabilities.

These findings suggest that strategic management professors should use classroom experiments as separate or complementary teaching tools to enhance students' knowledge of strategic management concepts. The Academy's new Teaching Committee, chaired so ably by Peter Frost, is helping us conceive of new links among management research, management practice, and the classroom. The above quote is culled from an Academy of Management Review article on the Academy's 1993 Presidential Address captioned "What if the Academy Actually Mattered?" delivered by Donald C. Hambrick. In that presidential address, Hambrick eloquently underscored the importance of integrating management research and practice with classroom teaching so that graduating students are equipped with the skills industry managers are demanding from college graduates. To attain this end, strategic management professors are crafting innovative teaching tools in teaching strategic management concepts to students.

The present study makes a contribution to strategic management by using an innovative classroom experiment to illustrate the difference

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between resources and capabilities, a controversial topic in strategic management. Agreeably, teaching strategic management as a capstone course is a Herculean task exacerbated by the controversial differences between resources and capabilities. Insofar as this controversy persists, it will continue to be a milestone against theory development in strategic management. Carmeli and Tishler (2005: 300) expressed this concern as follows:

Resources as a general term is taken to include three main constructs-resources, capabilities, and competencies, which have been variously defined in the strategic management literature, making it difficult to generalize across studies. Concomitantly, it has also be argued that “How researchers measure resources and capabilities varies extensively”, which is a milestone to academic dialogue and replication of empirical results. Consequently, Schneider and Lieb (2004) compellingly argued that even though the resource-based view (RBV) of strategic management has become one of the dominant perspectives, it is scantily mentioned in the classroom. There is no a prior reason to assume that lack of clarity between resources and capabilities has not contributed to under-representation of the RBV in the classroom, relative to the industrial organisation economics perspective.

The purpose of this chapter is to make a contribution to the teaching of strategic management (business strategy) by using an experiment to illustrate the differences between resources and capabilities. In doing so, the experiment is used to illustrate the notion that capabilities are embedded in organisations, and capabilities are the major determinant of superior organisational competitive advantage. Put differently, the experiment illustrates that capabilities rather than resources drive superior firm performance in line with the conceptual distinction between resources and capabilities proposed by Makadok (2001). Importantly, because students understand Makadok (2001) analysis better, the experiment drew conceptual guide from it. Second, some scholars believe that Makadok’s definition may be apt.

For example, Hoopes, Madsen and Walker (2003: 890) argued that the way Makadok (2001) differentiated resources from capabilities was masterfully crafted. Third, the use of experiments in which students were practically and actively involved in expressing the difference between resources and capabilities is consistent with previous research suggesting that students’ conceptual understanding is enhanced by practical component of teaching. In this sense, our approach is

consistent with recent definitions and stipulations of classroom research proposed by Loyd, Kern and Thompson (2005). Finally, Makadok's distinction between resources and capabilities has been used in empirical studies focusing on the sources of firm-level superior competitive advantage. In sum, our research objective is as follows.

Formally, the objective of this classroom research (experiment) is to use the experiment involving active participation of students to illustrate the difference between resources and capabilities—a controversial area of extant strategic management. In this research design, every thing tangible used in this experiment is regarded as a resources. Conversely, every other thing intangible used in the experiment are labeled capabilities. Like capabilities, these intangibles are unobservable, they cannot be touched, they cannot be valued, and they are embedded in groups and in group members working cooperatively to attain a given objective. This distinction is drawn from the literature review tracing the genesis of the concept of resources and capabilities as well as the divergent views of scholars about them, as discussed below

The genesis of the notion of resources and capabilities can be traced to the landmark works of Penrose (1959) and Andrews (1971). In her masterfully crafted analyses, Penrose conceptualized that firms develop in unique history-dependent manners over time. In this path-dependency, Penrose reasoned that, in their trajectories of development, each firm develops its own idiosyncratic pool of (heterogeneous) resources so that the limits of each firm's growth can be found "inside" the firm in terms of the resources it was able or unable to amass over time. However, Penrose went on to argue that, even though resources (or factors) are available to all firms in the industry, the "capability" needed to deploy these resources for superior returns is not uniformly distributed across firms in the industry. In other words, Ricardian rent as rent accruing from superior resources requires "capability" of the firm to deploy resources in ways other firms cannot. Consistent with this line of reasoning, Andrews (1971) suggested that the "distinctive competence" of a firm is not what the firm can do but what the firm can do in ways no other firm can do it, hence the word distinctiveness. Drawing from these earlier works as their springboard, scholars of the resource-based view tradition hold divergent views about resources and capabilities, and their views have distilled into two controversial streams. According to Ethiraj and his colleagues (2005), the first stream includes Barney (1991) and Peteraf (1993).

These gurus lump resources and capabilities together so that there is no clear-cut distinction between resources and capabilities. To them, resources are “all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc.”

Conversely, the second stream attempts to draw seemingly clear distinctions between resources and capabilities. Specifically, Amit and Shoemaker (1993: 35) stated that: resources consist ... of know-how that can be traded, financial or physical assets, human capital, etc. ... [whereas] capabilities ... refer to a firm’s capacity to deploy resources”

Joining this latter stream, Grant (1991) argued that resources can be seen as “inputs” into the production processes, so that without resources as inputs no production can take place. Therefore, resources are at the epicentre of the essence for which firms exist. In this light, Robert Grant argued that, an anatomy of a firm’s resources is tantamount to an x-ray of what the firm can do. Thus, if one wants to know what a particular firm exists for, one should take an x-ray of the firm’s resource configuration. From another angle, Grant argued that defining a firm’s business in terms of what its resources permit it do rather than the needs it professes to satisfy- offers a lasting basis for firm strategy.

Finally, Grant cautioned that, even though resources are indispensable to the organisation’s production capacity, resources cannot be productive by themselves because they require co-operation and co-ordination to be productive. By these latter requirements, Grant (1991: 118) brought the notion of firm capabilities into his analysis and clearly stated that “There is a key distinction between resources and capabilities.” Joining this latter stream to draw specifically from Amit and Shoemaker (1993: 35), Makadok (2001:389) defined a capability “as a special type of resource- specifically, an organisationally embedded nontransferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm.” By and large, the following key strands of Makadok’s definitions are noteworthy.

First, a resource is tangible and hence observable, and thus it can be valued and traded. However, this is not always the case because, even though a parcel of land is tangible, observable, and can be valued and traded, brand image, patent and license are resources which are not tangible and hence cannot be valued. In this sense, not all resources are “necessarily tangible.” Second, conversely, capabilities are necessarily intangible and thus unobservable. These characteristics

suggest two things about capabilities: (a) capabilities cannot be valued in monetary terms, and (b) capabilities are embedded in employees and teams of employees within the organisation. By this latter characteristic, capabilities cannot be transferred outside the organisational boundaries without transferring the entire organisation or its units.

Once the notion of non-transferability of capabilities enter the discussion, the distinctions between resources and capabilities become clearer because, inasmuch as capabilities cannot be transferred without transferring the organisation or its units, resources can be transferred. Additionally, non-transferability of capabilities subsumes the notion that capabilities are intertwined with tacit knowledge, previous works including Makadok (2001) were silent about the fact that capabilities are enshrined in tacit knowledge. This link between capabilities and tacit knowledge became glaringly obvious during our experiment when a student remarked that “There is no way I can steal another student’s soup-making capabilities because that knowledge is buried in the heads of each student.”

Importantly, juxtaposing capabilities and tacit knowledge reveals how capabilities can be a source of inimitable and sustainable superior competitive advantage to the organisation. Finally, capabilities leverage productivity of other resources within it’s role as the productivity-enhancer which parallels the intermediate goods notion of capabilities. In this sense, capabilities are more than catalysts since they are enablers to other resources. All in all, in spite of these conceptual and empirical differences about resources and capabilities, there is a consensus that resources are at the epicentre of organisational competitive advantage and performance. Consistent with this notion, Wernerfelt (1984) conceptualized resource strengths as the analog of entry barriers, and he argued that a firm’s strategy may include the capability to develop unique products and services within the bounds of its own unique resources. In like manner, Mahoney and Pandian (1992) argued that resources can be barriers to imitation similar to entry barriers of the industrial organisation (I/O) perspective. That is, a firm’s capability to combine resources in ways that are not easily imitated or substituted by rivalries, is a source of competitive advantage.

Corroborating these views, Nelson and Winter (1982) conducted their anatomy of resources within the paraphernalia of their concept of “organisational routines.” In this framework, organisational routines

are the regular, predictable patterns of activities performed by the organisation to produce the products or services for which the organisation exists. From this angle, organisational routines are the analogue of human DNA-the core map of the living being. Analogously, just as a human being's DNA contains his/her genetic make-ups, an organisation's routines are analogue of the organisation's DNA. We now turn to the experiment.

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Balance of Power in International Relations

Shaifali Singh & Ram Bachan Kumar

In international relations, a balance of power exists when there is parity or stability between competing forces. As a term in international law for a 'just equilibrium' between the members of the family of nations, it expresses the doctrine intended to prevent any one nation from becoming sufficiently strong so as to enable it to enforce its will upon the rest.

"BoP" is a central concept in neorealist theory. Within a balance of power system, a state may choose to engage in either balancing or bandwagoning behaviour. In a time of war, the decision to balance or to bandwagon may well determine the survival of the state.

Kenneth Waltz, a major contributor to neorealism, expressed in his book, "Theory of International Politics" that "if there is any distinctively political theory of international politics, balance-of-power theory is it.". However, this assertion has come under criticism from other schools of thought within the international relations field, such as the constructivists and the political economists

A Doctrine of Equilibrium

The basic principle involved in a balancing of political power, as Charles Davenant pointed out in his *Essay on the Balance of Power*, is as old as history, and was familiar to the ancients both as political theorists and as practical statesmen. In its essence it is no more than a precept of commonsense, born of experience and the instinct of self-preservation. More precisely, the theory of Balance of Power has certain key aspects that have been agreed upon throughout the literature on the subject. First of all, the main objective of states, according to the Balance of Power theory is to secure their own safety, consistent with political realism or the realist world-view. Secondly, states reach an equilibrium because of this objectives of self-preservation. States, by

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trying to avoid the dominance of one particular state, will ally themselves with other states until an equilibrium is reached.

As Professor L. Oppenheim (*Internal. Law*, i. 73) points out, an equilibrium between the various powers which form the family of nations is, in fact, essential to the very existence of any international law. In the absence of any central authority, the only sanction behind the code of rules established by custom or defined in treaties, known as 'international law', is the capacity of the powers to hold each other in check. If this system fails, nothing prevents any state sufficiently powerful from ignoring the law and acting solely according to its convenience and its interests.

Historical Perspective

Preserving the balance of power as a conscious goal of foreign policy, though certainly known in the ancient world, resurfaced in post-medieval Europe among the Italian city states in the 15th century. Francesco Sforza, Duke of Milan, was the first ruler to actively pursue such a policy, though historians have generally (and incorrectly) attributed the innovation to the Medici rulers of Florence whose praises were sung by the well-known Florentine writers Niccolo Machiavelli and Francesco Guicciardini.

Universalism, which was the dominant direction of European international relations prior to the Peace of Westphalia, gave way to the doctrine of the balance of power. The term gained significance after the Treaty of Utrecht in 1713, where it was specifically mentioned.

It was not until the beginning of the 17th century, when the science of international law assumed the discipline of structure, in the hands of Grotius and his successors, that the theory of the balance of power was formulated as a fundamental principle of diplomacy. In accordance with this new discipline, the European states formed a sort of federal community, the fundamental condition of which was the preservation of a 'balance of power, i.e. such a disposition of things that no one state, or potentate, should be able absolutely to predominate and prescribe laws to the rest. And, since all were equally interested in this settlement, it was held to be the interest, the right, and the duty of every power to interfere, even by force of arms, when any of the conditions of this settlement were infringed upon, or assailed by, any other member of the community.

This 'balance of power' principle, once formulated, became an axiom of political science. Fenelon, in his *Instructions*, impressed the axiom

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upon the young Louis, duc de Bourgogne. Frederick the Great, in his *Anti-Machiavel*, proclaimed the 'balance of power' principle to the world. In 1806, Friedrich von Gentz re-stated it with admirable clarity, in *Fragments on the Balance of Power*. The principle formed the basis of the coalitions against Louis XIV and Napoleon, and the occasion, or the excuse, for most of the wars which Europe experienced between the Peace of Westphalia (1648) and the Congress of Vienna (1814), especially from the British vantage point (including, in part, World War I).

During the greater part of the 19th century, the series of national upheavals which remodelled the map of Europe obscured the balance of power. Yet, it underlay all the efforts of diplomacy to stay, or to direct, the elemental forces let loose by the French Revolution. In the revolution's aftermath, with the restoration of comparative calm, the principle once more emerged as the operative motive for the various political alliances, of which the ostensible object was the preservation of peace.

England

It has been argued by historians that in the sixteenth century England came to pursue a foreign policy which would preserve the equilibrium between Spain and France, which evolved into a balance-of-power policy:

The continental policy of England [after 1525] was fixed. It was to be pacific, mediating, favourable to a balance which should prevent any power from having a hegemony on the continent or controlling the Channel coasts. The naval security of England and the balance of power in Europe were the two great political principles which appeared in the reign of Henry VIII and which, pursued unwaveringly, were to create the greatness of England.

In 1579 the first English translation of Guicciardini's *Storia d'Italia* or *History of Italy* popularised Italian balance of power theory in England. This translation was dedicated to Elizabeth I of England and claimed that "God has put into your hand the balance of power and justice, to poise and counterpoise at your will the actions and counsels of all the Christian kings of your time". Sir Esme Howard wrote that England adopted the balance of power as "a corner-stone of English policy, unconsciously during the sixteenth, subconsciously during the seventeenth, and consciously during the eighteenth, nineteenth and

twentieth centuries, because for England it represented the only plan of preserving her own independence, political and economic”.

National Security

National security is the requirement to maintain the survival of the nation-state through the use of economic, military and political power and the exercise of diplomacy.

Measures taken to ensure national security include:

- using diplomacy to rally allies and isolate threats
- marshalling economic power to facilitate or compel cooperation
- maintaining effective armed forces
- implementing civil defence and emergency preparedness measures (including anti-terrorism legislation)
- ensuring the resilience and redundancy of critical infrastructure
- using intelligence services to detect and defeat or avoid threats and espionage, and to protect classified information
- using counterintelligence services or secret police to protect the nation from internal threats.

History of the National Security Concept

The relatively new concept of national security was first introduced in the United States after World War II, and has to some degree replaced other concepts that describe the struggle of states to overcome various external and internal threats.

The concept of national security became an official guiding principle of foreign policy in the United States when the National Security Act of 1947 was signed on July 26, 1947 by U.S. President Harry S. Truman.

The majority of the provisions of the Act took effect on 18 September 1947, the day after the Senate confirmed James V. Forrestal as the first Secretary of Defence. Together with its 1949 amendment, this act:

- created the National Military Establishment (NME) which became known as the Department of Defence when the act was amended in 1949,
- created a separate Department of the Air Force from the existing United States Army Air Forces,
- subordinated the military branches to the new cabinet level position of the Secretary of Defence, and

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- established the National Security Council, a central place of coordination for national security policy in the Executive Branch, as well as the Central Intelligence Agency, the United States' first peacetime intelligence agency.

During the Cold War's bipolar system, states were relying on the two superpowers to guarantee their national security.

But any system is not everlasting. Communism collapsed and sovereign states emerged without a guarantor. States had to build a nation, maintain national security and rely on themselves.

Following the terrorist September 11, 2001 attacks in the United States, and subsequent terrorist incidents around the world, national security has become a paramount concern for governments and societies.

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Western Philosophy and Education

Dr. Anita Sharma* & Vijay Kumar Sharma**

Western philosophy is a term that refers to philosophical thinking in the Western or Occidental world, as distinct from Eastern or Oriental philosophies and the varieties of indigenous philosophies. Historically, the term was recently invented to refer to the philosophical thinking of Western civilization, beginning with Greek philosophy in ancient Greece, and eventually covering a large area of the globe, including North America and Australia. There is some debate of whether to include areas such as Northern Africa, some parts of the Middle East, Russia, and so on. The word *philosophy* itself originated in ancient Greece: *philosophia*, literally, “the love of wisdom” (philein = “to love” + sophia = wisdom, in the sense of knowledge).

In contemporary terms, *Western Philosophy* refers to the two main traditions of contemporary philosophy: Analytic philosophy and Continental philosophy.

Western Schools of Philosophy and Education

Origins

The scope of philosophy in the ancient understanding, and the writings of (at least some of) the ancient philosophers, was *all* intellectual endeavours. This included the problems of philosophy as they are understood today; but it also included many other disciplines, such as pure mathematics and natural sciences such as physics, astronomy, and biology. (Aristotle, for example, wrote on all of these topics; and as late as the 17th century, these fields were still referred to as branches of “natural philosophy”). Over time, academic specialization and the rapid technical advance of the special sciences led to the development of distinct disciplines for these sciences, and their separation from philosophy: mathematics became a specialized science in the ancient world, and “natural philosophy” developed into the disciplines of the natural sciences over the course of the scientific revolution. Today, philosophical questions are usually explicitly

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distinguished from the questions of the special sciences, and characterized by the fact that (unlike those of the sciences) they are the sort of questions which are foundational and abstract in nature, and which are not amenable to being answered by experimental means.

The origins of the idea of “Western philosophy” in terms of geopolitical boundaries started in the 1800s and 1900s. Prior to this, most people would have thoughts about different nations, languages, individuals, and geographical regions, but with no idea of “Western” nations, philosophy, and culture as some of us think today. Many world maps were so crude, inaccurate, and not well known before the 1800s that specific geographical and political differences would be hard to measure. Few had access to precise maps and even fewer had access to accurate descriptions of who lived in far away lands. Western philosophy as some people think of it, is recently shaped by ideas originating mainly in Europe. What we think of as Western philosophy today is generally defined as Greco-Roman and Judeo-Christian culture, the Renaissance, the Enlightenment, and ideas about colonialism. As a consequence the term “Western philosophy” is at times unhelpful and vague, since the definition involves a vast variety of distinct traditions, political groups, religious groups, and individual writers over thousands of years.

Western Philosophical Subdisciplines

Western philosophers have often divided into several major branches based on the questions typically addressed by people working in different parts of the field. In the ancient world, the most influential division of the subject was the Stoics’ division of philosophy into Logic, Ethics, and Physics (conceived as the study of the nature of the world, and including both natural science and metaphysics). In contemporary philosophy, specialties within the field are more commonly divided into metaphysics, epistemology, ethics and aesthetics (which together comprise axiology). Logic is sometimes included as another main branch of philosophy, sometimes as a separate science which philosophers often happen to work on, and sometimes just as a characteristically philosophical method applying to all branches of philosophy.

Within these broad branches there are now numerous sub-disciplines of philosophy. At the broadest level there is the division between Analytic and Continental Philosophy. For Continental Philosophy subdividing philosophy between “experts” is problematic for the very nature of the unifying task of philosophy itself; however, for most of Analytic Philosophy further divisions simplify the task for philosophers in each area.

The interest in particular sub-disciplines waxes and wanes over time; sometimes sub-disciplines become particularly hot topics and can occupy so much space in the literature that they almost seem like major branches in their own right. (Over the past 40 years or so philosophy of mind — which is, strictly speaking, mainly a sub-discipline of metaphysics — has taken on this position within Analytic philosophy, and has attracted so much attention that some suggest philosophy of mind as *the* paradigm for what contemporary Analytic philosophers do.)

Philosophy Contrasted with other Disciplines

Natural Science: Originally the term “philosophy” was applied to *all* intellectual endeavours. Aristotle studied what would now be called biology, meteorology, physics, and cosmology, alongside his metaphysics and ethics. Even in the eighteenth century physics and chemistry were still classified as “natural philosophy”, that is, the philosophical study of nature. Today these latter subjects are popularly referred to as sciences, and as separate from philosophy.

More recently, psychology, economics, sociology, and linguistics were once the domain of philosophers insofar as they were studied at all, but now have only a weaker connection with the field. In the late twentieth century cognitive science and artificial intelligence could be seen as being forged in part out of “philosophy of mind.”

Philosophy is done primarily through reflection. It does not tend to rely on experiment. However, in some ways philosophy is close to science in its character and method; some Analytic philosophers have suggested that the method of philosophical analysis allows philosophers to emulate the methods of natural science; Quine holds that philosophy is in any more than clarifying the arguments and claims of other sciences. This suggests that philosophy might be the study of meaning and reasoning generally; but some still would claim either that this is not a science, or that if it is it ought not to be pursued by philosophers.

All these views have something in common: whatever philosophy essentially is or is concerned with, it tends on the whole to proceed more “abstractly” than most (or most other) natural sciences. It does not depend as much on experience and experiment, and does not contribute as directly to technology. It clearly would be a mistake to identify philosophy with any one natural science; whether it can be identified with science very broadly construed is still an open question.

Philosophy of Science

This is an active discipline pursued by both trained philosophers and scientists. Philosophers often *refer to*, and interpret, experimental

work of various kinds (as in philosophy of physics and philosophy of psychology). But this is not surprising: such branches of philosophy aim at philosophical understanding *of* experimental work. It is not the philosophers in their capacity *as* philosophers, who perform the experiments and formulate the scientific theories under study. Philosophy of science should not be confused with science it studies any more than biology should be confused with plants and animals.

Theology and Religious Studies

Like philosophy, most religious studies are not experimental. Parts of theology, including questions about the existence and nature of gods, clearly overlap with philosophy of religion. Aristotle considered theology a branch of metaphysics, the central field of philosophy, and most philosophers prior to the twentieth century have devoted significant effort to theological questions. So the two are not unrelated. But other part of religious studies, such as the comparison of different world religions, can be easily distinguished from philosophy in just the way that any other social science can be distinguished from philosophy. These are closer to history and sociology, and involve specific observations of particular phenomena, here particular religious practices.

The Empiricist tradition in modern philosophy often held that religious questions are beyond the scope of human knowledge, and many have claimed that religious language is literally meaningless: there are not even questions to be answered. Some philosophers have felt that these difficulties in evidence were irrelevant, and have argued for, against, or just about religious beliefs on moral or other grounds. Nonetheless, in the main stream of twentieth century philosophy there were very few philosophers who give serious consideration to religious questions.

Mathematics

Mathematics uses very specific, rigorous methods of proof that philosophers sometimes (only rarely) try to emulate. Most philosophy is written in ordinary prose, and while it strives to be precise it does not usually attain anything like mathematical clarity. As a result, mathematicians hardly ever disagree about results, while philosophers of course do disagree about their results, as well as their methods.

The philosophy of mathematics is a branch of philosophy of science; but in many ways mathematics has a special relationship to philosophy. This is because the study of logic is a central branch of philosophy, and

mathematics is a paradigm example of logic. In the late nineteenth and twentieth centuries logic made great advances, and mathematics has been proven to be reducible to logic (at least, to first-order logic with some set theory). The use of formal, mathematical logic in philosophy now resembles the use of math in science, although it is not as frequent.

Idealism

Idealism is defined as the view that the existence of objects depends wholly or in part on the minds of those perceiving them. This definition is not complete by any means, in fact those who truly explore Idealistic concepts often come to the point where physical reality is nothing more than symbolism for the workings of the mind. This might sound strange and a little far-fetched but that is only because we are used to one particular view of the world, to explore another view would require a great deal of courage and the acceptance that You are not simply an accumulation of your beliefs.

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Foundations of Economic Analysis

Dr. Geeta Jadon

Foundations of Economic Analysis is a book by Paul A. Samuelson published in 1947 (Enlarged ed., 1983) by Harvard University Press. It sought to demonstrate a common mathematical structure underlying multiple branches of economics from two basic principles: maximizing behaviour of agents (such as of utility by consumers and profits by firms) and stability of equilibrium as to economic systems (such as markets or economies). Among other contributions, it advanced the theory of index numbers and generalized welfare economics. It is especially known for definitively stating and formalizing qualitative and quantitative versions of the “comparative statics” method for calculating how a change in any parameter (say, a change in tax rates) affects an economic system. One of its key insights about comparative statics, called the correspondence principle, states that stability of equilibrium implies testable predictions about how the equilibrium changes when parameters are changed.

Introduction

The front page quotes the motto of J. Willard Gibbs: “Mathematics is a language.” The book begins with this exacting statement:

The existence of analogies between central features of various theories implies the existence of a general theory which underlies the particular theories and unifies them with respect to those central features. This fundamental principle of generalization by abstraction was enunciated by the eminent American mathematician E. H. Moore more than thirty years ago. It is the purpose of the pages that follow to work out its implications for theoretical and applied economics.

Its other stated purpose is to show how *operationally meaningful theorems* can be described with a small number of *analogous methods*. Thus, “a general theory of economic theories” (1983).

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Part I

- introduction
- equilibrium systems (such as for a market or economy)
- maximizing behaviour (such as to profits by a firm and utility by a consumer) in the calculus
- sales-tax increase on equilibrium for a firm
- comparative statics (changes in prices and quantities and other equilibrium variables when underlying conditions change)
- cost and production
- consumer's behaviour
- transformations, elasticities, composite commodities, index numbers, and rationing
- cardinal utility, constancy of the marginal utility of income, and consumer's surplus
- welfare economics.

Part II

- stability of equilibrium systems, dynamics (disturbances in equilibrium), and comparative statics
- the Keynesian system
- linear and nonlinear systems
- Malthusian and optimum population
- dynamics
- the business cycle
- endogenous models
- mixed exogenous-endogenous theories
- mixed systems of a linear-stochastic type
- conclusions (on neoclassical theory from Walras to hints of the future in *comparative dynamics*, the comparative-statics counterpart of dynamic systems).

Methods and Analysis

Samuelson's *Foundations* demonstrates that economic analysis benefits from the parsimonious and fruitful language of mathematics. In its original version as a dissertation submitted to the David A. Wells Prize Committee of Harvard University in 1941, it was subtitled "The Observational Significance of Economic Theory".

One unifying theme, on the striking formal similarities of analysis in seemingly diverse fields, occurred only in the course of writing on them—from consumer’s behaviour and production economics of the firm to international trade, business cycles, and income analysis. It dawned on the author that he was prodigal “in proving essentially the same theorems” over and over. His failure of initial intuition, so he suggests, might be less surprising in light of the few economic writings then extant concerned with formulating *meaningful theorems* – hypotheses *about* empirical data—that could conceivably be refuted by empirical data.

Samuelson finds three sources of meaningful theorems sufficient to illuminate his purposes:

- *maximizing behaviour* of economic units (as to *utility* for a consumer and *profit* for a firm)
- *economic systems* (including *markets* and *economies*) in *stable equilibrium*
- qualitative properties between two or more variables, such as an alleged technological relation or psychological law (indexed by the sign of the relevant functional relationship).

Part I conjectures that meaningful theorems for economic units and for their respective aggregates are almost all derivable from general conditions of equilibrium. The equilibrium conditions can in turn be stated as *maximization conditions*. So, meaningful theorems reduce to maximization conditions. The calculus of the relations is at a high level of abstraction but with the advantage of numerous applications. Finally, Part I illustrates that there *are* meaningful theorems in economics, which apply to diverse fields.

Part II concentrates on aggregation of economic units into equilibrium of the system. But the symmetry conditions required for direct maximization of the *system*, whether a market or even the simplest model of the business cycle, are lacking, in contrast to an economic *unit* or its corresponding aggregate. What can be hypothetically derived (or rejected in some cases) is a *stable equilibrium* of the system. (This is an equilibrium of the system such that, if a variable disturbs equilibrium, the system converges to equilibrium.) *Stability of equilibrium* is proposed as the principal source of operationally meaningful theorems for economic systems.

Analogies from physics (and biology) are conspicuous, such as the Le Chatelier principle and correspondence principle, but they are given

a nontrivially generalized formulation and application. They and mathematical constructions, such as Lagrangian multipliers, are given an operational economic interpretation. The generalized *Le Chatelier principle* is for a maximum condition of equilibrium: where all unknowns of the function are independently variable, auxiliary constraints (“just-binding” in leaving initial equilibrium unchanged) reduce the response to a parameter change. Thus, factor-demand and commodity-supply elasticities are hypothesized to be lower in the short run than in the long run because of the fixed-cost constraint in the short run. In the course of analysis, *comparative statics*, changes in equilibrium of the system that result from a parameter change of the system, is formalized and most clearly stated. The *correspondence principle* is that the *stability* of equilibrium for a system (such as a market or economy) implies meaningful theorems in comparative statics. Alternatively, the hypothesis of stability imposes directional restrictions on the movement of the system. The correspondence is between comparative statics and the dynamics implied by stability of equilibrium.

The starting point of the analysis is the postulate of maximizing behaviour. The point is not (or not only) that everyone is out to maximize, even if true. Rather, first-and in particular higher-order (derivative) conditions of equilibrium at the maximum imply local behavioural relations. The stability of equilibrium with sufficient other hypothetical qualitative restrictions then generates testable hypotheses. Even where there is no context for purposive maximizing behaviour, reduction to a maximization problem may be a convenient device for developing properties of the equilibrium, from which, however, no “teleological or normative welfare significance” is warranted. This Samuelson does in 51 pages, including his exposition of what became known as the Bergson-Samuelson social welfare function. Theorems derived in welfare economics, he notes, are deductive implications of assumptions that are not refutable, thus not meaningful in a certain sense. Still, the social welfare function can represent any index (cardinal or not) of the economic measures of any logically possible ethical belief system that is required to order any (hypothetically) feasible social configurations as “better than”, “worse than”, or “indifferent to” each other. It also definitively elucidates the notion of Pareto optimality and the “germ of truth in Adam Smith’s doctrine of the Invisible Hand”.

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The final pages of the book outline possible directions analytical methods might take, including for example models that show how:

- deficit financing could produce positive short-run effects on the economy that are swamped by adverse long-run effects on capital accumulation (seriously reconsidered later as crowding out)
- declines in age-specific mortality affect the net reproductive rate (whose the implications for population growth are less abstract than they might first appear).

Samuelson closes by expressing hope in the future use of *comparative dynamics* to:

aid in the attack upon diverse problems – from the trivial behaviour of a single small commodity, to the fluctuations of important components of the business cycle, and even to the majestic problems of economic development.

Appendices

There are two mathematical appendices totalling 83 pages. The first gathers and develops “very briefly” and “without striving for rigor” results on maximization conditions and quadratic forms used in the book and not conveniently collected elsewhere. The other is on difference equations (“for the dynamic economist”) and other functional equations.

Assessments

- Kenneth Arrow (1983) describes *Foundations* as “the only example I know of a doctoral dissertation that is a treatise, perhaps I should say of a treatise that has so much originality in every part that it is entitled to be accepted as a thesis.”
- Richard N. Cooper (1997) writes that the book “drastically redirected the advanced study of economics toward greater and more productive use of mathematics.”
- Notwithstanding the important work of Arrow, Kotaro Suzumura (1987) affirms the Bergson-Samuelson social welfare function as “logically impeccable.”
- The Nobel Prize citation is applicable to *Foundations*: “for the scientific work through which [Samuelson] has developed static and dynamic economic theory and actively contributed to raising the level of analysis in economic science.”

Differential Calculus

In mathematics, differential calculus is a subfield of calculus concerned with the study of the rates at which quantities change. It is

one of the two traditional divisions of calculus, the other being integral calculus.

The primary objects of study in differential calculus are the derivative of a function, related notions such as the differential, and their applications. The derivative of a function at a chosen input value describes the rate of change of the function near that input value. The process of finding a derivative is called differentiation. Geometrically, the derivative at a point equals the slope of the tangent line to the graph of the function at that point. For a real-valued function of a single real variable, the derivative of a function at a point generally determines the best linear approximation to the function at that point. Differential calculus and integral calculus are connected by the fundamental theorem of calculus, which states that differentiation is the reverse process to integration. Differentiation has applications to nearly all quantitative disciplines. For example, in physics, the derivative of the displacement of a moving body with respect to time is the velocity of the body, and the derivative of velocity with respect to time is acceleration. Newton's second law of motion states that the derivative of the momentum of a body equals the force applied to the body. The reaction rate of a chemical reaction is a derivative. In operations research, derivatives determine the most efficient ways to transport materials and design factories.

Derivatives are frequently used to find the maxima and minima of a function. Equations involving derivatives are called differential equations and are fundamental in describing natural phenomena. Derivatives and their generalizations appear in many fields of mathematics, such as complex analysis, functional analysis, differential geometry, measure theory and abstract algebra.

The Derivative

Suppose that x and y are real numbers and that y is a function of x , that is, for every value of x , there is a corresponding value of y . This relationship is written as $y = f(x)$. If $f(x)$ is the equation for a straight line, then there are two real numbers m and b such that $y = m x + b$. m is called the slope and can be determined from the formula:

$$m = \frac{\text{change in } y}{\text{change in } x} = \frac{\Delta y}{\Delta x},$$

where the symbol Δ (the uppercase form of the Greek letter Delta) is an abbreviation for "change in". It follows that $\Delta y = m \Delta x$.

A general function is not a line, so it does not have a slope. The derivative of f at the point x is the best possible approximation to the idea of the slope of f at the point x . It is usually denoted $f'(x)$ or dy/dx . Together with the value of f at x , the derivative of f determines the best linear approximation, or linearization, of f near the point x . This latter property is usually taken as the definition of the derivative.

History of Differentiation

The concept of a derivative in the sense of a tangent line is a very old one, familiar to Greek geometers such as Euclid (c. 300 BC), Archimedes (c. 287–212 BC) and Apollonius of Perga (c. 262–190 BC). Archimedes also introduced the use of infinitesimals, although these were primarily used to study areas and volumes rather than derivatives and tangents; see Archimedes' use of infinitesimals. The use of infinitesimals to study rates of change can be found in Indian mathematics, perhaps as early as 500 AD, when the astronomer and mathematician Aryabhata (476–550) used infinitesimals to study the motion of the moon. The use of infinitesimals to compute rates of change was developed significantly by Bhâskara II (1114–1185); indeed, it has been argued that many of the key notions of differential calculus can be found in his work, such as "Rolle's theorem". The Persian mathematician, Sharaf al-Dîn al-Tûsî (1135–1213), was the first to discover the derivative of cubic polynomials, an important result in differential calculus; his *Treatise on Equations* developed concepts related to differential calculus, such as the derivative function and the maxima and minima of curves, in order to solve cubic equations which may not have positive solutions.

The modern development of calculus is usually credited to Isaac Newton (1643–1727) and Gottfried Leibniz (1646–1716), who provided independent and unified approaches to differentiation and derivatives. The key insight, however, that earned them this credit, was the fundamental theorem of calculus relating differentiation and integration: this rendered obsolete most previous methods for computing areas and volumes, which had not been significantly extended since the time of Ibn al-Haytham (Alhazen). For their ideas on derivatives, both Newton and Leibniz built on significant earlier work by mathematicians such as Isaac Barrow (1630–1677), René Descartes (1596–1650), Christiaan Huygens (1629–1695), Blaise Pascal (1623–1662) and John Wallis (1616–1703). Isaac Barrow is generally given credit for the early development of the derivative. Nevertheless, Newton and Leibniz remain key figures in the history of differentiation,

not least because Newton was the first to apply differentiation to theoretical physics, while Leibniz systematically developed much of the notation still used today.

Since the 17th century many mathematicians have contributed to the theory of differentiation. In the 19th century, calculus was put on a much more rigorous footing by mathematicians such as Augustin Louis Cauchy (1789–1857), Bernhard Riemann (1826–1866), and Karl Weierstrass (1815–1897). It was also during this period that the differentiation was generalized to Euclidean space and the complex plane.

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Social Security Measures in India

Ujjawal Kumar

Labour Welfare & Social Security

The productivity of labour is an essential condition for the prosperity of enterprises and the well being of the workers and their families. While the production facilities at workplace and the remuneration are important, attitudes towards work, and the value placed by the society on dignity of labour are equally important in influencing the productivity of labour.

The planning process supports the attainment of economic and social objectives in the labour sector through a set of strategies. The supply of labour is kept in tune with demand through skill development and vocational training. Appropriate conditions at work are ensured by measures taken to promote safety at the workplace and minimising occupational hazards. A reasonable return on labour is facilitated by labour laws that regulate payment of wages and provision of social security to workers. Situations where the supply of labour exceeds demand by a huge margin can lead to highly exploitative forms of work. Therefore, an effective implementation of the existing regulations relating to prohibition of bonded (forced) labour and child labour and monitoring the conditions of migrant workers is required.

Tenth Plan Objectives

The present infrastructure for improving labour productivity and for ensuring the welfare of workers covers only a very small segment of the labour force. The objective of Tenth Plan will be to increase the coverage of the labour market institutions. The essential condition for this is the provision of gainful employment to the entire labour force. However, certain recent trends make the attainment of these objectives a more challenging task. The growth of population in the working age group is at a substantially higher pace than that of the average

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population. Agriculture used to provide employment to a major part of the workforce.

However, the number of workers deployed in agriculture cropping activities has not increased in recent years and it has even declined in certain parts of the country. The pace of growth of jobs in the organised sector has slowed down primarily because number of jobs in the public sector (which has a three-fourth share in organised sector jobs) has reduced and employment elasticity in the private sector has decreased significantly. The economic policy in general, and labour policy in particular, must facilitate the opening up of new employment avenues. In agriculture and related sectors, there is need to create more employment opportunities in horticulture, animal husbandry, poultry, and development of watersheds. However, the nonagricultural sectors of the economy will have to absorb the bulk of the increase in labour force. The labour sector has to focus at those kinds of establishments where much of the labour finds work.

Labour Policy and The Smaller Establishments

The Economic Census enumerates economic activities other than those which are purely for self-consumption and agricultural crop production. It identifies two types of enterprises that operate in such economic activities – the own account enterprises (OAE), which operate without any hired workers and establishments which hire workers. Labour regulations apply to the second category. Ninety-five per cent of establishments employ less than 20 workers, and 60 per cent of the workers serve in such establishments. In order to reach the bulk of the workers, labour policies and programmes have focus on the requirements of the small establishments. This is in contrast to the situation in recent years, where the large enterprises and their workers have been the focus of labour policy.

Development of Vocational Skills

One of the important determinants of labour productivity is the working skills of the worker. Enterprises will be able to absorb the new entrants to labour market only if they have the requisite training. Surveys have revealed that only about 5 per cent of those in 20 to 24 year age group had any kind of technical education, in contrast to the situation in several developing countries. On the other hand, education levels have improved. Fifty-one per cent of those in 20 to 24 age group

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now have middle school level or higher education. With education becoming compulsory for those in the 6-14 age group, this number is set to increase in the future. If the youth do not have the working skills required by the employers, the incidence of unemployment among the educated youth will increase 3.5.8 The projections of increase in labour force indicate that 8-10 million new entrants are required to be trained each year during the Tenth Plan period. Against this, the vocational training/ technical/ professional education sector has a capacity of only 2-2.3 million. The resultant large gap is not entirely due to a shortage in the availability of training infrastructure. In some training establishments, the enrolment is much below the capacity and dropout rate in training institutes is significant in certain instances. So a part of the gap can be attributed to a lack of demand for vocational training, since the youth may not find the training at the vocational training institute enhances their chances of finding jobs.

There is a mismatch between the training facilities available and the skills that employers require. The factors which suppress the demand for vocational training have to be addressed. In addition, new ways of generating resources to expand the capacity for training have to be found so that the training system can absorb the large number of new entrants to the labour force. A reform of the vocational training system is, therefore, required.

Reform of the Vocational Training System

The objective of providing skills to all entrants to the labour force will have to be fulfilled by initiatives that (i) increase the demand for training; and (ii) increase the capacity for training. Thus, the process of reform will address both the factors that influence demand for vocational training and the factors that influence supply. So far, the main thrust of Government policies has been on augmenting the supply capacity. Since the factors that restrain the demand did not receive adequate attention, greater returns are expected, in the near future, from the initiatives that increase the demand for vocational training.

Demand For Vocational Training

The demand for vocational training comes from the returns to the trainee in the form of a job and better income and returns to the employer by way of a higher output from a trained worker. If the income expectations of workers exceed the output realised by the employer, the demand for training cannot be sustained, let alone be increased.

Hence, the quality of training should be of a standard that the employer expects. On the other hand, if the expectation from training is to get a job in the Government or public sector, which are not expanding much, no useful purpose will be served by acquiring such training. Improving Linkage Of Training With Prospective Employment 3.5.11 Employment prospects of trained manpower can increase if the employer has a say in imparting training.

In the Ninth Plan, industry-institute interaction was initiated in Industrial Training Institutes (ITIs), whereby Institute Management Committees (IMC) were set up under the leadership of a local employer/industrialist. However, the IMC has been set up only at 33 ITIs. There has been no such effort outside the labour sector. In the Tenth Plan, State Governments will be encouraged to cover practically all the training institutes by the IMC mode of management.

Industries/employers which require training for new recruits will get priority in allotment of seats in training institutes. Though the bulk of the employment opportunities arise in the small establishments, these enterprises do not have an adequate role in the formulation of a policy for training and its implementation. Such involvement can be meaningful only at the local level rather than at the state or national level. The formulation of a training policy in Tenth Plan will give priority to the needs of local small employers. Apprenticeships in establishments lead to better job prospects than the training based in the institute classroom. The Apprenticeship Training Scheme under the Apprentices Act, 1961 has remained confined to large establishments, especially those in the public sector. Small employers have not been a significant part of the scheme. In the Tenth Plan, the Apprenticeship Training Scheme will be modified keeping the small employers in mind. Payment of stipend should not be made mandatory for small employers. Absorption of apprentice trainees by the establishment to which they are attached should be voluntary.

There is a social divide between those who opt for vocational training after completing school and those who enter the higher technical/professional/medical education stream. In the entry requirements for higher applied education, vocational training and even vocational experience should be considered as fulfilment of some part of the requirement of basic education.

Entry criteria to higher-level institutions should give higher priority to those coming out of vocational training establishments over those who join after basic and general education in schools. Thus, the higher

applied education streams should be vertically integrated with the training institutes that provide training in industrial trades, medical diagnostics, commercial practice, tailoring, cooking, travel services, accounting, financial services, insurance services etc. This requires closer interaction between the authorities that regulate higher applied education and those regulating vocational training and related applied courses.

Capacity For Training

A massive expansion of training capacity is required if all the entrants to labour force are to acquire some vocational skills. New methods to enable skill building have to be created. More resources are needed and this requires new means to mobilise resources. The informal sector must receive special attention since it absorbs a large part of the labour force and enables the bulk of the new entrants to labour force to acquire working skills.

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Concepts of Profits and Costs

Dr. Raman Jha

The Broader Meaning of Profits

The term profit (or profits) means broadly the residual share, the one noncontractual income in the business. It is what is left as a net gain to that person (or group of persons) who assumes the financial risk of the business, after paying off the claims of every one else for any uses or services rendered. Profit in this broad and popular sense is a complex of incomes from various sources and must fluctuate in nature (as well as in amount) from case to case for reasons that are accidental and personal.

We may see this in reviewing the examples above. In the small furniture shop profits includes all economic incomes in the business, whether from the investment or from the joiner's own labour.

It is an inclusive term for the usances of tools, shop, materials, and land, and for the services of the owner, whether as investor, manager, or handworker. It embraces all the economic yields which by theoretical analysis can be carved out of it.

As the business develops, profits, as thus used, means more or less according to circumstances which must be ascertained from the context. If the investor owns all his buildings and land, machinery, and sources of materials, and has no borrowed capital, then profits includes all that is left of cash receipts after paying wages (and salaries), but wages may be more or less according as the investor takes a more or less active part in the management. If in the one business the buildings, water power, lands, etc., are fully owned, and in another business with exactly the same product all these things are hired, profits in the former would be much greater. While the business is owned by an individual or by partners, profits may include whatever is attributable to the owner for his management; or a fair salary may be estimated for this, and only the remainder be counted as profits.

Like complications, or even more troublesome ones, are found in the case of corporations. The one company owns all its patents, the other pays royalties; the one has all its capital represented by paid-up stock and the other has more or less of outstanding bonds the interest of which is a “fixed charge” to be deducted before counting the residual share of profits.

The possible variations are endless, but these illustrations suffice to show that profit in any such general sense is not a scientific term for the purpose of studying the forms of income; it has not even a precise practical significance.

Conception of Investment Profits

Is there then, no exacter conception of profits possible? Among these various meanings is there one not pre-empted by another term, one which expresses a sort of income found in practical affairs, which business men are constantly trying to estimate and of which economists must take account? Let us try to express such a conception in this definition: Investment profit is the income attributable solely to the active capital-investment in the particular enterprise.

The amount and rate of investment-profit is peculiar to each business and indeed to each investment. It is never an agreed price, or a contractual payment. It is the residual after the actual contractual dues have been paid, and the estimated value of the non-contractual labour, and the factor of management (such as the services of officers, etc.) have been deducted. The investment profit concept is most nearly exemplified in practical affairs in the bookkeeping of a corporation.

Out of gross receipts must be paid all rents, interest, maintenance and depreciation of the plant, price of materials, wages, salaries of managers and officers, fees of directors, etc.; the residue is the amount which may be paid as dividends to stockholders (or added to surplus) without impairing the capital investment. § 3.

Dual character of investment profit. Even investment profit usually is subjected to a comparison which divides it into two elements. We have seen that it is of the very essence of the active capital function that it takes the financial risk of the outcome. When therefore at the end of the year (or income period) it appears that a certain profit has resulted (say \$1000), this is compared with the capital invested (say \$10,000) and expressed as a percentage on the investment (thus 10 percent). Now this in turn is compared with the rate of interest common on the safest loans (say 4 percent) and the remainder is the amount (or

rate) by which this active-capitalist investment exceeds the current rate of passive capital investments.

This merely estimated division influences further choice of investment. The rate of interest is taken to represent about what capital can do by itself (or with a negligible amount of judgment and supervision-an abstract conception) and the excess above that is attributed to the successful act of investment. Thus, however far we attempt to eliminate the personal service element of management from profits, there always remains in any active capital income this one element of investing management together with the carrying of the financial risk.

There is a dual character in investment profit; it is a capital-income and a labour-income, combined. The distinctive feature of investment profit, which fastens our attention, is precisely this excess (or deficit) of income in active-capital as compared with the normal prevailing rate of time-price, which can be secured by the most conservative passive investor. It is the hope of an income more than ordinary interest that is the inducement to active capitalists to assume the risk.

We may call the amount realized more or less than the imputed yield of passive investment, pure investment profit, attributable to the exercise of the pure investment function. The amount may be expressed as a rate on the investment. This is the utmost point that has been attained in the analysis of the complex elements of "profits" as popularly used.

Profits and Costs

Enterprise and risk. To the person who exercised this function of active capital-investment various names have been applied: undertaker, its French equivalent entrepreneur, adventurer (especially used in former times of one who embarked in foreign trade), and enter priser. Each of these was meant to express the assumption of the financial risk in undertaking the ownership of the various factors and of their results embodied in the products, in paying off other claimants, and in waiting for an income indeterminable in advance, but contingent on all the various fluctuations of the market.

Enterprise is the act, or function, performed by the enter priser, and in a different but related sense is the particular business establishment, or undertaking, which is carried on by an enter priser. Business management and enterprise are functions not embodied completely in any individuals, but diffused more or less among groups

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of men. The active-capitalist and the passive-capitalist are not in contrast absolutely but relatively; the passive capitalist is not, and can not be, completely freed from financial risk. Enterprise is merely in this particular business the assumption of the legal financial responsibility to the extent of the enterpriser's credit and resources, or in other cases to the extent of the special legal limited liability, as (in most stock companies) to the amount invested, or (often in banking) to double the amount invested.

The old English word undertaker, once so used, seems to have been driven out by a rival use; perhaps after "funeral director" displaces it there, it may be reclaimed by economics.

Risk is more or less everywhere in human affairs, but among various kinds of investments there is a well-recognized gradation in the uncertainty of returns. The enterpriser in a business takes the more exposed frontier of risk, and the various senior securities have prior claims.

For example, if the business of a corporation goes badly the first mortgage bonds, getting a low rate of interest, are the first claim on the income and, in case of insolvency, these bonds would be paid out of any assets of the company; so in turn till we come to the common stock which gets nothing until all the other claims are satisfied but which if the business is prosperous may get dividends at any rate permitted by profits.

There is thus an investment risk, an element of enterprise even in the safest investment, e.g., government bonds, but this becomes almost negligible in the case of many well-proven investments. This relativity of risk and of the enterprise function may be shown again in the interrelations of different enterprises.

Pure profit the most variable income. It is easily seen why the income to enterprise is the most variable from one establishment, and from one time, to another. It contains within it all the non-contractual elements of income. The labourer has taken a fixed wage, the passive capitalist has reduced his risk and accepted a fixed interest. Both wage workers and passive capitalists have taken the easy way, have "played safe," and have left the enterpriser to bear the brunt

The rates given are, of course, only illustrative of the proportions in which they might vary in a particular case. In fact the common stock might pay no dividends for years while dividends and interest on all the other classes of securities were regularly paid, of the financial risk.

The income of each of these classes tends to conform to a general market-rate, being a medium of the gains and losses when labour and capital are applied with various degrees of risk in various undertakings. Enterprise is the most movable element. It is specialized risk-taking. Enterprise has well been called an economic buffer,

Let enterprise A be tenant farming, for which are needed farmland and buildings, borrowed money, and the uses of various rented machines. Enterprise B consists of buying land and constructing a house, shop, store-building upon it to let to enterprise A. The enterpriser in this case takes the risk in deciding on the right place, kind of house, materials, etc., and runs a chance of letting it or being without a tenant.

Enterprise C is private money lending, or a bank-business, lending to A. The other enterprises receiving contractual payments from enterprise A are not free from all risk. There is a chance that the agreed payment will not be made and, if it is, that loss will result from other causes (e.g., a fire destroying the buildings).

Enterprisers B to F, however, in relation to the incomes they receive from and through A, are relatively protected against risk. Enterpriser A in paying a fixed rent, a fixed interest, etc., is, to the extent of his credit, putting up a margin of security against the failure of crops, of profits, etc. which takes up and distributes the strain resulting from variations in the momentum and rate of movement of industry.

The enterpriser feels first the influence of changing conditions. If the prices of his products fall, the first loss comes upon him, for the goods already made must be sold. Further loss is avoided as best it can be by paying less for materials and labour.

At such times the wage-earners look upon the employer as their evil genius, and usually blame him for lowering their wages, not the public for refusing to buy the product at the former high prices. "When, however, prices rise, enterprise gains through selling at higher prices the stock on hand that has been produced at low cost. Enterprise is placed between the forces of competition, between owners of resources and ultimate consumers, between labourers and the final purchasers of labour's services. The enterpriser's economic survival is conditioned on vigilance, strength, and self-assertion.

Profits therefore fluctuate more from industry to industry and from man to man than do other incomes. The variations of the market may sweep away not only all "profits," but all the invested capital. As a

consequence, profits may be at other times very high, for enterprise will not take the risk of great losses unless there is a chance of large gains.

While the income of the salaried man is occasionally advanced, and then for long periods remains unchanged, the profits of enterprise come in waves. In seasons of prosperity profits in many enterprises swell with a dramatic swiftness while rents and wages move tardily upward. Then again for years profits fall to a level hardly exceeding a low interest on the capital invested or leave many businesses for a time with a loss. Reasons for this result will be shown more in detail under cost of production.

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Measurement of Economic Development with Human Development Index (HDI)

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The latest and most ambitious effort to analyse the comparative situation of socio-economic development in both UDCs and DCs has been undertaken by United Nations Development Program (UNDP) in its annual series of Human Development Reports. These reports were initiated in 1990 and they aim at construction and refinement of a *Human Development Index (HDI)*.

Like Physical Quantity of Life Index (PQLI), the HDI attempts to rank all countries on scale of on scale of 0 (lowest HD) to 1 (highest HD) based on *3 goals or end products of development*:

- (i) Longevity is measured by life expectancy at birth,
- (ii) Knowledge as measured by a weighted average of adult literacy (two-thirds) and mean years of schooling (one-third weight), and
- (iii) Income as measured by adjusted real per capita income (i.e., adjusted for the differing purchasing power of each country's currency and for the assumption of rapidly diminishing marginal utility of income).

Using these three measures of development and applying a formula to 1990 data for 160 countries, *the HDI ranks all countries into three groups*: Low HD (0.0 to 0.50), medium HD (0.51 to 0.79) and high HD (0.80 to 1). It is told that HDI measures relative, not absolute levels of HD, and its stress is on the '*Ends of Development*', like longevity, knowledge and material choice, rather on the 'Means', what has been the case of GNP per capita.

Calculations about HDI Index

Since HDI is constructed, there have been brought a lot of changes in its construction, so that its construction could become simple. This is the reason that now a days it is constructed with a simple method.

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As to find the *adjusted income*, the natural log of current income is taken.

Income Index

Then to find the *income index*, the natural log of 100 is subtracted out of natural log of current income, as it is believed that the minimum per capita income of last generation in a country has been \$100 at PPP. The difference of the two incomes yields us the amount equivalent to which income increases the minimum *Goal Post*. To find it we take the income of \$40,000 PPP, as supposed by UNDP. Therefore, we suppose that the current income of any country is \$2215 PPP. Accordingly, to find the income index, we subtract the log of 100 from log of 2215 and divide it by the difference of log 40,000 and the log of 100, as:

$$\text{Income Index} = \frac{[\log(2215) - \log(100)]}{[\log(40000) - \log(100)]}$$

$$\text{Income Index} = 0.517$$

Thus the income index obtained is 0.517. Accordingly, the value of such like index varies between 0 and 1. In the above example, the value of such index is near to 0.5 which is in between the maximum (1) and the minimum (0) limits. The per capita income of \$2215 is about 6% of per capita income of \$40,000. It means that such income is reasonably well. Against such country, if the per capita income of any rich country, say Switzerland, increases from \$40,000 PPP, the UNDP assumes the maximum value to such income, i.e., \$40,000. As a result, this country will attain the highest index of income which is 1.

Life Expectancy Index

In order to find the *Life Expectancy Index*, the UNDP keeps in view the life expectancy period from its birth then 25 years are subtracted from it. Here the age of 25 years is supposed to be the minimum goal post, i.e., the minimum age of last different generations in a country. In the same way, the maximum life span is also supposed for the coming generation. For example, if in a country, the current average expectancy period in the year 1999 is 72.7 years, for the coming generations it is supposed to be 85 years, while it was 25 years for the past generation, then the life expectancy index will be as:

$$\text{Life Expectancy Index} = \frac{(72.7 - 25)}{(85 - 25)}$$

$$\text{Life Expectancy Index} = 0.795$$

Education, Adult Literacy Rate, and Gross Enrollment Indexes

The Education Index is constructed in two parts where 2/3 weightage is given to literacy and 1/3 to school enrolment. The maximum limit of literacy or index may be 100, and the minimum limit is zero. Therefore, if current rate of literacy is 98.3% in a country, the *adult literacy index* will be as:

$$\text{Life Expectancy Index} = \frac{(72.7 - 25)}{(85 - 25)}$$

$$\text{Life Expectancy Index} = 0.795$$

If the present enrolment ratio at schools (primary, secondary and higher secondary) is supposed to be 79.9%, while the *maximum enrolment index* is 100, then the enrolment index will be as:

$$\text{Adult Literacy Rate} = \frac{98.3 - 0}{100 - 0}$$

$$\text{Adult Literacy Rate} = 0.983$$

In order to find the *aggregate index of education*, the literacy index is multiplied by 2/3 and the gross enrolment index is multiplied by 1/3 and they both are added up, as:

$$\text{Education Index} = 2/3 (0.983) + 1/3 (0.799)$$

$$\text{Education Index} = 0.922$$

Finally, to obtain the *aggregate Human Development Index (HDI)*, all the three components of HDI like income, life and education are given the weights of 1/3, as:

$$\text{HDI} = 1/3 (0.517) + 1/3 (0.795) + 1/3 (0.922)$$

$$\text{HDI} = 0.745$$

Merits of HDI

- (i) HDI is superior when we see that a country is economically well when its other indices are better despite its low per capita income. Again, it may also happen that the per capita income of a country is higher, say Kuwait, but its other indices are not good, the country will not be better economically.
- (ii) The HDI index shows that the other indices reduce the explicit difference between the incomes.

Moreover, this method shows that economic development which means a wider human development cannot be attained just

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through higher incomes, as, so many oil producing countries have attained economic growth, but not economic development. The health and education are not just the inputs of any production function, but they are also the end results of economic development. Accordingly, if a country has a higher per capita income, but a lower level of health while in an other country the per capita income is lower, whereas the life expectancy period is higher along with higher education, the latter country will be a developed country.

Criticism/Demerits

Despite these merits of HDI measures, following criticism is levied against this measure:

- (i) In so many cases of gross enrolment ratio at schools may enhance the ratio of schools in a country. However, it has also been observed that in case of so many developing countries that there is a big proportion of dropouts till at the primary level. Moreover, just keeping in view the enrolment ratio the quality of education will have to be kept in view.
- (ii) The three indicators which have been included in HDI are good, but not the ideal ones. Moreover, it is not proper to assign the same weightage (i.e., 1/3) to all these indicators, as priorities differ between societies. The dependence of weightage to the three indicators will depend upon social and ethical values of the societies.
- (iii) The HDI measure does not consider the income inequalities in a country.
- (iv) The HDI measure considers the absolute economic development. As, if the HDI of all the developing countries increases in the same proportion, there will be no relative development in the developing countries, whereas they have had some absolute development.

Despite these demerits, this measure has attracted a lot of attention on the part of economic experts, as it includes the GNP measure with the measure of social indicators. Now we present the HDI of 22 countries of the world in 1999, according to UNDP Human Development Report, 2001.

Table/Schedule

Human Development Index for Twenty Selected Countries, in 1999:

A positive number shows by how much a country's relative ranking rises when HDI is used instead of GDP per capita, and a negative number shows the opposite. The country with the lowest HDI (0.258) in 1999 was Sierra Leone and the one with the highest (0.939) was Norway. Again, it is also obvious from the above table that the countries having higher HDI also have a higher real per capita GDP. We also find that Tanzania's HDI is two times higher than Sierra Leone, while Sierra Leone's real per capita GDP equal to that of Tanzania's. While Brazil, with 10% higher per GDP than Cost Rica has a 13% lower HDI. Again, US which has a higher income, but a lower HDI than Canada. China's per capita real GDP is 60 times lower than that of South Africa, but a higher HDI than.

Country	Relative Ranking (Lowest to Highest)	Human Development Index (HDI)	Real GDP Per Capita (PPPs)	GDP Rank Minus HDI Rank
Low Human Development				
Sierra Leone	162	0.258	448	0
Ethiopia	0.321	628	0	--
Malawi	151	0.397	586	8
Guinea	150	0.397	1934	-32
Angola	146	0.422	3179	-44
Tanzania	140	0.436	501	21
Bangladesh	132	0.470	1483	-4
Medium Human Development				
India	115	0.571	2248	0
Nicaragua	106	0.634	42279	7
China	87	0.718	3617	7
South Africa	94	0.702	8908	-49
Peru	73	0.743	4622	8
Oman	71	0.747	13356	-33
Turkey	82	0.735	6380	-21
Malaysia	56	0.774	8209	-4
Thailand	66	0.757	6132	-3
High Human Development				
Kuwait	43	0.818	17.289	-14
Costa Rica	41	0.821	8.860	6
United Kingdom	14	0.923	22.093	5
United States	6	0.934	31.872	-4
Canada	3	0.936	26.251	3
Norway	1	0.939	28.433	2

According to HDR (2007-08), Pakistan had an 0.551 HDI, while of India it was 0.619 of Bangladesh it was 0.547. A higher HDI shows more human development and less poverty.

Good Governance and Humane Governance Index (HGI)

Measurement of Economic Development with Good Governance and Humane Governance Index

Definition and Explanation

The economists have presented an approach to measure economic development which is known as *Humane Governance Index as a measure of economic growth*.

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In the present day's development economics 'Good Governance' has assumed a reasonable importance. The *good governance is also known as Humane Governance*. Thus these terms are used as alternatives. The concept of humane governance is the summation of good economic governance, good political governance and good civic governance. The experts agree that good governance is not imposed by the elites, rather it is framed by the people of a country. As a result of good governance the weakest persons of the society will be protected and they will be saved from molestation in their daily life. As a result of good governance, the govt. will be answerable. All the forces of administration, judiciary, bureaucracy, parliament, law and order and other employees of public services will have to be the servants along with civil.

In South Asian countries the political democracy is yet to have its roots and there exists a big gap in the rulers and the subjects. The persons having official powers are not ready to become civil-servants. This state of affairs can be attributed to low level of education, the discriminatory behaviour regarding women and minorities, the imperialism, feudalism, superstitions and weak institutional setup. Such all results in Bad-Governance or Mis-Governance. Thus, in the early years of 1990 the economists started associating economic development with good governance. In other words, economic development can possibly be attained if the developing countries change their existing social, political and economic system. Such all change is called good governance or humane governance.

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Risk Management

Vineet Kumar

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events. Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attacks from an adversary. Several risk management standards have been developed including the Project Management Institute, the National Institute of Science and Technology, actuarial societies, and ISO standards. Methods, definitions and goals vary widely according to whether the risk management method is in the context of project management, security, engineering, industrial processes, financial portfolios, actuarial assessments, or public health and safety.

The strategies to manage risk include transferring the risk to another party, avoiding the risk, reducing the negative effect of the risk, and accepting some or all of the consequences of a particular risk.

Certain aspects of many of the risk management standards have come under criticism for having no measurable improvement on risk even though the confidence in estimates and decisions increase.

Introduction

This section provides an introduction to the principles of risk management. The vocabulary of risk management is defined in ISO Guide 73, "Risk management. Vocabulary".

In ideal risk management, a prioritization process is followed whereby the risks with the greatest loss and the greatest probability of occurring are handled first, and risks with lower probability of occurrence and lower loss are handled in descending order. In practice the process can be very difficult, and balancing between risks with a high probability of occurrence but lower loss versus a risk with high loss but lower probability of occurrence can often be mishandled.

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Intangible risk management identifies a new type of a risk that has a 100% probability of occurring but is ignored by the organization due to a lack of identification ability. For example, when deficient knowledge is applied to a situation, a knowledge risk materialises. Relationship risk appears when ineffective collaboration occurs. Process-engagement risk may be an issue when ineffective operational procedures are applied. These risks directly reduce the productivity of knowledge workers, decrease cost effectiveness, profitability, service, quality, reputation, brand value, and earnings quality. Intangible risk management allows risk management to create immediate value from the identification and reduction of risks that reduce productivity.

Risk management also faces difficulties allocating resources. This is the idea of opportunity cost. Resources spent on risk management could have been spent on more profitable activities. Again, ideal risk management minimizes spending while maximizing the reduction of the negative effects of risks.

Methodology

For the most part, these methodologies consist of the following elements, performed, more or less, in the following order.

1. identify, characterize, and assess threats.
2. assess the vulnerability of critical assets to specific threats.
3. determine the risk (i.e. the expected consequences of specific types of attacks on specific assets).
4. identify ways to reduce those risks.
5. prioritize risk reduction measures based on a strategy.

Principles of risk Management

The International Organization for Standardization identifies the following principles of risk management:

- Risk management should create value.
- Risk management should be an integral part of organizational processes.
- Risk management should be part of decision making.
- Risk management should explicitly address uncertainty.
- Risk management should be systematic and structured.
- Risk management should be based on the best available information.

- Risk management should be tailored.
- Risk management should take into account human factors.
- Risk management should be transparent and inclusive.
- Risk management should be dynamic, iterative and responsive to change.
- Risk management should be capable of continual improvement and enhancement.

Process

According to the standard ISO 31000 “Risk management — Principles and guidelines on implementation” the process of risk management consists of several steps as follows:

Establishing the Context

Establishing the Context Involves

1. Identification of risk in a selected domain of interest.
2. Planning the remainder of the process.
3. Mapping out the following:
 - o the social scope of risk management.
 - o the identity and objectives of stakeholders.
 - o the basis upon which risks will be evaluated, constraints.
4. Defining a framework for the activity and an agenda for identification.
5. Developing an analysis of risks involved in the process.
6. Mitigation of risks using available technological, human and organizational resources.

Identification

After establishing the context, the next step in the process of managing risk is to identify potential risks. Risks are about events that, when triggered, cause problems. Hence, risk identification can start with the source of problems, or with the problem itself.

- Source analysis Risk sources may be internal or external to the system that is the target of risk management. Examples of risk sources are: stakeholders of a project, employees of a company or the weather over an airport.
- Problem analysis Risks are related to identified threats. For example: the threat of losing money, the threat of abuse of privacy information or the threat of accidents and casualties. The threats

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may exist with various entities, most important with shareholders, customers and legislative bodies such as the government.

When either source or problem is known, the events that a source may trigger or the events that can lead to a problem can be investigated. For example: stakeholders withdrawing during a project may endanger funding of the project; privacy information may be stolen by employees even within a closed network; lightning striking a Boeing 747 during takeoff may make all people onboard immediate casualties.

The chosen method of identifying risks may depend on culture, industry practice and compliance. The identification methods are formed by templates or the development of templates for identifying source, problem or event. Common risk identification methods are:

- Objectives-based risk identification Organizations and project teams have objectives. Any event that may endanger achieving an objective partly or completely is identified as risk.
- Scenario-based risk identification In scenario analysis different scenarios are created. The scenarios may be the alternative ways to achieve an objective, or an analysis of the interaction of forces in, for example, a market or battle. Any event that triggers an undesired scenario alternative is identified as risk-see Futures Studies for methodology used by Futurists.
- Taxonomy-based risk identification The taxonomy in taxonomy-based risk identification is a breakdown of possible risk sources. Based on the taxonomy and knowledge of best practices, a questionnaire is compiled. The answers to the questions reveal risks. Taxonomy-based risk identification in software industry can be found in CMU/SEI-93-TR-6.
- Common-risk checking In several industries lists with known risks are available. Each risk in the list can be checked for application to a particular situation.
- Risk charting {Crockford, N., "An Introduction to Risk Management, Cambridge, UK, Woodhead-Faulkner 2nd edition 1986} This method combines the above approaches by listing Resources at risk, Threats to those resources Modifying Factors which may increase or decrease the risk and Consequences it is wished to avoid. Creating a matrix under these headings enables a variety of approaches. One can begin with resources and consider the threats they are exposed to and the consequences of each. Alternatively one can start with the threats and examine which resources they would affect, or

one can begin with the consequences and determine which combination of threats and resources would be involved to bring them about.

Assessment

Once risks have been identified, they must then be assessed as to their potential severity of loss and to the probability of occurrence. These quantities can be either simple to measure, in the case of the value of a lost building, or impossible to know for sure in the case of the probability of an unlikely event occurring. Therefore, in the assessment process it is critical to make the best educated guesses possible in order to properly prioritize the implementation of the risk management plan. The fundamental difficulty in risk assessment is determining the rate of occurrence since statistical information is not available on all kinds of past incidents. Furthermore, evaluating the severity of the consequences (impact) is often quite difficult for immaterial assets. Asset valuation is another question that needs to be addressed. Thus, best educated opinions and available statistics are the primary sources of information. Nevertheless, risk assessment should produce such information for the management of the organization that the primary risks are easy to understand and that the risk management decisions may be prioritized. Thus, there have been several theories and attempts to quantify risks.

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Population, Urbanization and Social Movements

Arshad Alam

Population

We have commented that population growth is an important source of other changes in society. A generation ago, population growth was a major issue in the United States and some other nations. Zero population growth, or ZPG, was a slogan often heard. There was much concern over the rapidly growing population in the United States and, especially, around the world, and there was fear that our "small planet" could not support massive increases in the number of people. Some of the most dire predictions of the time warned of serious food shortages by the end of the century.

Those predictions did not come to pass, and concern over population growth has faded as the world's resources seem to be standing up to population growth. Widespread hunger in Africa and other regions does exist, with hundreds of millions of people suffering from hunger and malnutrition, but many experts attribute this problem not to overpopulation and lack of food but rather to problems in distributing the sufficient amount of food that actually does exist to people in poor nations.

Concern over population growth also decreased because of criticism by people of colour that ZPG was directed largely at their ranks and smacked of racism. The call for population control, they said, was a disguised call for controlling the growth of their own populations and thus reducing their influence. Still another reason for the reduced concern over population growth is that birth rates in many industrial nations have slowed considerably. Some nations are even experiencing population declines, while several more are projected to have population declines by 2050.

For a country to maintain its population, the average woman needs to have 2.1 children, the replacement level for population stability. But several industrial nations, not including the United States, are far below this level. Increased birth control is one reason for their lower

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fertility rates, but so are the decisions by women to stay in school longer and then to go to work right after their schooling ends and not having their first child until somewhat later.

Ironically, these nations' population declines have begun to concern demographers and policy makers. Because people in many industrial nations are living longer while the birth rate drops, these nations are increasingly having a greater proportion of older people and a smaller proportion of younger people. In several European nations, there are more people 61 or older than 19 or younger. As this trend continues, it will become increasingly difficult to take care of the health and income needs of so many older persons, and there may be too few younger people to fill the many jobs and provide the many services that an industrial society demands.

The smaller labour force may also mean that governments will have fewer income tax dollars to provide these services. To deal with these problems, several governments have initiated pronatalist policies aimed at encouraging women to have more children.

In particular, they provide generous child-care subsidies, tax incentives, and flexible work schedules designed to make it easier to bear and raise children, and some even provide couples outright cash payments when they have an additional child. Russia in some cases provides the equivalent of about \$9,000 for each child beyond the first, while Spain provides 2,500 euros.

Demography and Demographic Concepts

As all of these issues indicate, changes in the size and composition of population have important implications for other social changes. The study of population is so significant that it occupies a special subfield within sociology called demography. To be more precise, demography is the study of changes in the size and composition of population. It encompasses several concepts: fertility and birth rates, mortality and death rates, and migration.

Fertility and Birth Rates

Fertility refers to the number of live births. Demographers use several measures of fertility. One measure is the crude birth rate, or the number of live births for every 1,000 people in a population in a given year. To determine the crude birth rate, the number of live births in a year is divided by the population size, and this result is then multiplied by 1,000. For example, in 2008 the United States had a population of about 304 million and 4,251,095 births. Dividing the latter figure by the former figure gives us 0.0140 rounded off. We then

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multiply this quotient by 1,000 to yield a crude birth rate of 14.0 births per 1,000 population. We call this a "crude" birth rate because the denominator, population size, consists of the total population, not just the number of women or even the number of women of childbearing age. A second measure is the general fertility rate or the number of live births per 1,000 women aged 15-44. This is calculated in a manner similar to that for the crude fertility rate, but in this case the number of births is divided by the number of women aged 15-44 before multiplying by 1,000. The U.S. general fertility rate for 2007 was about 69.5. A third measure is the total fertility rate, or the number of children an average woman is expected to have in her lifetime.

This measure often appears in the news media and is more easily understood by the public than either of the first two measures. In 2007, the U.S. total fertility rate was 2.1. Sometimes the total fertility rate is expressed as the average number of births that an average group of 1,000 women would be expected to have. In this case, the average number of children that one woman is expected to have is simply multiplied by 1,000. Using this latter calculation, the U.S. total fertility rate in 2007 was 2,100.

The U.S. general fertility rate has changed a lot since 1920, dropping from 101 in 1920 to 70 in 1935, during the Great Depression, before rising afterward until 1955. The fertility rate then fell steadily after 1960 until the 1970s but has remained rather steady since then, fluctuating only slightly between 65 and 70 per 1,000 women aged 15-44.

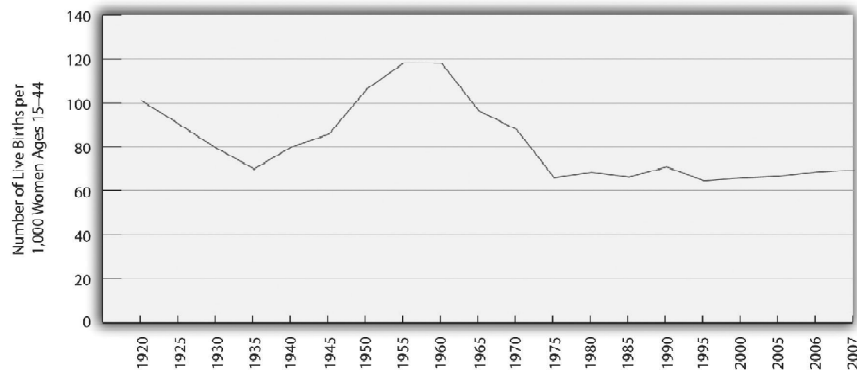


Figure: General Fertility Rate, 1920-2005

The fertility rate varies by race and ethnicity. It is lowest for non-Latina white women and the highest for Latina women. Along with immigration, the high fertility rate of Latina women has fueled the large growth of the Latino population. Latinos now account for about

16% of the U.S. population, and their proportion is expected to reach more than 30% by 2050.

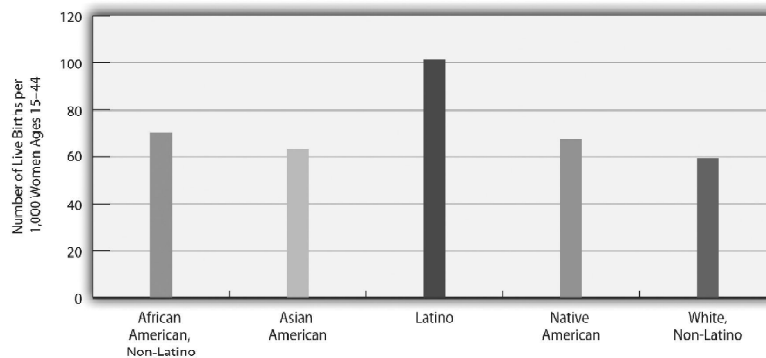


Figure: *Race, Ethnicity, and Fertility Rates, 2006*

The fertility rate of teenagers is a special concern because of their age. Although it is still a rate that most people wish were lower, it dropped steadily through the 1990s, before leveling off after 2002 and rising slightly by 2007. Although most experts attribute this drop to public education campaigns and increased contraception, the United States still has the highest rate of teenage pregnancy and fertility of any industrial nation.

Teenage fertility again varies by race and ethnicity, with Latina teenagers having the highest fertility rates and Asian American teenagers the lowest. Fertility rates also differ around the world and are especially high in poor nations. Demographers identify several reasons for these high rates. First, poor nations are usually agricultural ones. In agricultural societies, children are an important economic resource, as a family will be more productive if it has more children.

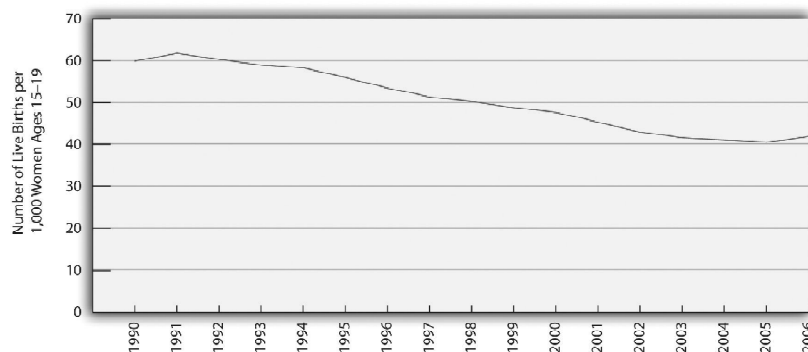


Figure: *Teenage Fertility Rate, 1990-2006*

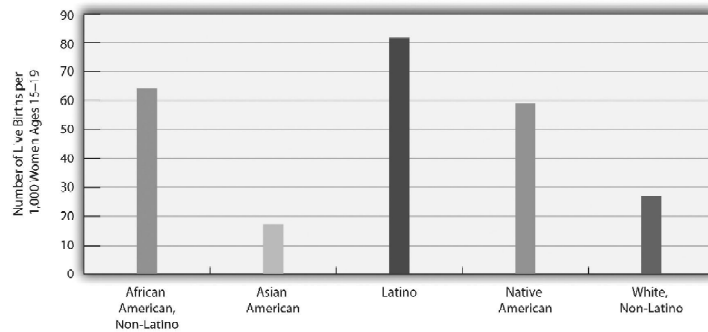


Figure. *Race, Ethnicity, and Teenage Fertility Rates, 2007*

This means that families will ordinarily try to have as many children as possible. Second, infant and child mortality rates are high in these nations. Because parents realise that one or more of their children may die before adulthood, they have more children to "make up" for the anticipated deaths. A third reason is that many parents in low-income nations prefer sons to daughters, and, if a daughter is born, they "try again" for a son.

Fourth, traditional gender roles are often very strong in poor nations, and these roles include the belief that women should be wives and mothers above all. With this ideology in place, it is not surprising that women will have several children. Finally, contraception is uncommon in poor nations. Without contraception, many more pregnancies and births obviously occur. For all of these reasons, then, fertility is much higher in poor nations than in rich nations.

Mortality and Death Rates

Mortality is the flip side of fertility and refers to the number of deaths. Demographers measure it with the crude death rate, the number of deaths for every 1,000 people in a population in a given year. To determine the crude death rate, the number of deaths is divided by the population size, and this result is then multiplied by 1,000.

In 2006 the United States had slightly more than 2.4 million deaths for a crude death rate of 8.1 deaths for every 1,000 persons. We call this a "crude" death rate because the denominator, population size, consists of the total population and does not take its age distribution into account. All things equal, a society with a higher proportion of older people should have a higher crude death rate. Demographers often calculate age-adjusted death rates that adjust for a population's age distribution.

Migration

Another demographic concept is migration, the movement of people into and out of specific regions. Since the dawn of human history, people have migrated in search of a better life, and many have been forced to migrate by ethnic conflict or the slave trade. Several classifications of migration exist. When people move into a region, we call it in-migration, or immigration; when they move out of a region, we call it out-migration, or emigration. The in-migration rate is the number of people moving into a region for every 1,000 people in the region, while the out-migration rate is the number of people moving from the region for every 1,000 people. The difference between the two is the net migration rate. Migration can also be either domestic or international in scope.

Domestic migration happens within a country's national borders, as when retired people from the northeastern United States move to Florida or the Southwest. International migration happens across national borders. When international immigration is heavy, as it has been into the United States and Western Europe in the last few decades, the effect on population growth and other aspects of national life can be significant. Domestic migration can also have a large impact.

The great migration of African Americans from the South into northern cities during the first half of the 20th century changed many aspects of those cities' lives. Meanwhile, the movement during the past few decades of northerners into the South and Southwest also had quite an impact: the housing market initially exploded, for example, and traffic increased.

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Economic Conditions during Muslim Rule

Sushil Kumar

These people [the Bengalis] owe all their tranquility and prosperity to themselves, for its source lies in their devotion to agriculture, whereby a land originally covered with jungle has been reclaimed by their unremitting toil in tilling and planting.

The Political Economy of the Sultanate

The advent of Indo-Turkish rule fundamentally altered Bengal's physical and social landscape. In the mid fourteenth century, for example, the visiting Chinese merchant Wang Ta-yuan noted that the agrarian frontier had pushed far into the delta's hinterland, transforming formerly forested areas into fields of rice paddy (see chapter epigraph above). It was under Muslim rule, too, that Bengal's economy first became thoroughly monetized.

Now it is true that kings of the Chandra dynasty (ca. 825–1035) had minted silver coins, and that from the ninth or tenth century at least the delta's southeastern corner had been integrated into a wider Indian Ocean economy. But in Pala or Sena times, the major part of the delta is not known to have used metal coinage at all. By contrast, from the thirteenth century to the seventeenth, the Muslim rulers' silver coin, the *tanka*, circulated uninterrupted throughout the region.

In fact, the sequence of local conquests and bulges in the money supply suggests that Indo-Turkish rulers were driven into Bengal's hinterland, at least in part, by their thirst for uncoined silver. Each new conquest on Bengal's southern, eastern, or northern frontiers was followed by an expansion in the volume of silver coinage in circulation, the victors minting *tankas* from the accumulated silver stocks of defeated Hindu kingdoms. Sultan Rukn al-Din Kaikaus's conquest of southeastern Bengal in 1291 was followed by a substantial inflow of bullion, for example, which was quickly converted to coinage.

The conquest of the Sonargaon region in eastern Bengal by Sultan Fakhr al-Din Mubarak Shah (r. 1338–49) was also followed by increases

in the silver supply. The same was true of Sultan Sikandar's 1358 conquests in Kamrup, or northern Bengal. The supply of coined silver levelled off during the late fourteenth century, but in 1420, when Sultan Jalal al-Din Muhammad reconquered much of eastern Bengal after an unsuccessful rebellion there, stocks of silver coinage again soared. So did they in 1494 when Sultan 'Ala al-Din Husain Shah reconquered Kamrup in northern Bengal.

In addition to silver coined from the booty of defeated kingdoms in the region, substantial quantities of treasure were imported in exchange for goods locally manufactured for export. As early as 1415 we hear of Chinese trade missions bringing gold and silver into the delta, in addition to satins, silks, and porcelain.

A decade later another Chinese visitor remarked that long-distance merchants in Bengal settled their accounts with *tankas*. The pattern continued throughout the next century. "Silver and Gold," wrote the Venetian traveller Cesare Federici in 1569, "from Pegu [Burma] they carrie to Bengala, and no other kind of Merchandize."

The monetization of Bengal's economy and its integration with markets throughout the Indian Ocean greatly stimulated the region's export-manufacturing sector. Although textiles were already prominent among locally manufactured goods at the dawn of the Muslim encounter in the tenth century, the volume and variety of textiles produced and exported increased dramatically after the conquest.

In the late thirteenth century, Marco Polo noted the commercial importance of Bengali cotton, and in 1345 Ibn Battutah admired the fine muslin cloth he found there. Between 1415 and 1432 Chinese diplomats wrote of Bengal's production of fine cotton cloths (muslins), rugs, veils of various colours, gauzes (Pers., *shana-baf*), material for turbans, embroidered silk, and brocaded taffetas. A century later Ludovico di Varthema, who was in Gaur between 1503 and 1508, noted: "Fifty ships are laden every year in this place with cotton and silk stuffs.

These same stuffs go through all Turkey, through Syria, through Persia, through Arabia Felix, through Ethiopia, and through all India." A few years later Tome Pires described the export of Bengali textiles to ports in the eastern half of the Indian Ocean. Clearly, Bengal had become a major centre of Asian trade and manufacture.

Ashraf and Non-Ashraf Society

Bengal's Muslim society from the thirteenth century through the sixteenth was overwhelmingly urban, concentrated in the sultanate's

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successive capital cities—Lakhnauti from 1204, Pandua from about 1342, and Gaur from about 1432—and in the provincial towns of Satgaon, Sonargaon, and Chittagong.

Although new garrison towns regularly sprang up in the interior, as the numismatic and epigraphic evidence shows (see map 2), the preeminence of the capital cities was assured, since members of the provincial nobility, regardless of where their land assignments were located, had to maintain residences there.

Gaur, especially, was by all accounts a splendid city (see figs. 1 and 2). “One of the best that I had hitherto seen,” wrote Ludovico di Varthema in the early sixteenth century, when it had attained a population of forty thousand. In 1521 a visiting Portuguese described the city as very big, stretching for four leagues along the river and, it is said, extending so far inland that houses are still found beyond six leagues....The town is situated on a large plain which is flat like the whole of the surrounding area.

The streets and lanes are paved with brick like the Lisbon New Street. The market is everywhere and everything—food and other goods alike—is in plentiful supply and very cheap. The streets and cross-lanes are so full of people that [it] is impossible to move and it has reached the point where the high noblemen have taken to being preceded along the road to the palace by men carrying bamboo sticks to push people out of the way.



Fig. 1.: *Dakhil Darwaza from within the citadel of Gaur (ca. 1433–59)*

Foreigners were much impressed by the wealth of long-distance merchants residing in the sultanate’s capitals. In 1415 a Chinese envoy wrote of men in Pandua who “wear a white cotton turban and a long white cotton shirt. On their feet they wear low sheep-skin shoes with gold thread.



Fig. 2.: Ruined ramparts of the citadel of Gaur, looking east from the top of the Dakhil Darwaza.

The smarter ones think it the correct thing to have designs on them. Everyone of them is engaged in business, the value of which may be ten thousand pieces of gold.” Around 1508, Varthema found in Gaur “the richest merchants I have ever met with.” Ten years later, Duarte Barbosa also described wealthy Arabs, Iranians, Abyssinians, and “Indians” of Gaur. “The respectable Moors,” he wrote, walk about clad in white cotton smocks, very thin, which come down to their ankles, and beneath these they have girdles of cloth, and over them silk scarves; they carry in their girdles daggers garnished with silver and gold, according to the rank of the person who carries them....They are luxurious, eat well and spend freely, and have many other extravagancies as well. They bathe often in great tanks which they have in their houses. Every one has three or four wives or as many as he can maintain.

The nobles and merchants described above formed part of the Muslim elite, or *ashraf*, which also included urban Sufis, religious officials (*ulama*), and foreign-born soldiers and administrators. In fact, foreign origin, even if only of one’s ancestors, formed an important, if not defining, element of *ashraf* identity. Writing around 1495, the poet Vipra Das referred to the Muslim preachers (*mullas*) and judges (*qazis*) of Satgaon as “Saiyids,” “Mughals,” and “Pathans”—that is, men claiming an Arab, Central Asian, or Afghan origin. About a century later the poet Mukundaram (fl. 1590), like Vipra Das a native of the southwestern delta, described urban Muslims as men who had immigrated from points west of Bengal. Religious sentiment also inclined *ashraf* Muslims to look westward. In 1505 the patron of a mosque in Sonargaon proudly counted himself as one “who has made a

pilgrimage to Macca and Madina, and has visited the two foot-prints of the Prophet.” Similarly, a 1567 inscription on the congregational mosque in Old Malda compared it with the holy shrine in Mecca, referring to Malda’s house of worship as the “second Ka’aba” (*thanî ka’aba*). For the devout, phrases such as these served to mitigate the great distance separating Bengal from Islam’s holiest shrines in Arabia, tenuously linked to the delta by a long and dangerous sea voyage.

Prominent among the *ashraf* were judges, or *qazîs*, who possessed sufficient expertise in Islamic Law to arbitrate disputes involving fellow Muslims. Below them in status were the *mullas*, the ubiquitous ordinary preachers and the least-educated members of the Muslim establishment. An inscription on the congregational mosque at Satgaon, dated 1529, hints at how these two members of the *ashraf* interrelated:

Because the body of mullas and landholders (arbal) will be cursed by God if they defraud public endowments, it is binding and necessary that governors and qazîs prevent such frauds, so that on the Day of Judgment they will not be seized for their oppressions.

This suggests that the court relied on the *qazîs*, together with governors, to curb what it considered the *mullas*’ fraudulent ways—in this case, a tendency to defraud public endowments. *Qazîs* were also the most visible representatives of royal authority vis-a-vis non-Muslims, since they were charged with maintaining public order generally. In the early sixteenth century, for example, when the devotees of a Hindu cult caused a public disturbance with their ecstatic singing in the West Bengal town of Nadia, local Muslims complained to the town’s *qazî*. Although the judge excused that particular violation of public order, he warned that he would punish future infractions by confiscating the property of violators.

Socially distinct from the *ashraf* were Muslim urban artisans who formed part of Bengal’s growing industrial proletariat. Their organization into separate, endogamous communities (*jati*) with distinctive occupations paralleled the organization of Hindu society in the southwestern delta, and suggests their origins in that society. Mukundaram mentions fifteen Muslim *jatis* in a list of communities inhabiting an idealized Bengali city of his day—weavers (*jola*), livestock herders (*mukeri*), cake sellers (*pithari*), fishmongers (*kabari*), converts from the local population (*garasal*), loom makers (*sanakar*), circumcisers (*hajam*), bow makers (*tirakar*), papermakers (*kagajî*), wandering holy men (*kalandar*), tailors (*darjî*), weavers of thick cord (*benata*), dyers (*rangrej*), users of hoes (*halan*), and beef sellers (*kasai*).

So thoroughly were these groups integrated with Bengali society that by the late sixteenth century, when Mukundaram was writing, it was impossible to conceive of a city that did not have, alongside a long list of Hindu *jatis*, a full complement of Muslim artisan groups.

Moreover, these groups constituted the earliest-known class of Bengali Muslims. Fully five of them—the weavers, loom makers, tailors, weavers of thick ribbon, and dyers, were linked to the growing textile industry, and were probably recruited from amongst existing Hindu castes already engaged in these trades, or from amongst former agriculturalists or unskilled labourers responding to labour demands created by the expanding industry. Government demand appears to have brought into existence still other groups of Muslim artisans. The bow makers, for example, provided weaponry for the kingdom's armed forces, while papermakers would have met both the bureaucracy's appetite for files and the Muslim religious elite's demand for books. In fact, nearly half of the Muslim *jatis* listed by Mukundaram bore Perso-Arabic names, suggesting that they had come into being only after the Turkish conquest.

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The Economic and Social Impact of Colonial Rule in India

Sanjeev Kumar

British imperialism was more pragmatic than that of other colonial powers. Its motivation was economic, not evangelical. There was none of the dedicated Christian fanaticism which the Portuguese and Spanish demonstrated in Latin America and less enthusiasm for cultural diffusion than the French (or the Americans) showed in their colonies. For this reason they westernized India only to a limited degree.

British interests were of several kinds. At first the main purpose was to achieve a monopolistic trading position. Later it was felt that a regime of free trade would make India a major market for British goods and a source of raw materials, but British capitalists who invested in India, or who sold banking or shipping service there, continued effectively to enjoy monopolistic privileges. India also provided interesting and lucrative employment for a sizeable portion of the British upper middle class, and the remittances they sent home made an appreciable contribution to Britain's balance of payments and capacity to save. Finally, control of India was a key element in the world power structure, in terms of geography, logistics and military manpower. The British were not averse to Indian economic development if it increased their markets but refused to help in areas where they felt there was conflict with their own economic interests or political security. Hence, they refused to give protection to the Indian textile industry until its main competitor became Japan rather than Manchester, and they did almost nothing to further technical education. They introduced some British concepts of property, but did not push them too far when they met vested interests.

The main changes which the British made in Indian society were at the top. They replaced the wasteful warlord aristocracy by a bureaucratic-military establishment, carefully designed by utilitarian technocrats, which was very efficient in maintaining law and order.

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The greater efficiency of government permitted a substantial reduction in the fiscal burden, and a bigger share of the national product was available for landlords, capitalists and the new professional classes. Some of this upper class income was siphoned off to the UK, but the bulk was spent in India. However, the pattern of consumption changed as the new upper class no longer kept harems and palaces, nor did they wear fine muslins and damascened swords. This caused some painful readjustments in the traditional handicraft sector. It seems likely that there was some increase in productive investment which must have been near zero in Mughal India: government itself carried out productive investment in railways and irrigation and as a result there was a growth in both agricultural and industrial output. The new elite established a Western life-style using the English language and English schools. New towns and urban amenities were created with segregated suburbs and housing for them. Their habits were copied by the new professional elite of lawyers, doctors, teachers, journalists and businessmen. Within this group, old caste barriers were eased and social mobility increased.

As far as the mass of the population were concerned, colonial rule brought few significant changes. The British educational effort was very limited. There were no major changes in village society, in the caste system, the position of untouchable, the joint family system, or in production techniques in agriculture.

British impact on economic and social development was, therefore, limited. Total output and population increased substantially but the gain in per capita output was small or negligible. It is interesting to speculate about India's potential economic fate if it had not had two centuries of British rule. There are three major alternatives which can be seriously considered. One would have been the maintenance of indigenous rule with a few foreign enclaves, as in China.

Given the fissiparous forces in Indian society, it is likely that there would have been major civil wars in China in the second half of the nineteenth century and the first half of the twentieth century and the country would probably have split up. Without direct foreign interference with its educational system, it is less likely that India would have developed a modernizing intelligentsia than China because Indian society was less rational and more conservative, and the Chinese had a much more homogeneous civilization around which to build their reactive nationalism. If this situation had prevailed, population would certainly have grown less but the average standard of living might possibly have been a little higher because of the bigger upper class,

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and the smaller drain of resources abroad. Another alternative to British rule would have been conquest and maintenance of power by some other West European country such as France or Holland. This probably would not have produced results very different in economic terms from British rule. The third hypothesis is perhaps the most intriguing, *i.e.* conquest by a European power, with earlier accession to independence. If India had self-government from the 1880s, after a century and a quarter of British rule, it is likely that both income and population growth would have been accelerated. There would have been a smaller drain of investible funds abroad, greater tariff protection, more state enterprise and favours to local industry, more technical training-the sort of things which happened after 1947. However, India would probably not have fared as well as Meiji Japan, because the fiscal leverage of government would have been smaller, zeal for mass education less, and religious and caste barriers would have remained as important constraints on productivity.

Establishment of a New Westernized Elite

The biggest change the British made in the social structure was to replace the warlord aristocracy by an efficient bureaucracy and army. The traditional system of the East India Company had been to pay its servants fairly modest salaries, and to let them augment their income from private transactions. This arrangement worked reasonably well before the conquest of Bengal, but was inefficient as a way of remunerating the officials of a substantial territorial Empire because (a) too much of the profit went into private hands rather than the Company's coffers, and (b) an overrapacious short-term policy was damaging to the productive capacity of the economy and likely to drive the local population to revolt, both of which were against the Company's longer-term interests. Clive had operated a 'dual' system, *i.e.* Company power and a puppet Nawab. Warren Hastings displaced the Nawab and took over direct administration, but retained Indian officials. Finally, in 1785, Cornwallis created a professional cadre of Company servants who had generous salaries, had no private trading or production interests in India, enjoyed the prospect of regular promotion and were entitled to pensions. All high-level posts were reserved for the British, and Indians were excluded. Cornwallis appointed British judges, and established British officials as revenue collectors and magistrates in each district of Bengal.

From 1806 the Company trained its young recruits in Haileybury College near London. Appointments were still organized on a system of patronage, but after 1833 the Company selected amongst its

nominated candidates by competitive examination. After 1853, selection was entirely on merit and the examination was thrown open to any British candidate. The examination system was influenced by the Chinese model, which had worked well for 2,000 years and had a similar emphasis on classical learning and literary competence. The Indian civil service was therefore able to secure high quality people because (a) it was very highly paid; (b) it enjoyed political power which no bureaucrat could have had in England.

In 1829 the system was strengthened by establishing districts throughout British India small enough to be effectively controlled by an individual British official who henceforth exercised a completely autocratic power, acting as revenue collector, judge and chief of police (functions which had been separate under the Mughal administration). This arrangement later became the cornerstone of Imperial administration throughout the British Empire. As the civil service was ultimately subject to the control of the British parliament, and the British community in India was subject to close mutual surveillance, the administration was virtually incorruptible.

The army of the Company was a local mercenary force with 20,000-30,000 British officers and troops. It was by far the most modern and efficient army in Asia. After the Mutiny in 1857, the size of the British contingent was raised to a third of the total strength and all officers were British until the 1920s when a very small number of Indians was recruited. Normally, the total strength of the army was about 200,000. This army was very much smaller than those of Mughal India, but had better training and equipment, and the railway network (which was constructed partly for military reasons) gave it greater mobility, better logistics and intelligence.

The higher ranks of the administration remained almost entirely British until the 1920s when the Indian civil service examinations began to be held in India as well as the UK. In addition, there was a whole hierarchy of separate bureaucracies in which the higher ranks were British, *i.e.* the revenue, justice, police, education, medical, public works, engineering, postal and railway services as well as the provincial civil services. India thus offered highly-paid careers to an appreciable portion of the British middle and upper classes (particularly for its peripheral members from Scotland and Ireland).

From the 1820s to the 1850s the British demonstrated a strong urge to change Indian social institutions, and to Westernize India. They stamped out infanticide and ritual burning of widows (*sati*). They abolished slavery and eliminated dacoits (religious thugs) from the highways. They legalized the remarriage of widows and allowed Hindu

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converts to Christianity to lay claim to their share of joint family property. They took steps to introduce a penal code (the code was actually introduced in 1861) based on British law, which helped inculcate some ideas of equality. Under his old Hindu law, a Brahmin murderer might not be put to death, while a Sudra who cohabited with a high-caste woman would automatically suffer execution. Under the new law, Brahmin and Sudra were liable to the same punishment for the same offence.

There was a strong streak of Benthamite radicalism in the East India Company administration. James Mill became a senior company official in 1819 after writing a monumental history of India which showed a strong contempt for Indian institutions. From 1831 to 1836 he was the chief executive officer of the E.I.C. and his son John Stuart Mill worked for the Company from 1823 to 1858. Malthus was professor of economics at Haileybury, and the teaching there for future company officials was strongly influenced by Utilitarianism. Bentham himself was also consulted on the reform of Indian institutions. The Utilitarians deliberately used India to try out experiments and ideas (*e.g.* competitive entry for the civil service) which they would have liked to apply in England. The Utilitarians were strong supporters of *laissez-faire* and abhorred any kind of state interference to promote economic development. Thus they tended to rely on market forces to deal with famine problems, they did nothing to stimulate agriculture or protect industry. This *laissez-faire* tradition was more deeply embedded in the Indian civil service than in the UK itself, and persisted very strongly until the late 1920s. The administration was efficient and incorruptible, but the state apparatus was of a watchdog character with few development ambitions. Even in 1936, more than half of government spending was for the military, justice, police and jails, and less than 3 per cent for agriculture.

One of the most significant things the British did to Westernize India was to introduce a modified version of English education. Macaulay's 1835 Minute on Education had a decisive impact on British educational policy and is a classic example of a Western rationalist approach to Indian civilization. Before the British took over, the Court language of the Mughals was Persian and the Muslim population used Urdu, a mixture of Persian, Arabic and Sanskrit. Higher education was largely religious and stressed knowledge of Arabic and Sanskrit. The Company had given some financial support to a Calcutta Madrasa (1781), and a Sanskrit college at Benares (1792), Warren Hastings, as governor general from 1782 to 1795 had himself learned Sanskrit and Persian, and several other Company officials were oriental scholars.

One of them, Sir William Jones, had translated a great mass of Sanskrit literature and had founded the Asiatic Society of Bengal in 1785. But Macaulay was strongly opposed to this orientalism: "I believe that the present system tends, not to accelerate the progress of truth, but to delay the natural death of expiring errors. We are a Board for wasting public money, for printing books which are less value than the paper on which they are printed was while it was blank; for giving artificial encouragement to absurd history, absurd metaphysics, absurd physics, absurd theology... I have no knowledge of either Sanskrit or Arabic... But I have done what I could to form a correct estimate of their value... Who could deny that a single shelf of a good European library was worth the whole native literature of India and Arabia... all the historical information which has been collected from all the books written in the Sanskrit language is less valuable than what may be found in the most paltry abridgements used at preparatory schools in England."

For these reasons Macaulay had no hesitation in deciding in favour of English education, but it was not to be for the masses: "It is impossible for us, with our limited means to attempt to educate the body of the people. We must at present do our best to form a class who may be interpreters between us and the millions whom we govern; a class of persons, Indian in blood and colour, but English in taste, in opinions, in morals, and in intellect. To that class we may leave it to refine the vernacular dialects of the country, to enrich those dialects with terms of science borrowed from the Western nomenclature, and to render them by degrees fit vehicles for conveying knowledge to the great mass of the population".

Until 1857 it was possible to entertain the view (as Marx did) that the British may eventually destroy traditional Indian society and Westernize the country. But activist Westernizing policies and the attempt to extend British rule by taking over native states whose rulers had left no heirs provoked sections of both the Hindu and Muslim communities into rebellion in the Mutiny of 1857. Although the Mutiny was successfully put down with substantial help from loyal Indian troops including the recently conquered Sikhs, British policy towards Indian institutions and society became much more conservative. The Crown took over direct responsibility and the East India Company was disbanded. The Indian civil service attracted fewer people with innovating ideas than had the East India Company and was more closely controlled from London.

The British forged an alliance with the remaining native princes and stopped taking over new territory. Until the end of their rule about

a quarter of the Indian population remained in quasi-autonomous native states. These had official British residents but were fairly free in internal policy, and the effort of Westernization came to a standstill.

The education system which developed was a very pale reflection of that in the UK. Three universities were set up in 1857 in Calcutta, Madras and Bombay, but they were merely examining bodies and did no teaching. Higher education was carried out in affiliated colleges which gave a two-year B.A. course with heavy emphasis on rote learning and examinations. Drop-out ratios were always very high. They did little to promote analytic capacity or independent thinking and produced a group of graduates with a half-baked knowledge of English, but sufficiently westernized to be alienated from their own culture. It was not until the 1920s that Indian universities provided teaching facilities and then only for M.A. students. Furthermore, Indian education was of a predominantly literacy character and the provision for technical training was much less than in any European country. Education for girls was almost totally ignored throughout the nineteenth century. Because higher education was in English, there was no official effort to translate western literature into the vernacular, nor was there any standardization of Indian scripts whose variety is a major barrier to multi-lingualism amongst educated Indians.

Primary education was not taken very seriously as a government obligation and was financed largely by the weak local authorities. As a result, the great mass of the population had no access to education and, at independence in 1947, 88 per cent were illiterate. Progress was accelerated from the 1930s onwards, but at independence only a fifth of children were receiving any primary schooling.

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Trade with Europe

Dr. Mrityunjay Narayan Lokesh

India—The Roaring Trade Partner

Right from ancient times till the establishment of the British Empire, India was famed for her fabulous wealth. Even during the medieval period, *i.e.* roughly from the 12th to the 16th centuries, the country was prosperous despite the frequent political upheavals. A notable feature of this period was the growth of towns in various parts of the country. This development was the result of the political and economic policies followed by the Muslim rulers. These towns grew into trade and industrial centres which in turn led to the general prosperity. During the Sultanate period, which lasted from the early 13th to the early 16th centuries, the economy of the towns flourished. This was due to the establishment of a sound currency system based on the silver tanka and the copper dirham. Ibn Batuta the 14th century Moorish traveller had visited India during the Sultanate period. He had described the teeming markets of the big cities in the Gangetic plains, Malwa, Gujarat and Southern India. The important centres of trade and industry were Delhi, Lahore, Bombay, Ahmedabad, Sonargaon and Jaunpur. Coastal towns also developed into booming industrial centres with large populations.

During the two hundred years of Mughal rule *i.e.* from the 16th to the 18th centuries the urbanisation of India received a further impetus. The Mughal era witnessed the establishment of a stable centre and a uniform provincial government. During this age of relative peace and security, trade and commerce flourished. The burgeoning foreign trade led to the development of market places not only in the towns but also in the villages. The production of handicrafts increased in order to keep up with the demand for them in foreign countries.

The prime urban centres during the Mughal era were Agra, Delhi, Lahore, Multan, Thatta and Srinagar in the north. The important cities in the west included Ahmedabad, Bombay (then known as Khambat), Surat, Ujjain and Patan (in Gujarat). The flourishing trade centres in the eastern part of the country were Dacca, Hoogli, Patna, Chitgaon and Murshidabad. Most of these cities boasted of sizeable populations.

Products and Manufactures

The accounts of foreign travellers contain descriptions of the wide variety of exquisite goods sold in the markets of those days. India was famous for its textiles, which formed one of the chief items of export. Duarte Barbosa a Portuguese official in Cochin in the early 16th century described Gujarat, in the western region as a leading cotton trade centre. Textiles from Gujarat were exported to the Arab countries and to Southeast Asia. Patola, which is a kind of silk dyed in natural colours, was highly popular in Southeast Asia. It was very much in demand among the wealthy classes in Malaysia, Indonesia, and the Phillipines.

In the east Bengal was another important region for a wide variety of textiles. Ibn Batuta the 14th century Moorish traveller saw many cotton trade centres during his sojourn in Bengal. Silks were also manufactured there. The textile products included quilts of embroidered tussar, or munga on a cotton or jute, silk and brocade edged handkerchiefs. Dhaka muslin was renowned for its fineness. Kasimbazaar in Bengal was an important trade centre for cotton and silk goods. Sirbund, a type of cloth used for tying turbans was manufactured in Bengal. It was highly popular in Europe.

Similarly, Malabar in Kerala was also famous for its coloured and printed cloth material. The other important textiles producing centres in the south were Golconda, Shaliat and Pulicat. The last two were major trading centres for a wide variety of cottons. Golconda was famous for its Kalamkaaris. These were finely painted cotton fabrics with motifs from Hindu mythology. They were exported through the port city of Masulipatnam. Palampores, which were another variety of painted fabrics, were popular in the Mughal and Deccan courts. These were bedspreads made of Calico cloth. The borders of these pieces were block printed while the centre depicted deoicted the 'Tree of Life' motif made by hand. Indian textiles whether from Bengal, Gujarat or the South were highly appreciated abroad for their fine texture, elaborate design and brilliant colours.

Hardwood furniture, embellished with inlay work was a very popular item. The furniture was modelled on the European design but the expensive carvings and inlays were inspired by the ornate Mughal style. The production centres were in Sindh, Gujarat and the Deccan. Mother-of pearl inlay against a black lac background was a traditional design in Gujarat.

Carpets were used both in ancient and medieval India but it was in the 16th century during the Mughal era that the skill of carpet weaving

touched new heights. It had become an important profession by then and all the major courts of the country encouraged it. The carpets produced during the Mughal era depicted either animals in combat or flowers. The flowers were woven so meticulously that they could be easily identified. The affinity of the Great Mughals with nature is evident from the designs of the carpets made during their times.

Many varieties of ornamental work in cut stones, ivory, pearl and tortoise shells were produced in South India. Pearl fishing was a major industry here. Diamonds were procured from the Deccan while sapphires and rubies were imported from Pegu and Ceylon. Major centres were established at Pulicat, Calicut and Vijaynagar for cutting and polishing these stones.

Indian arts and crafts were patronised by Indian rulers. They were unmatched for their beauty and skill and were popular in the European countries. During the Mughal era the European traders used to employ local artisans at the manufacturing centres set up by them at various places in India.

Domestic Trade

Foreign travellers gave extensive accounts about domestic trade in medieval India. Ibn Batuta had described Delhi as a major trade centre. The most superior quality rice and sugar from Kannauj, wheat from Punjab and betel leaves from Dhar in Madhya Pradesh found their way to the markets of Delhi.

Well-maintained roads linking various parts of the country facilitated domestic trade. The threat from bandits did not in any way affect the flow of goods as merchants travelled in well-armed groups to ensure their security. According to Barbosa's account, trade between Gujarat and Malwa was possible owing to the routes established in this area. The roads facilitated the exchange of goods between the different parts of the country. Limbodar in Gujarat and Dabhol in Maharashtra were major trade centres, which linked the northern and southern halves of the country. Accounts of foreign travellers give instances of the trade between Vijaynagar and Bhatkal in Goa with 5000-6000 bulls carrying goods between the two places. Vijaynagar traded in diamonds with other southern cities.

River routes also facilitated trade between different parts of the country. Boats carrying goods used to ply on the Indus and the Ganges. Some of the merchants had their own large boats.

Different communities dominated trade in various parts of the country. Multani and Punjabi merchants handled the business in the

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north, while in Gujarat and Rajasthan it was in the hands of the Bhats. Foreign traders from Central Asia, known as Khorasanis engaged in this profession all over India. Members of the nobility and the royalty took an interest in trading activities. They set up their own manufacturing centres wherein local artisans were employed.

Internal trade flourished due to the organised system set up by the government. The 14th century Sultan Alauddin Khilji for instance, used to strictly supervise the market places. Shopkeepers, who were caught violating the rules, were severely punished. However, the trading community used to face unfair treatment from the government officials. Sometimes they were forced by these officials to sell their products at reduced rates or on credit, thus incurring heavy losses in the process. The price list fixed by the government brought in low returns for the traders.

During the period of the later Mughals in the 18th century, the royalty and the nobility either purchased luxury goods at very low prices or did not pay at all. Such circumstances forced the trader to hoard his wealth and lead a frugal existence.

Foreign Trade

India's exports far exceeded her imports both in the number of items as well as in volume. The chief articles of import were horses, from Kabul and Arabia, dry fruits and precious stones. India also imported glassware from Europe, high grade textiles like satin from West Asia, while China supplied raw silk and porcelain. Foreign luxury goods were highly popular among the royalty and the nobility. These included wines, dry fruits, precious stones, corals, scented oils, perfumes and velvets.

During the Sultanate period articles of everyday use as well as luxury articles were exported to Syria, Arabia and Persia from Bengal and Cambay. These included silks, gold-embroidered cloth caps, exquisitely designed clay pots and pans, guns, knives and scissors. The other prime articles of export were sugar, indigo, oils, ivory sandalwood, spices, diamonds and other precious gems and coconuts.

Arab traders shipped Indian goods to European countries through the Red Sea and the Mediterranean ports. Indian products were also sent to East Africa, Malaya, China and the Far East. In China, Indian textiles were valued more than silk. Trade was also conducted through overland routes with Afghanistan, Central Asia and Persia. The route lay through Kashmir, Quetta and the Khyber Pass. Iraq and Bukhara were the other countries with which India conducted trade via the land route.

Foreign trade was in the hands of both local and foreign merchants. Many European travellers had settled in the coastal regions. Limbodar in Gujarat was a major exporting centre. Horses imported from Arabia were sent from the port of Bhatkal in Goa to the southern kingdoms. Imports like bronze, iron, wax, gold and wool were brought in through Goa, Calicut, Cochin and Quilon. The traders of Malabar, Gujarat and foreign settlers controlled business in the port cities of Calicut, Khambhat, and Mangalore. Chinese ships docked at Quilon and Calicut while in Khambhat the volume of trade was such that 3000 ships visited this port annually. This fact gives an idea of the magnitude of India's foreign trade during the medieval period.

Trade with China and Southeast Asia was mainly carried on through the port of Sonargaon now known as Dacca. Vijaynagar, which was the richest and most extensive state in the 15th and 16th centuries, enjoyed the most voluminous maritime trade with diverse countries such as Persia, Arabia, Africa, the Malayan Archipelago, Burma, China and the numerous islands in the Indian Ocean. The magnitude of trade can be surmised from the fact that there were 300 ports to facilitate the movement of goods. The shipbuilding industry flourished in the coastal towns.

The city of Vijaynagar was a teeming marketplace for both exports and imports. The fabulous wealth of the Empire left the foreigners dumbfounded. The people, irrespective of which strata of society they belonged to, possessed vast quantities of gold, diamonds and material wealth. Domingo Paes described the citizens as being heavily bejewelled. Abdur Razzak, the Khurasani ambassador to the court of Vijaynagar, refers to the treasury which had chambers filled with molten gold.

The merchant community in the other parts of the country was a prosperous lot. The Gujarati and Marwari businessmen who controlled the trade between the coastal towns and North India were extremely wealthy and spent large sums for the construction of temples. The Multanis who were Hindus and the Khurasanis who were Muslim foreigners controlled the trade with Central and West Asia. Many of these Multanis and Khurasanis settled in Delhi where they lived luxurious lives. Cambay was also home to an affluent mercantile community.

Thus India had always enjoyed a favourable balance in her trade relations with other countries. Her earnings from the export of textiles, sugar, spices and indigo alone went up to crores of rupees. The state coffers were amply stocked with gold and silver.

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Zamindari Systems

Amitendra Kumar

Zamindar: The term zamindar is derived (from the Persian *zamin* or land, and *dar* which is an inflexion of the verb *dashtan*, denoting to have, hold or possess) has passed into the historical vocabulary of medieval India to signify the superior landed interest. Zamindars during the Mughal period came to denote all rent receivers above the actual cultivators. They were merely possessors of proprietary right in the collection of rent but not in land. The holders of land on the other hand were the Raiyats (peasants) in whose names *jamabandis* or rent-rolls were prepared. In this sense zamindars were mere farmers of revenue-intermediaries between the government and the inferior revenue farmers, excluding the *huzuri* (independent) talukdars who paid revenues straight to the *khalsa* (exchequer) and the peasants.

The appellation zamindar, a straightforward translation from the current native terms *bhuiyan* or *bhupati*, signifies hereditary landholder in pre-Mughal India. The Mughals fashioned the existing land tenure into a new mechanism to serve their economic and political interests. However, the traditional power structure and modes of production were little affected. The zamindari institution as it developed under the Mughals lacked uniformity in its characteristics, even in the subah of Bengal, Bihar and Orissa itself. In Bengal, unlike some parts of India, land was not directly controlled by the Crown. Akbar's Regulation System (1582) that aimed at direct settlement with the individual cultivators was not feasible in the distant province of Bengal for various reasons, including peculiar geographical and climatic conditions. In pre-modern Bengal land was not only a factor of production but also a status symbol and a source of social and political influence. Hence land control offered manifold prospects to all aspirants. With the Mughal conquest of Bengal zamindar became a generic title embracing people with different kinds of landholdings and rights that ranged from the autonomous or semi-independent chieftains to the peasant-proprietors. The independent or semi-independent chieftains, humbled or befriended, became *peshkashi* (tribute-paying) subordinate

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allies keeping their administrative autonomy virtually unimpaired. The rest were mostly mal-wajibi (land revenue paying) who collected revenue for the Mughals. Unlike the autonomous or frontier chiefs, the hereditary status of the rest of the zamindar class was circumscribed by the Mughals, and the heir depended to a certain extent on the pleasure of the sovereign. They were removable for insurgency or failure to pay the stipulated revenue. In return for their services, they enjoyed perquisites, khilats (robes of honour), and titles depending upon their status, resources and some other factors.

In pre-modern India, civil administration mainly revolved round the management of revenue affairs. Hence the assignment of land carried with it a host of administrative responsibilities. Zamindars were required to prepare details of revenue assessment, collect rent from the peasants and remit it to the state authorities and were also obliged to assist the imperial officers in the peace-keeping of the locality and to supply troops whenever needed. The superior landed interests who derived their strength and authority partly from the share of the produce and partly from their traditional superior position in the locality were well-suited to perform the state functions reposed in them by the imperial sanads.

Though the basic rights and duties of zamindars remained the same until the introduction of the Permanent Settlement (1793), some changes were occasionally brought in the structure of land control system to suit the needs of the ruling elite. Thus, the Todarmal Settlement (1582) which had initiated the zamindari system in the far-flung subah of Bengal continued till 1658 when some vigour was put into it by the revenue settlement of Subahdar Shah Shuja (1657), followed by Subahdar Murshid Quli's mal-zamini (land revenue) system in 1722. To achieve the goal of maximisation of public revenue and its punctual remittance, Murshid Quli divided the province into 13 chaklahs (administrative divisions) instead of the previous 34 sarkars and placed the smaller zamindars under the jurisdiction of chaklahdars who were none other than the larger zamindars. Chaklahdars, installed as stewards over their juniors were officials, not owners, to ensure an efficient collection of revenues. But the policy of making the principal zamindars immediately responsible to the khalsa for the imperial share of the revenue added to their traditional power and position. In addition, various government assignments offered to the promising zamindars provided wider scope to enhance their standing in the court and

furtherance of their own cause. The process of change from revenue-managers to landlords was complete by the middle of the 18th century.

The foremost duty of zamindars was the collection and punctual remittance of the revenue and in most cases, it is this pivotal role that determined their relationship with the government. The sanad conferring zamindari rights obliged zamindar to 'conciliate and encourage the raiyats and promote the advancement of cultivation, the improvement of the country, and the increase of its produce'. The revenues to be paid by zamindars were of three sorts: (1) the mal, made up of rents from arable land and uncultivated lands containing woods, groves, marshes and ponds; (2) the sair, the next important source of revenue that consisted of tolls and excise collected on river traffic and markets and of fees paid by the various service classes; and (3) baze-jama in the form of fines, forfeitures and marriage fees. The stipulated amount to be paid by zamindars was decided upon neither by a proper measurement of land nor by an assessment of the produce thereof, but by a sort of summary assessment known as nasaq. Zamindars paid a fixed sum which, however, was subject to arbitrary increase by the Nawab, though the power was seldom exercised. The revenue demand on the mal-wajibi zamindars was fixed on arable lands. Zamindars obliged to reclaim the wastelands and forests were empowered to dispose them of. The wastelands, extensively used as charity and religious endowments, created under-tenure holders of various denominations. The reclaimed land, often passed by the name of khamar; the produce of which was shared by the tillers and zamindars, formed a permanent source of additional income to zamindars. In large zamindaris the rentals were usually much lower than their real value. The government being aware of the fact levied occasional ABWABs or cesses on zamindars.

While the revenue demand on zamindars was fixed by the rent-roll, the rental burden on an individual raiyat was assessed by zamindars. The scant information available renders it difficult to ascertain the exact rate of rent. As man-land ratio was always in favour of man, zamindars could not afford to be oppressive on their raiyats. To keep them on the estate, zamindars found it to their interests to protect the rights and traditional privileges of the raiyats.

All categories of zamindars under the Mughals were required to perform certain police, judicial and military duties. With elements of both fiscal and political power at their disposal, zamindars exercised enormous local influence that made them the most undisputed

potentates within the bounds of their territories. However, a full-fledged police system did not develop in rural Bengal during the period and hence some revenue staff were simultaneously entrusted with police duties. For instance, the gram-saranjami paiks who were employed primarily to assist zamindars in the collection of rents and guard the crops on the fields, were also made responsible for apprehension of thieves and robbers and preservation of peace, law and order in public places such as haats and bazaars, and fairgrounds. The regular police forces of big zamindars were organised and controlled within a system of thanas which were the largest police units, and under these came the smaller posts known as chaukies or pharies. In the heyday of the Mughals, the faujdar retained supreme authority over the thanas, nominally placed under the zamindari control. In the nawabi Bengal the thanas gradually fell under the control of the monopolistic zamindari estates.

The territorial zamindars had judicial powers. Naturally, judge-magistracy, as an element of state authority conferred status with attendant power, which really made them the lords of their domains. They held regular courts, called zamindari adalat. The courts fetched them not only power and status but some income as well by way of fines, presents and perquisites. The petty zamindars also had some share in the dispensation of civil and criminal justice. The chaudhuris, who were tiny zamindars in most cases, had authority to deal with the complaints of debts, thefts and petty quarrels and to impose paltry fines. Having no penal establishments, the smaller zamindars would refer the serious cases meriting confinement or capital punishments to the nearby qazi or thanedar. In caste disputes, the high caste zamindars of good reputation were the most desired arbiters. But some prime zamindars, though low in caste ladder were seen to decide caste disputes under the dictates of exigencies. In fact, when the local Panchayet (council of elders) failed to satisfy the aggrieved party, appeals were lodged to zamindars. Although the zamindari bichar (trial) was easily accessible, speedy and often cheap, the custom of vesting both executive and judicial functions in one person had its inherent weaknesses. Some zamindars might turn out tyrants to the tenantry by taking the advantage of local autonomy. To obviate such prospect, the government always kept vigilance on the activities of individual zamindars.

Zamindars, specially the principal ones, were required to furnish military assistance to the faujdars or military governors stationed at the faujdari circles with a limited number of troops and drought animals

in the event of serious rebellions or external invasions. Since the Mughals did not maintain a large standing army, they had to depend heavily on the indirect recruits of soldiers drafted from the territorial chiefs, clan or caste leaders. Some zamindars were even enrolled personally into the imperial service as mansabdars (nobles, holding military titles or ranks) and were remunerated in grants of Jagirs, proportionate to their status. Moreover, torrential monsoon rain in the flat and riverine Bengal rendered the cavalry and artillery almost useless except in the dry season. In such a situation, to fight against the rebellious chiefs, the Magh and Feringi pirates who had been intermittently raiding the southern and eastern frontiers of Bengal, the Mughals had to depend greatly on the military assistance of the zamindars who were obliged to provide the troops with victuals and other daily necessities and to cut off supplies to the enemies of the government. The great territorial zamindars were empowered to keep armed establishments and construct forts with a view to defending their territories, protecting Agriculture, Trade and Commerce, ensuring the safe despatch of the revenues and keeping the raiyats under control. But the erosion of the imperial authority and the subsequent unsettled condition of the subah considerably weakened the nawab's hold on the landed gentry, who changed their loyalties as the tide of conflicts between the nawab and the Marathas or the Nawab and the English East India Company flowed and ebbed.

Zamindars developed a system of zamindari management of their own through their privileged hereditary position and built up their courts and a style of private life vying with each other in pomp and grandeur. The landed aristocracy of the pre-British period included few absentee zamindars. Those who retained their official position as qanungos or chowdhuris were zamindars of the same locality. Consequently, the social life and public activities of the landed class were usually confined within the bound of their 'little kingdoms'.

Their luxurious lifestyle boosted local crafts and small-scale industries like fine quality cotton textiles, exquisite silks, jewellery, decorative swords and weapons. Again, the extravagance of the prime zamindars in socio-religious festivities helped in no less degree the circulation of wealth in the society. Their durbars (courts) were modelled after the nawabs', and the Mughal dress, food, art and architecture were emulated which paved the way for a synthesis between the Turko-Persian and the indigenous cultures.

Zamindars under the Mughals were, in fact, more the public functionaries than revenue collecting agents. Although zamindaris were

allowed to be held hereditarily, the holders were not considered to be the proprietors of their estates. The zamindari estates, which were never divisible between the successor of the incumbents or transferable to others, were then not inherited but obtained by a successor of the deceased incumbent with a fresh sanad from the government. The sarkar or government had always reserved the right to cancel or forfeit such sanads any time. A sanad was a charter of inviolable rights and responsibilities on the part of the zamindar. A zamindar continued his status through good conduct, not through any right. A failure of revenue payment punctually did not lead automatically to foreclosure of the zamindari right to the state unless it was deliberately done contumaciously or through any conspiratorial motive. A zamindar could seek relief from the government when raiyats failed to pay revenue due to natural disasters or any other factor beyond their control.

Despite the cooperation and services rendered by the zamindar class to the causes of the Mughal government, the inherent clash of interest between the two remained unresolved. The erosion of the imperial authority following the death of Aurangzeb (1707), the succession wars for the viceregal throne, the wrangling of parties at the nawab's court coupled with the entry of the East India Company in the political arena of Bengal, increased the dependence of the nawabs on zamindars. The big zamindars, in league with the emerging banking class and the Company entered the mainstream of politics, aligning themselves with the contenders for the nawabi. Thus, the role of zamindars impacted profoundly on political and financial turmoil. With the government inaction buttressed by the inefficiency and corruption of the officers, the powers of zamindars continued to grow unabated till the transfer of the Diwani (revenue authority) to the East India Company in 1765.

The zamindari institution of the Mughal times had undergone revolutionary changes under the colonial regime when zamindars lost many old rights and privileges and gained many new, and when the modified institution was exposed to constant metamorphosis until its formal dissolution in 1951.

The acquisition of the Diwani of Bengal, Bihar and Orissa by the East India Company was the first step towards the new status of zamindars. But until 1772, when zamindars were replaced by revenue farmers, the institution did not suffer much structural changes. Naib Diwan Syed Muhammad Reza Khan, who managed Diwani administration on behalf of the Company, was a strong believer in the Mughal Revenue System, and hence during his administration zamindars could somehow sustain their status, though the period was

already marked by erosion of zamindari powers. Without a formal declaration, zamindars were shorn of their traditional powers and privileges and reduced to mere revenue collectors.

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India's De-industrialisation in the 18th and 19th Centuries

Sanjeev Kumar

Introduction

The idea that India suffered de-industrialisation during the 19th century has a long pedigree. The image of skilled weavers thrown back on the soil was a powerful metaphor for the economic stagnation Indian nationalists believed was brought on by British rule. However, whether and why de-industrialisation actually happened in India remains open to debate. Quantitative evidence on the overall level of economic activity in 18th and 19th century India is scant, let alone evidence on its breakdown between agriculture, industry, and services. Most of the existing assessments of de-industrialisation rely on very sparse data on employment and output shares. Data on prices are much more plentiful, and this paper offers a new (price dual) assessment of de-industrialisation in 18th and 19th century India supported by newly compiled evidence on relative prices. A simple model of de-industrialisation links relative prices to employment shares. We think the paper sheds new light on whether and when de-industrialisation happened, whether it was more or less dramatic in India than elsewhere, and what its likely causes were.

The existing literature primarily attributes India's de-industrialisation to Britain's productivity gains in textile manufacture and to the world transport revolution. Improved British productivity, first in cottage production and then in factory goods, led to declining world textile prices, making production in India increasingly uneconomic (Roy 2002). These forces were reinforced by declining sea freight rates which served to foster trade and specialisation for both Britain and India. As a result, Britain first won over India's export market and eventually took over its domestic market as well. This explanation for de-industrialisation was a potent weapon in the Indian nationalists' critique of colonial rule. The historical literature suggests a second explanation for de-industrialisation in the economic malaise India suffered following the

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dissolution of Mughal hegemony in the 18th century. We believe the turmoil associated with this political realignment ultimately led to aggregate supply-side problems for Indian manufacturing, even if producers in some regions benefited from the new order.

Like the first, a third explanation for India's de-industrialisation also has its roots in globalisation forces: India's commodity export sector saw its terms of trade relative to textiles improve significantly in the late 18th century and it drew workers away from textiles. We will argue that these explanations are complementary and that each makes a contribution to our overall understanding of India's de-industrialisation experience.

Before proceeding to our argument and evidence, we first offer a precise definition of de-industrialisation and elaborate on its likely causes. We develop some initial intuition using a simple 2-good 3-factor framework. Suppose an economy produces two commodities: agricultural goods, which are exported, and manufactured goods, which are imported. Suppose it uses three factors of production: labour, which is mobile between the two sectors; land, which is used only in agriculture; and capital, which is used only in manufacturing. Further suppose that this economy is what trade economists call a "small country" that takes its terms of trade as exogenous, dictated by world markets. Given these assumptions, de-industrialisation can be defined as the movement of labour out of manufacturing and into agriculture, either measured in absolute numbers (what we call strong de-industrialisation), or as a share of total employment (what we call weak de-industrialisation).

While de-industrialisation is easy enough to define, an assessment of its short and long run impact on living standards and GDP growth is more contentious and hinges on the root causes of de-industrialisation. One possibility is that a country deindustrialises because its comparative advantage in the agricultural export sector has been strengthened by productivity advance on the land at home or by increasing openness in the world economy, or both. Under this scenario, GDP increases in the short-run. If productivity advance on the land is the cause, nothing happens to the terms of trade unless the small country assumption is violated, in which case they deteriorate. If increased openness is the cause, the country enjoys an unambiguous terms of trade improvement as declining world trade barriers raise export prices and lower import prices in the home market. Whether real wages also increase depends on the direction of the terms of trade change and whether the agricultural good dominates workers' budgets. Whether GDP increases in the long run depends on whether industry generates accumulation and productivity externalities that agriculture does not. If industrialisation is a carrier of growth-as most growth

theories imply-then de-industrialisation could lead to a growth slowdown and low-income equilibrium that gives the idea of de-industrialisation its power in the historical literature. A second possibility is that a country deindustrialises due to a deterioration in home manufacturing productivity and/or competitiveness. In this case, and still retaining the small country assumption, nothing happens to the terms of trade, but real wages and living standards will deteriorate, and so will GDP. The economic impact of de-industrialisation from this source is unambiguous.

In order to make this theoretical framework flexible enough to handle the causes of de-industrialisation we believe most important, we need to add a non-tradable grain sector. The three sectors considered in the rest of the paper are: agricultural commodity exports, which are tradable on world markets and include industrial intermediates (such as raw cotton and jute) and high-value consumer goods (such as opium and tea); manufacturing, which is primarily textiles and metal products and is also tradable; and grains, which are non-tradable and include rice, wheat and other food staples.

We will build up our account of India's de-industrialisation as follows. In Section 2 we present a theoretical narrative of India's de-industrialisation experience, drawing on evidence from the historical literature. Section 3 reviews existing attempts to measure India's de-industrialisation. We then present a simple general equilibrium model of de-industrialisation in Section 4 to formalize our predictions about relative prices and their relationship to employment shares. Section 5 presents three price series-commodity agricultural exports (p_C), manufactured textiles (p_T) and non-tradable grains (p_G), three intrasectoral terms of trade series- p_C/p_T , p_C/p_G and p_T/p_G , three wage series-the grain wage, the own-wage in the import competing sector, and the own-wage in the export sector, and the external terms of trade. We will then assess this evidence in relation to the theoretical narrative and model, and also compare the relative price experience of India with its primary competitor during this period, England. Section 6 compares India's deindustrialising terms-of-trade shocks with those from other parts of the periphery, and section 7 concludes.

A Narrative Account of India's De-industrialisation

Our narrative account of India's de-industrialisation embraces the three contending de-industrialisation hypothesis, and traces the roots of de-industrialisation well back into the 18th century. Two continent-wide political changes ground our understanding of India's 18th century: The dissolution of the Mughal empire into a constellation of small successor states followed after a time by the initial phase of

reintegration of these states under the East India Company. Historians have long thought that India saw an overall economic decline during the 18th century, following the collapse of Mughal authority. This proposition has recently become controversial, and we will stake out our position in favour of it below.

We believe the dissolution of Mughal hegemony affected manufacturing through several channels.

The first was a reduction in overall agricultural productivity. Reduced agricultural productivity would be reflected in an increase of the price of grain, the key non-tradable, and therefore in the relative price of non-tradeables to tradables (such as textiles). To the extent that grain was the dominant consumption good for workers and that the grain wage was close to subsistence, this negative productivity shock should have put upward pressure on the nominal wage in cotton spinning and weaving. Cotton textile wages started from a low nominal but high real base in the mid-18th century (Parthasarathi 1998; Allen 2001). Competitiveness in textile manufacturing is negatively related to the own real wage w/pT , the nominal wage divided by the price of textiles. Declining textile prices and rising nominal wages put downward pressure on "profits" from both below and above. If India experienced it, an increase in the own wage in textiles would have hurt the competitive edge India had relative to its 18th century competitors in third-country export markets, such as the booming Atlantic economy. A decline in 18th century agricultural productivity in India suggests that even before factory-driven technologies appeared between 1780 and 1820, Britain was already beginning to wrest away from India its dominant grip on the world export market for textiles.

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Informal Sector and Problem of Informal Workers in Saharsa Municipal Area

Anant Kumar

Introduction

Informal Sector play a major role in employment generation especially for the developing world. It is well known that a major part of the workforce in India and other developing countries work in informal sector. Informal sector has become an increasingly popular subject of study, not just in economics, but also in sociology and anthropology. Keith Hart was the first person to introduce the term 'Informal Sector'. He introduced it while making a presentation on "Informal income opportunities and urban employment in Ghana" in Institute of Development Studies (IDS) in September 1971 at a conference co-organized by Rita Cruise O'Brien and Richard Jolly on urban employment in Africa months before International Labour Organisation (ILO) employment mission to Kenya came with its report "*Employment Incomes and Equality*" (Jolly, 2006). Hart distinguished formal and informal (both legitimate and illegitimate) income opportunities on the basis of whether the activity entailed wage or self-employment (Hart, 1973). Therefore the concept of informal sector used by Hart was limited to small self-employed individual workers. Although Hart's concept of informal sector had some limitations, the introduction of this concept made it possible to incorporate activities that were previously ignored in theoretical models of development and in national economic accounts (Swaminathan, 1991).

Though the term 'informal sector' gained currency after ILO evolved a conceptual framework and guidelines for the collection of statistics on informal sector, there has not been any single definition of informal/unorganised sector in India. Informal sector is a matter of discussion among the academics, policy makers etc. from the beginning as a large chunk of workforce employed in this sector.

Different criteria are used to identify the informal sector but none of them was universally applicable in different empirical situations

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(papola, 1981). A study by Mitra (2001) based on fourth economic census of India took the criteria of own account enterprises and employment establishments employing one to nine workers to identify the informal sector.

The different organizations of India like National Sample Survey Organisation (NSSO), Directorate General of Employment and Training (DGET) etc used varying definitions of informal/unorganised sector depending on the specific requirements of each organisation. Keeping in view the absence of a uniform definition of informal/unorganised sector in India the National Commission for

Enterprises in the Unorganised Sector (NCEUS) set-up a Task Force to review the existing definitions and formulated harmonized definitions of informal/unorganised sector employment and informal/unorganised employment.

Aims and Objective

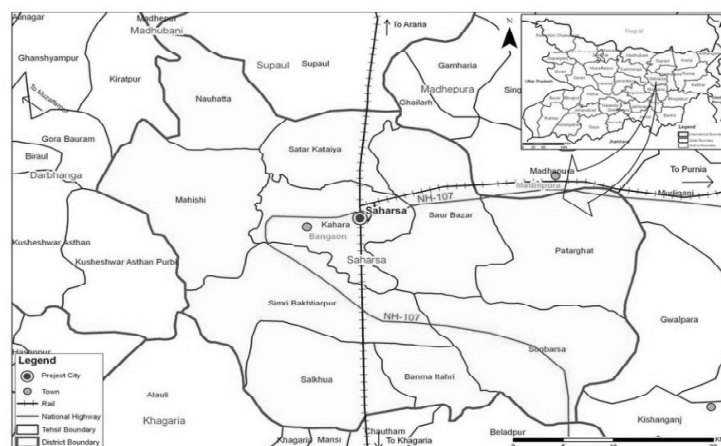
- i. The objective of the paper to study informal sector employment and informal employment scenario across the sector.
- ii. Analysis a issues challenges and problems of informal workes in different sectors.

Data Base

For arriving at valid conclusion and attempt will be made to take use of secondary source of data. Secondary data will be collected from census office, Municipal office and other government agencies.

Study Area

LOCATION MAP - SAHARSA TOWN



The study Area 'Saharsa municipal area' is the part of saharsa district. Saharsa town is situated in north Bihar plain to the west of

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‘Kosi River’. It is flat alluvial plain. Saharsa town is situated between 25° 50' N to 25°55' N latitude and 86°33' E to 86°39' E longitude. Average elevation of this area from sea level is 41 metres. Saharsa Municipal Area, also known as Saharsa town, is divided into 40 wards and covers an area of 21.13 sq. km. It is an urban centre. The population of the town was 1.56 lakh as per census 2011.

Definitions of Informal Sector

International Definition

As per SNA (1993), the informal sector consists of units engaged in the production of goods or services with the primary objective of generating employment and income to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations - where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. The informal sector forms part of the household sector as household enterprises or, equivalently, unincorporated enterprises owned by households.

Definitions Used in India

The First Indian National Commission on Labour (1966-69) defined ‘unorganised sector workforce’ as -”those workers who have not been able to organize themselves in pursuit of their common interest due to certain constraints like casual nature of employment, ignorance and illiteracy, small and scattered size of establishments”.

The National Sample Survey Organization (NSSO), which has been conducting surveys of un-organized enterprises at periodical intervals, generally adopted the following criteria for the identification un-organized sector:

- i. In the case of manufacturing industries, the enterprises not covered under the Annual Survey of Industries (ASI) are taken to constitute the un-organized sector.
- ii. In the case of service industries, all enterprises, except those run by the Government (Central, State and Local Body) and in the corporate sector were regarded as un-organized.

The NSSO also conducted a separate informal sector survey in 1999-2000 and ‘all non-agricultural enterprises, excluding those covered under the ASI, with type of ownership as either proprietary or partnership’ were treated as informal nonagricultural enterprises for the purpose of the survey.

In the compilation of National Accounts, the term un-organized sector is used to represent the residual enterprises, which are not

included in the 'organized sector'. The coverage under 'organizational sector', however, differed across different segments of the economy depending on regular data availability from various administrative sources.

The Directorate General of Employment and Training (DGET) considers all establishments employing ten workers or more as organized sector, though Employment Exchange (Compulsory Notification of Vacancies) Act, 1959', makes it mandatory to submit employment returns only for those units ordinarily employing twenty five or more persons.

Type of Informal Workers

There are large numbers of workers around the world are still employed, especially in developing countries. Few have secure work; most have low and erratic earnings and few are protected against loss of work and income. So, they involve in so many informal work and sector like, Home-Based workers, street vendors, wastes pickers. Domestic workers etc. Some of the important sector of informal workers are these :-

Home-Based Workers

Home-based workers carry out remunerative work in their own homes or adjacent grounds or premises. Home-based work does not refer to unpaid housework or to paid domestic work. There are two broad types of home-based workers: self-employed and sub-contracted workers. The general term "home-based workers" refers to both categories. The more specific term "homeworkers" refers to sub-contracted home-based work-ers who carry out paid work for firms/businesses or their intermediaries, typically on a piece-rate basis. This important distinction between self-employed and sub-contracted home-based workers reflects differences that have policy implications and, therefore, should be reflected in the statistics produced.

In the 1999-2000 Employment and Unemployment Survey, conducted by the National Sample Survey Organization in India, special efforts were made to collect data on home-based workers in general and homework in particular (Independent Group on Home-based Work-ers 2006). A series of questions/data items were addressed to and collected from self-employed (employer, own account and unpaid) non- agricultural workers in the usual principal and subsidiary activity statuses, as follows:

- Whether the worker worked under given specifications: yes - wholly/ mainly/partly; no; not known
- Who provided credit, raw material, and/or equipment: own arrange-ment; provided by the enterprise - credit only/raw material only/equipment only/credit and raw material only/

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credit and equipment only/raw material and equipment only/
credit, raw material and equip-ment; not known

- The number of outlets of disposal: 1/2/3 or more; not known
- Basis of payment: piece-rate; contract basis; not known
- Type of specification: written; oral; not known

The data relating to the first question (whether *worked under given specifications*) were used in conjunction with the data on workplace to identify homeworkers. Additional data collected in the survey could be used to identify various categories of homework such as vertical sub-contracting (dependent on contractor for supply of raw material, etc.) or horizontal subcontracting (not dependent on the subcontractor for raw material, etc.).

Street Vendors

The term street vendor is used in both a narrow sense to refer to those who sell goods in public spaces other than a store, as well as in a broader sense to refer to those who provide or sell services in public spaces, such as: hairdressers or barbers; shoe shiners and shoe repairers; and bicycle, motorcycle, car, or truck mechanics. The term “street” also needs to be interpreted rather broadly to include vendors who sell at construction sites, sports stadiums and other open air locations.

Persons vending goods are usually identified by the occupational classification codes which relate to street vendors, vendors, canvassers and news vendors and related workers. In order to identify persons selling services in public spaces, the relevant occupational groups would need to be combined with the following place of work categories: street with fixed location, other or no fixed location. Alternatively, the International Standard Industrial Classification of All Economic Activities (ISIC) could be used. Specifically, categories of retail trade and other service activities would be combined with the relevant place of work categories mentioned above.

Waste Pickers

Waste pickers extract and reclaim reusable and recyclable materials from mixed types of waste that others have cast aside. They may collect or sort household waste from the curbside, litter from streets and urban water-ways, or commercial and industrial waste from dumpsters. Some work on municipal dumps or landfills. Although some may also be involved in the processing of recyclable waste, the term “waste picker” refers to those who do the primary collecting and sorting of waste. The term “waste pick-er” was adopted for use in English (to be used rather than the derogatory term “scavenger”) at the First International Conference of Waste Pickers in Bogota, Colombia in 2008.

Most countries do not have a specific code available for identifying “waste pickers” either in their occupation or industry classifications. The nearest industry or occupation codes relate to garbage collection, transportation and disposal. In the case of waste pickers it must also be determined whether these workers are public employees, as public employees would not be considered waste pickers.

Domestic Workers

Domestic workers are a unique type of worker because they are neither employed by an enterprise nor self employed. Rather, they are employed by households. This has implications for estimating national accounts. For this reason the household/labour force surveys in most countries are able to identify domestic workers and the classification of occupations used in surveys contains codes to identify the full set of jobs which fall into the category of domestic workers.

The ILO report “Decent Work for Domestic Workers” defines domestic work through the specific categories of the International Standard Classification of Occupations (ISCO) (ILO 2010), these are:

1. Housekeepers and related workers
2. Child care workers
3. Home-based personal care workers
4. Domestic helpers and cleaners

Although domestic workers are routinely identified in surveys and in existing classification systems, it has been shown that they are significantly under-estimated. For example, in India the wide variation in estimates of domestic workers led to a detailed re-analysis of data from the 2004/5 Survey of Employment and Unemployment. In work commissioned by the WIEGO network, G. Raveendran, the former Additional Director General of the Central Statistical Organisation of India, found that estimates of domestic workers based on what was generally regarded as the nearest classification code for identification of domestic workers resulted in a significant under-estimation. This code - Division 95 of the National Industrial Code - defined domestic work “as any type of work performed in or for a private household and a domestic worker is any person engaged in domestic work within an employment relationship.”

Magnitude of workforce engaged in the unorganised / informal sector in Saharsa Urban area :-

Saharsa Urban area (Municipal area) also known as ‘Saharsa town’ is the part of Saharsa district. The size total workers was 6,49,898 as per census 2011. In urban area, total 41,801 workers worked with 6,071 female workers and 37,730 male worked. The share of male worker is more than the female workers.

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In rural area total numbers of workers are 6,08,097 with 4,20,994 male workers and 1,87,103 female workers. The situation was same between male and female workers in rural area, it means, male worker is more than the female worker. Table – 1 shows the distribution of total workers with sex in rural and urban area.

Table 1 : Total works in Saharsa District

Sector	Sex	Workers
Rural	Male	4,20,994
	Female	1,87,103
Urban	Male	35,730
	Female	6,071
Total		6,49,898

Source : Census department, Govt. of India.

When, we talk about categories of informal workers in Saharsa urban area. There are two major category of workers. 1. Main workers 2. Marginal workers. In main workers and marginal workers category, cultivators, Agricultural labours, Household industry workers and other workers are involved. But in main workers category, maximum workers are from other workers with total 25,682 workers with 22,965 male and 2,717 female in Saharsa urban area. On the other hand minimum workers are involved in household industry workers with total number of 958 worker with 813 male and 145 female.

Table 2: Total main workers with different category in Saharsa urban area

Item	Sex	Workers (Urban)
Main workers	P	32,059
	M	28,589
	F	3,470
i. Cultivator	P	1,450
	M	1,352
	F	98
ii. Agricultural	P	3,969
	M	3,459
	F	510
iii. Household industry workers	P	958
	M	813
	F	145
iv. Other workers	P	25,682
	M	22,965
	F	2,217

Source: Census Department, Govt. Of India

Table 3: Total Marginal workers with different category in Saharsa urban area

Item	Sex	Workers (Urban)
Marginal workers	P	9742
	M	7141
	F	2606
i. Cultivator	P	504
	M	380
	F	124
ii. Agricultural	P	3142
	M	2052
	F	1090
iii. Household industry workers	P	709
	M	415
	F	294
iv. Other workers	P	5387
	M	4294
	F	1093

Source: Census department Govt. of India

Issues and Challenges:

Informal Workers in Different Sectors

Sector / group	Priority issues	Organising challenges
Street, market vendors and hawkers	Right and space to vend Facilities- storage, shelter, toilets, water Protection against police harassment Safety and security Competition -protection against bad effects Access to credit	Not regarded as workers by selves and others Controlled by politicians, "mafia" Fear of harassment by authorities, police Competition amongst selves and formal sector Time spent on organizing means loss of income No forums for bargaining
Home-based workers	Equal income, benefits as factory workers Identifying employer End to exploitation by middlemen Access to regular work Access to markets (own account) Access to credit (own account)	Isolated in homes, invisible Time-double burden of work and home care Fear of losing work Restrictions imposed by religion, culture Children working Unprotected by labour law or disguised status
Garment workers	Living wage Right to Organise Excessive overtime Security of employment	Women workers are seen as 'seasonal', 'supplementary' wage earners Harassment of trade unions Often small workshops
Waste pickers and recyclers	Access/right to recyclable waste Integration into municipal systems Work higher up the recycling chain Fair prices for recyclables Recognition and improved status Health and safety End to exploitation by middlemen	Low status and self esteem Fear of losing work Fear/dependency on middlemen Competition amongst selves Time to meet means loss of income Child labour Not protected by labour law
Agricultural, forestry and fish workers	Right to land and land use Right to natural resources Regular work Access to resources and equipment Access to credit and markets	Scattered locations Isolated and far distances Child labour Not protected by labour law Seasonal or intermittent work
Domestic workers	Recognition as workers Protection against dismissal, abuse Freedom of movement Freedom to change jobs (migrant) Less hours, more rest Better living conditions	Isolated and invisible in homes Fear of employers and losing jobs Dependency on employer for housing etc Not protected by labour law Lack of time: long hours Fear of authorities (migrant)
Transport workers (urban passenger)	Access to routes and passengers Protection against harassment Health & safety/ accident protection Parking and facilities Petrol and spares prices and fares Competition-protection against bad effects	Mobility Competition between selves and formal sector Control by politicians, "mafia" Threats by employers Fear of harassment by police/ authorities Time for organizing means loss of income
Women workers all sectors	Safe and affordable child care Income protection during/after childbirth Physical security Sexual harassment protection Equal income for equal value work Access to higher income earning work	Fear and lack of confidence Cultural and religious barriers Often in scattered locations Dominated by men in sector Lack of time Child care and home care
All sectors	Better and more secure income Improved working conditions Social protection	

Conclusion

Informal sector accounts for a sizeable number of workers in India. The concept of informal sector and informal workers proposed by NCEUS is more appropriate in context of Indian statistical system and it is better compatible with international definition of informal sector. The total number of workers was 6,49,898 in Saharsa urban area (Municipal area). The total number of rural informal sector is higher than the urban workers and the male workers are higher than the female workers. Informal workers are facing so many socio-economic problems and challenges in different ways. Maximum informal workers are migrant and they belong to poor background.

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Understanding the Idea of Social Exclusion

Swadesh Singh

Introduction

Societies are characterized by inequalities as a rule. Social stratification in one form or another is as old as humankind. The essential point is that stratification is almost inevitable in economies and societies which systematically integrate some and marginalize others, to distribute benefits of economic growth and social progress in ways that include some and exclude others.

The word exclusion has multiple dimensions: social, economic and political. Exclusion is used not simply to describe a situation but also to focus on a process which excludes individuals or groups from communities, livelihood and rights.

Economic exclusion from livelihood often creates a political exclusion from rights. Similarly, cultural exclusion such as that of immigrant groups, minority communities or ethnic groups interacts with economic exclusion from the market. Each dimension reinforces the other to produce a vicious circle of cumulative causation. The outcome is embedded discrimination.

This does not mean that exclusion is always bad and inclusion is always good. Coercive inclusion by markets, whether of child labour, tribal populations or immigrant workers can be exploitative. The employment of women as wage labour on terms inferior to those of men provide another example. The basic point is that inclusion which is coercive or on inferior terms, is not desirable.

Exclusion is a harsh reality of every society. The policy issues thereby raise concern not so much its existence as the social and geographical location of the excluded, the number of the people involved and the dynamics of the exclusion. The degree to which efforts are made to bring them 'into the fold' needs to be determined.

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Social exclusion is a way of conceptualizing society, including and with a focus on the processes of deprivation that are part and parcel of that society. The main value of the concept lies in the perspective this brings to the understanding of society and deprivation equally relevant to analysis and policies.

History of the Concept of Social Exclusion

Exclusion is primarily a western concept and some authors warn against exporting it unguardedly to other parts of the world. None the less, one of the contributors Hilary Silver (1994) describes three paradigms which can be applied worldwide.

Social Exclusion term was invented by Rene Lenoir of France in 1974. He included handicapped, suicidal people, aged and abused children along with poor people. The term got popularity in France in a very less time because this term was created by France to counter the British concept of 'poverty' and in 1980s when Europe was facing political and economic crises the idea of social exclusion seemed to be more inclusive which inherited problems like unemployment, ghettoization and changing family life.

In other European countries the term got popularity through European Union channels. EU disseminated funding for social insertion via European Social Fund, the European Anti-poverty network, and Anti-poverty Programs. Significant was the change in terminology in the Anti-poverty programmes: while 'poverty' was central concern in the first program, in the third program this had become 'Social Exclusion'.

Social Exclusion: Theoretical Understanding

Social Exclusion is defined as "the process through which individuals or groups are wholly or partially excluded from full participation in the society within which they live."(Arjan de Haan, 2008)

Social Exclusion is very much related with poverty, inequality and injustice. Nancy Fraser (1997) identifies two forms of injustice leading to two different kinds of disadvantages. According to her the first is related to economic form of injustice and the second to cultural form of injustice. She opines that the former form of injustice refers to exploitation, marginalization and deprivation, while the later deals with injustice stemming from social patterns of representation, interpretation and communication. Stretching her argument further

she is of the view that somewhere between primarily economic and cultural forms of injustice is hybrid form of injustice which give rise to what Fraser called 'bivalent collectivities', social groups for whom economic disadvantage is bound up with cultural-valuation disadvantage.

The concept has two main defining characteristics. First it is a multidimensional concept. People may be excluded from livelihoods, employment, earning, property, housing, minimum consumption, education, the welfare state, citizenship, personal contacts or respect etc. But the concept also focuses on the multidimensionality of deprivation, on the fact that people are often deprived of different things at the same time. Second – social exclusion implies a focus on the relations and processes that causes deprivation. Exclusion happens at each level of society.

Group formation is a fundamental characteristic of human society and this is accompanied by exclusion of others. The concept of social exclusion takes us beyond mere descriptions of deprivation, and focuses attention on social relations, the processes and institutions that underlie and are part and parcel of deprivation. In some societies or among some groups labor market participation may form the crux around which other elements of deprivation revolve.

Social Exclusion and other Concepts

In Anglo-Saxon tradition, an individualistic approach has been central: the market consists of free individuals entering voluntarily into contracts, and poverty therefore is an individual problem. On the other hand social exclusion is a group phenomenon.

In Basic Needs Approach, the analytical focus of poverty assessments using absolute poverty lines is at the individual or household level. This is clearly distinct from a French social exclusion approach with its focus on society and the individual's ties to society. (Arjan de Haan, 2008)

The notion of relative deprivation is more closely related to the concept of social exclusion and it is often noted that rising inequality in various countries has contributed to the popularity of the notion of social exclusion.

Notion of vulnerability seems closer to concept of social exclusion. According to Chambers(1989) vulnerability is not a synonym for poverty. Whereas poverty means lack or want and is usually measured

for convenience of counting in terms of income or consumption, vulnerability means insecurity, defencelessness and exposure to risks and shocks.

Amartya Sen's work on capability and entitlements (1981) stresses that what counts is not what poor possess, but what it enables them to do. Sen (1998) welcomes the social exclusion framework, because it focuses on "relational roots of deprivation...bringing concentrated attention on features of deprivation", and "its practical influence in forcefully emphasizing the role of relational features in deprivation." He believes that a social exclusion framework reinforces the understanding of poverty as capability deprivation. Sen makes two distinctions. One, he distinguishes the constitutive relevance of exclusion from its instrumental importance.

Amartya Sen (1998) also differentiate between active and passive exclusion: active exclusion occurs for example when immigrants are not given full political status or citizenship, while passive exclusion exists when deprivation is caused without deliberate attempt for example, because of slow-moving economy.

It is very much evident that there are large overlaps between a notion of social exclusion and definition of poverty though social exclusion has more scope for study than poverty.

Social Exclusion: European Understanding

David Byrne (2008) argues in his work that social exclusion is a key phrase in social policy and social politics across most of the contemporary Europe.

Within the European Union the term Social Exclusion has taken a prominent place in the discussion of social inequalities and social policies. In Commission documents there is a frequent reference to the decline in social cohesion and social solidarity and the need to integrate/insert the socially excluded into the mainstream society. The Commission identifies the growth of new forms of poverty and marginalization towards the end of 1970s which emerged: firstly, from the economic crisis, particularly rising unemployment and insecurity in respect of labor conditions, then others persisting or developing as a result of the profound economic, technological and social changes which characterize the evolution of industrial society. Developments during the 1990s confirmed the view that there is an 'asymmetrical relationship

between economic policy and social policy' in which the latter is subordinate to the former.

Social Exclusion clearly differs from the concept of poverty which lies within the Anglo-Saxon tradition where a liberal model dominates. The liberal model is based on the idea that society is fragmented and composed of individuals who are in constant competition with one another. Poverty is viewed as a static concept, an outcome rather than a dynamic process, mainly concerned with income distribution and defining what constitutes adequate level of income.

The European social model, although aware of the importance of income distribution, places considerable emphasis on maintaining social solidarity and ensuring that all individuals are integrated into, and participate in, a national, social and moral order. Thus, social exclusion is primarily concerned with relational issues and the dynamic processes which led to the breaking of social ties and the marginalization of groups in relation to the nation. (Rob Atkinson and Simin Davoudi, 2000)

Whilst the term social exclusion has been widely used by individual member states of European Union, its meaning has been subject to a variety of interpretations. In the French case, where social solidarity lies at core of the debate, Atkinson argues that two senses of solidarity are present. On the one hand solidarity refers to solidarity within groups. On the other hand, there is 'societal solidarity' which is central to notions of social exclusion, and which refers to the common moral and social order that transcends individual, class, ethnic and regional interests. These two senses of solidarity are likely to come into conflict with one another and with notions of social justice (i.e. equal treatment of all groups). Arguably the main thrust of French policy on social exclusion has been on re-inserting the young and long-term unemployed into the labour market. In other Member States such as Germany, Netherlands and Denmark, the focus has also been on reintegrating the long-term unemployed into the labour market.

In the UK, Social Exclusion and poverty are frequently used as if they were interchangeable, reflecting the descriptive nature of the concept as it currently exists. There is less emphasis on the social and cultural dimensions of exclusion. Comparing to France and UK, Evans (1995) have argued: In France, social exclusion is perceived as fundamental to social and economic well-being, whereas in Britain, economic performance takes priority over social cohesion.

Three Paradigms of Social Exclusion

Hilary Silver (1998) stressed for the convergence in the debates on Social Exclusion within Europe. However, the concept had traversed a long journey and two streams are very much visible. Hilary Silver has done a great job in bringing the concept in academic debate. While going through her earlier work (1994) on different interpretations of the concept, it seems that British use of the term is rooted in an Anglo-Saxon liberal individualism. The French notion remains based more strongly in a national solidarity paradigm.

According to Hilary Silver (1994) the French tradition, drawing on Rousseau and with an emphasis on solidarity, and an idea of the state as the embodiment of the general will of the nation, has given the notion a specific meaning, exclusion is primarily defined as the rupture of social bond – which is cultural and moral – between the individual and society.

In Anglo-Saxon tradition, social exclusion means a rather different thing. The Anglo-Saxon tradition is characterized by Silver as special paradigm, drawing on liberal thinkers like Locke. This perceives social actors primarily as individuals, who are able to move across boundaries of social differentiation and economic divisions of labor. Unenforced rights and market failures are seen as common cause of exclusion. In this paradigm, exclusion reflects discrimination, the drawing of the group distinctions that denies individuals full participation in exchange or interaction.

The third paradigm described in Silver's earlier work is the monopoly paradigm. This draws on the work of Weber and is particularly influential in Northern European countries. Unlike the liberal tradition, the monopoly paradigm emphasizes the existence of hierarchical power relations in the constitution of social order. Group monopolies are seen as responsible for exclusion. Powerful groups restrict the access of outsiders through social closure. Inequality is thought to overlap with such group distinctions, but it is mitigated by social democratic citizenship and participation in the community.

This emphasis on paradigms is helpful in stressing that social exclusion is a theoretical concept, a lens through which people look at reality and not a reality itself. Social Exclusion is a concept and the discourse emphasizes that it is a way of looking at society.

The mapping of various dimensions of social exclusion is important, but the understanding of the social relations that determine deprivation requires a more qualitative approach. This needs an understanding of the social processes that include some groups and exclude others.

Social Exclusion and Governance

Governance and Exclusion are two buzz words of the 21st century. So we need to understand how governance and exclusion go hand in hand without creating minimum hindrance for each other.

Rhodes (1995) uses the concept of governance to refer to situation that have witnesses a marked decline in the role of hierarchies and increased role of markets and networks in the delivery of services. In this situation there has been a loss of direct control on the part of government, thus there is an order in the policy area but it is not imposed from on high but emerges from the negotiation of several independent parties. For him, 'governance is about managing these networks and this shift from the line bureaucracies to fragmented service delivery can be summarized as the shift from government to governance'.

What we can say is that governance refers to the processes whereby some degree of societal order is achieved, goals decided upon, policies elaborated and services delivered. The method whereby governance is achieved involves a combination of markets, hierarchies and networks in association with the use of formal and informal negotiations. Successful governance therefore requires the existence of a substantial degree of inter-subjective agreement and the marginalization, or exclusion of potentially disruptive interests and groups, or that such interests and groups are persuaded, whether by material benefits, symbolism or the 'art of rhetoric' (Thompson, 1993), to accept the boundaries and objectives of governance as established by powerful groups.

Social Exclusion, Globalization and Inclusive Development

Social Exclusion analysis focuses on the lives and intrinsic human rights of the poor not just their lack of income. It is concerned with the central role of imbalanced social relations and exclusion of certain groups (Sen, 1999).

Development strategy and institutions have important bearings on economic growth and on the process of social exclusion. The new development initiatives under the human development paradigm suggest that economic growth should be pro-poor, budgets must adequately support primal human concerns, the political space should be expanded to ensure appropriate participation; environmental resources and 'social capital' of poor communities should be protected; all forms of discrimination should be removed and human rights should be secured in law (UNDP 2000a). The central message that it conveys is that poverty is an infringement on freedom, and the elimination of poverty should be addressed as a basic entitlement and a human right—not merely as an act of charity.

There is a reason to doubt the distributive growth potential of globalization as a process that has since the late 1980s been ravaging the world in the name of development. To be sure, globalization has produced already highly differential results in different countries of the world in terms of economic growth, employment and income distribution. While countries in Asia have experienced acceleration in their economic growth rates, to some extent, the same cannot be said to be true for many Latin American and most African countries. Employment growth has slowed down and unemployment rates have increased in most developing countries. Concerns have therefore been raised about the inclusive character of growth accompanying the process of globalization that accentuates the process of social exclusion (Papola, 2007). Academic community has been divided on the merits/demerits of globalization. Its inclusive growth potential has not been accepted by all. Scholars have highlighted the negative effects of globalization producing large-scale social exclusion in India (Bardhan; Srinivas 1996, 2000). Today the term inclusive development is much used in development economics the world over. On the issue of development, the Millennium Development Goals provide a basic framework of development needs. The key ingredients of development are poverty alleviation, human rights and civil society participation. On the other hand, inclusion is a process that aims at bringing all the people into the development network. Development efforts that bypass vulnerable people can hardly succeed. The challenge is to pursue economic growth through inclusive development. The philosophy of inclusive development is based on five basic premises: autonomy and

independence, non-discrimination, full-inclusion and participation, respect for differences and equality of opportunity.

Social Exclusion and Democracy

Jean Dreze and Amartya Sen (2002) have well distinguished between democratic ideals, democratic institutions and democratic practices. Democratic ideals are pretty well known: government of the people, for the people and by the people. Democratic institutions refer to institutional arrangements of democracy such as constitutional rights, effective courts, free and fair media, and participatory institutions of local governance. According to Dreze and Sen, Democratic institutions provide opportunities for achieving democratic ideals. It is democratic practices that help in this respect. This is precisely where discrimination acts to deprive people, especially the socially under privileged, of the scope for participation and for taking full advantage of democracy.

Democracy is nothing if it is not inclusionary. In modern times, democratization of the public realm has meant more inclusion of the excluded in the political process. The politics of social exclusion and inclusion has remained intertwined with increasing demands for democratization of the public domain in modern times.

In Ancient Greece, 'the slaves were completely excluded, the plebeians were grudgingly included, only the patricians were fully included in the decision making process. The above have near replicas in ancient Indian Hindu society: the caste-Hindus (Higher Castes) were the patricians; the other backward classes (OBCs) were the plebeians and the Shudras were those beyond the pale.

Alexis De Tocqueville considered that political democracy centering on the principle of equality was likely to bring about desirable social transformation in a society bound by traditions, hierarchies and inequalities. Democracy performs this job by 'the continuous and gradual questioning and subversion of traditional social hierarchies, accepted norms and established practices, leading to a fundamentally different order' (Pai 2002: 6).

The problem of exclusion has been addressed by Charles Taylor (1994) through his well-known advocacy of multiculturalism. Taylor speaks in defence of the recognition of the plurality of cultures and respect of their differences.

Social Exclusion: Institutions, Actors and Practices

The analysis of exclusion can therefore be seen as a particular aspect of institutional analysis, one centrally concerned with the dual processes of entitlement and disentitlement. Institution distributes resources both symbolic and material, so that institutional rules are, among other things rules about membership and access. Institutions vary as do their rules as to who has access on what terms and with what degree of certainty. While institutional rules and norms can spell out particular patterns of inclusion and exclusion, they cannot cause them to happen. It is the social actors who make up these institutions, the collectivities they form and interactions between them, which provide the agency behind the patterns.

Jordan (1996) has considered how economic theories of groups and collective action can be used to explain social exclusion. He recognizes the importance of the cultural dimensions of exclusion; he focuses primarily on economic motivations for group formation and the possibilities for minimizing economic costs or maximizing economic benefits. Folbre (1994) focuses on a wider range of social inequalities. She sees group membership as not simply a matter of shared economic positions, but also shared perceptions of self in relation to society, in other words shared identities. She distinguishes between 'given' and 'chosen' groups, and hence between given and chosen identities. A chosen group is one which individuals join and can exit of their own accord. A 'given' group is less easily joined and abandoned although here too there may be some room for manoeuvre. The idea of given identities points to the existence of group-based constraints on individual choice and remind us that such constraints are not always purely economic. Caste in India is a given category.

Along with institutional rules and social actors there are practices through which group behaviour generates patterns of inclusion and exclusion. These practices can be conscious or unconscious, intended or unintended, explicit or informal. First is institutional bias where permanent set of values, beliefs, rituals and institutional procedures that operate systematically and consistently to the benefit of certain persons and groups at the expense of the others. A second form of exclusionary mechanism is that of social closure through which social collectivities seek to maximize rewards by restricting access to resources

and opportunities to a limited circle of eligible (NailaKabeer, 2008). She uses the example of 'credentialism' to illustrate a widely-utilized means of social closure. Credentialism refers to the practice of demanding entry qualifications and procedures which far outweigh the actual skills and qualifications required for a job. A third category of mechanism through which exclusion occurs is that of unruly practices (Fraser, 1989; Gore, 1993). Unruly practices refer to the gap between rules and their implementation which occur in practice in all institutional domains.

Conclusion

Exclusion could be partial or complete, more importantly exclusion is contextual. Exclusion as a social phenomenon is as old as hills. But in last 5 centuries exclusion has become a worldwide phenomenon and is persisting in spite of the onward march of democracy. Three moments are crucial in this context; European colonialism, the Cold War and globalization. (TK Ommen, 2010)

A social exclusion perspective helps to highlight a particular set of challenges for those concerned with policy making. The excluded status of social groups is the product of the asymmetrical workings of the mainstream. A social exclusion perspective opens up a larger and more complex domain of disadvantage for policy makers. It adds concerns with social inequality to longstanding concerns with poverty and it draws attention to the importance of respect and recognition in strategies for addressing disadvantage, along with more conventional preoccupations with the technicalities of needs identification and service delivery.

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