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PREFACE

This is the first monograph in the series launched under the U.G.C. Special Assistance Programme-II Phase in the Department of Sociology. The author Anand Teltumbde was invited to participate in the National Seminar on 'The Impact of New Economic Policy on Dalits in India'. It was organised by the Department during December 9-11, 1996. The Department has decided to bring out his revised paper in the form of monograph.

In 1991, the Government of India adopted the Structural Adjustment Programme, a package of New Economic Reforms with the thrust on economic growth. Since then its implementation affected the budgetary allocation to social sector. Teltumbde's paper analyses the adverse impact of economic reforms on marginal segments in general and on Dalits in particular. The author points to various adverse effects of policy reforms on reduction in food subsidy, retrenchment of both workers in industries and employees in service sector, declining employment opportunity, deterioration in small industries and pushing marginal farmers to the level of wage sectors by changing the Land Ceiling Act. The author notes that as a result of freezing the educational grants and shrinking the service jobs, the Dalits will be deprived of education and services. Looking at the changing policy of the Government, Teltumbde concludes that the Dalits in earlier policy were enabled by their educational attainment, employment and economic improvement, but, hereafter they will be prevented from these sources and hence they will be incapacitated with new policies.

The Department is grateful to the author for his analytical contribution in this paper and for giving permission to bring out in the form of monograph. We are thankful to the U.G.C. for making provision of publication in the D.S.A. Programme. We hope that this will serve the purpose of understanding the changing role of Government in case of Dalits.

Pune
20 May, 1997

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IMPACT OF NEW ECONOMIC REFORMS ON DALITS IN INDIA

1. Introduction

'Crisis Driven' Reforms

The Economic Reforms launched in July 1991 in India were in nature of a crisis management response to the economic and political crises that erupted in early 1991. The economic crisis comprised a steep fall in the foreign exchange reserve, galloping inflation, large public and current account deficits and mounting Bretton Wood of domestic and foreign debt. In politics, the fall of two governments in a short span of four months, from November 1990 to March 1991; deferment of presentation of the union budget, fairly long political interregnum till the elections, the assassination of a former Prime Minister Rajiv Gandhi in their midst and the emergence of a minority government with a leader sans charisma, reflected an unprecedented crisis. These events led to a sharp erosion of confidence in India among lenders. downgradation of India's credit rating and consequently cut off of international credit lines from private or commercial sources. Indian Reforms thus, were essentially of a 'crisis driven' variety. They did not represent strategic choice with a vision of long term development of Indian people.

Blueprint for the Reforms

The blue print for the Reforms was provided by the combination of macro-economic stabilisation and structural adjustment programme of International Monetary Fund (IMF) and World Bank respectively, which had been adopted by many countries before in similar situation. The typical measures under these programmes are :

Stabilisation

* Devaluation of the currency for making exchange rate more realistic,
* Withdrawal of restrictions on imports,

* Reduction/ elimination of fiscal and balance of payments deficits,
* Removal of all controls on prices, exchange and interest rate,
* Elimination/ reduction of all subsidies,
* Introduction of financial structure reforms and free entry of foreign financial institutions,
* Complete autonomy of the central bank to pursue independent monetary policy.

Structural Adjustment :

* Decontrol of industries,
* Privatisation of government-owned entities,
* Structural changes in the economy aimed at export-led growth.
* Free entry of foreign capital and technology without any let, hindrance or conditions,
* Free entry and exit of foreign firms including financial and services industries,
* Free cross-border movement of capital and other funds,
* Legislative safeguards for protection of intellectual property rights,
* Creation of legal climate for enforcement of legal contracts, private property rights, and free entry and exit of business, industrial and financial firms.

The underlying economic philosophy of these programmes i to rely more on market forces, dismantle controls, reduce the rol of state, liberalise prices, and replace the public with private sector. It is based on the presumption that the public sector leads to inefficient allocation and utilisation of economic resources.

Dalits in India

Dalits, as the ex-untouchables prefer to be called, are a very distinct social group. While belonging to a broad class of have-nots they suffer an additional disability of social oppression.

Economically, most of them are still the poorest of poor. The balance minuscule minority has managed to escape poverty limits and to locate itself on to a continuum ranging up to a reasonable level of prosperity. The main factor that has catalysed this transition is the reservation policy which has provided them a basic opportunity to enter the modern sectors of economy. In social terms however, all dalits, irrespective of their economic standing, still suffer oppression. This social oppression varies from the crudest variety of untouchability, still being practised in rural areas, to the sophisticated forms of discrimination encountered even in modern sectors of urban areas. Although the statistics indicate that dalits have made a significant progress on almost all parameters during the five post-independence decades, the relative distance between them and non-dalits seems to have remained the same or increased. More than 75 per cent of the dalit workers are still connected with land; 25 per cent being the marginal and small farmers and balance over 50 per cent are the landless labourers. In urban areas, they work mainly in unorganised sector. Out of the total dalit population of 138 million, the number of dalits in services falling in the domain of reservations does not exceed 1.1 million; a mere 0.8 per cent.

Organisation of Study

Corresponding to dual disabilities of dalits, the main body of the paper is divided in two parts : (i) the impact on dalits as a part of the class of have-nots and (ii) the impact on dalits as a disadvantaged social group. In the first part, impact of the Reforms in relation to the three most critical factors affecting the poor people is studied. They are: (i) food security, (ii) inflation and (iii) employment. Poverty, which represents the combined influence of all deprivations is also reviewed separately. In light of the vast data available on the impact of similar reforms in other countries, this section is sub-divided so as to outline 'Indian experience' and 'International experience' separately. The second part focuses on the influence of the Reforms on the specific three disabilities suffered by the dalits in addition to their poverty. They are : (i) educational backwardness, (ii) discrimination in employment, (iii) atrocities and socio-cultural suppression. The last concluding part sums up the study with the observations regarding certain prerequisites for the Reforms to be more responsive to the problem of people, particularly dalits.

2.1 IMPACT OF THE REFORMS ON POOR : INDIAN EXPERIENCE

Food Security

Food secutiry mainly relates with the production, distribution and pricing of food grains and this brings agriculture, Public Distribution System (PDS) and the subsidy structure into focus. The Reform measures that predominantly affect them are : reduction of fiscal deficit, reduction of subsidies, devaluation of rupee, export orientation and reduction of agricultural credit.

Considering the pattern of the budgetary outlays of the government, the fiscal contraction inevitably resulted in a disproportionate cut in capital expenditure. The capital expenditure slid from 5.10 per cent of GDP in 1990-91 down to 2.74 per cent in 1995-96. In terms of percentage of total expenditure, it fell from an average of 32.8 per cent during the preceding five years of the Reforms, to average of 22.05 per cent during the succeeding five years of the Reforms. In 1995-96(BE), it was as low as 17.82 per cent.[1] Agriculture sector also bore the share of this cut. The average annual increase in public sector outlay on agriculture and irrigation during 1985-90 fell from Rs.1.3 billion to an average of Rs.0.68 billion during 1990-92. This cut is bound to have a depressing effect on the agricultural production in coming years.

The subsidy on fertilised had played a crucial role in quadrupling food grain production from 46 million tonnes for a population of 363 million in 1951 to 170 million tonnes in 1991 for a population of 832 million. But, after the launch of the Reforms, the subsidy was reduced. It slid from 8.82 per cent GDP in 1990-91 to 0.75 per cent of GDP in 1995-96. The prices of the phosphatic and potassium based fertilisers were decontrolled and that of nitrogen based fertilisers were reduced by 10 per cent. The prices of phosphatic and potassium based fertilisers soared to international level resulting into sharp fall in their consumption. Consumption of phosphatic one fell from 3.3 million tonnes of nutrients in 1991-92 to 2.7 million tonnes in 1993-94 and that of potassic fell from 1.4 to 0.9 million tonnes in the same period. Some amount of substitution effect raised the consumption of nitrogen based fertiliser from 8 million tonnes in 1991-92 to 10.8 million tonnes in 1995-96 resulting into skewing of the nutrient balance. As against the consumption ratio of a mix of nitrogenic, phosphatic and potassic fertiliser of 5.9:2.4:1 in 1991-92, closer to the deemed ideal of 4:2:1, it deteriorated to 9:3:1 in 1994-95. This imbalance is said to have an adverse effect on soil quality and in turn on its productivity. The nutrient imbalance apart, a study of Andhra Pradesh, Maharashtra and Karnataka by Gaiha (1994) has noted a significant reduction in per hectare fertiliser consumption during the Reform period which expectedly showed up in the decline in foodgrain production.[2]

This inherent threat to food security is further magnified by the devaluation of rupee by about 25 per cent effected in July 1991. It resulted in making our food grains cheaper in the international market. As a result, even the ordinary (non-aromatic) rice (besides the usually exported superfine aromatic (basmati) rice) was exported in huge volumes. The policy impetus to export of rice and wheat is reflectd in the actual exports overshooting the targets. For example, in 1995-96 (October-September) actual rice export had reached 5.51 million tonnes as against the target of 2.5 million tonnes. Increasing exports and free market sales of foodgrains have contributed to a drastic reduction in the stocks of foodgrains with the public procurement agencies. For example, by September 1996, there was a whooping reduction of 10 million tonnes in the stock of foodgrains. In case of wheat, it dipped down to 10.36 million tonnes, even lower than the prescribed minimum norm of 13.1 million tonnes. The policy thrust on agricultural exports has moreover resulted in diversion of land to the export production of non-food primary products. There has been a spurt in corporate farming for export horticulture, floriculture, etc. As per one FAO report, this trend of shifting land for exportable non-foodgrain crops had already set in even in the decade ending 1991. The prospects for this trend lies in the fact that there is a huge demand in the developed countries for some 9000 varieties of edible non-foodgrain primary products which grow in sub-tropical and tropical regions of the developing countries. Likewise, there is an exportable surplus of foodgrains and dairy products in the developed countries that craves for markets. Surely, as some economists apprehend, India may turn to be a net importer of foodgrains in not so a distant future.[3]

The international market for agri-products being a oligopsony of three to six giant companies whose control over the market extends to 80 to 90 per cent,[4] export thrust in this area may not moreover be cost effective. As the experience of some African countries shows, the increasing export of foodgrains for same level of foreign exchange earning, certainly impairs the food security of people.

The reforms in banking led to a severe squeeze on agriculture lending. The share of agriculture in net bank credit consistently declined and fell from 17.4 per cent to 12.4 per cent between March 1990 to March 1995. Expressed in constant (1980-81) rupees, it fell from Rs.81,470 million in 1989-90 to Rs.70,500 million in 1994-95. Considering, the hike in input costs, the impact of this squeeze could have only been deteterious on foodgrains production.

As a measure of ensuring food security to the large mass of Indian population, public distribution system was instituted in India in the wake of the calamity of the Great Bengal Famine of 1942-43 and the World War-II. The system comprises over 4,24,000 fair price shops spread all over the country in rough proportion of the population. The food distributed through PDS is subsidised by the Government to the extent of the difference between the issue price of foodgrains and their economic cost of Food Corporation of India (FCI), the agency which incurs the cost of transporation, storage and administration of the stock of foodgrain. It devours a significant part of the government subsidy. For example, in 1990-91 out of total food subsidy of Rs.26,000 million, FCI-costs amounted to Rs.10,000 million which works out of whooping 38.5 percent. With the FCI-costs ever increasing, the impact of any reduction in subsidy has to hit the poor directly.

For ensuring supply of foodgrains to PDS system in face of export attraction due to devaluation of rupee, for maintaining their level of production in spite of sharp rise in input prices and for political consideration of assuaging the rich farmers' lobby, the government had to increase the procurement prices of rice and wheat. The procurement prices of rice and wheat were raised by 67.56 per cent and 62.8 per cent respectively between 1989-90 and 1993-94. This rise was passed on to the consumers by increasing the issue prices of these commodities by 85.81 per cent and 75.14 per cent respectively between June 1990 and February 1994, apparently for reducing the food subsidy. The impact of this rise was reflected in a significant fall in the off-take of foodgrains. After the Reforms, off-take of wheat and rice as a percentage of the allocation has shown considerable decline. In the years from 1990-91 to 1992-93 this percentage was generally over 80 but in the next three years from 1993-94 to 1995-96, it came down to below 50 per cent in case of wheat and to little over 60 per cent in case of rice. The export attraction of wheat has already led to shortages from situation of surplus, which had to be met with expensive imports. The promising income from wheat crop has resulted in many parts of the country wheat extensively substituting coarse cereals- the main food of poor people, as can be seen from the dwindling output of the latter. The latest available figures show that it fell from 36.6 million tonnes out of a total foodgrains output of 179.5 million tonnes in 1992-93 to 30 million tonnes out of a total output of 185 million tonnes in 1995-96.

Since, the difference between the consumer-end PDS retail prices and market prices became marginal, the not-so-poor left the PDS and owing to unaffordable prices the poor cut their consumption. The resultant effect on nutrition and hunger had to be borne by the people in direct proportion to their poverty. One study revealed that the families of landless labourers and marginal and small farmers reduced their off-take by over 50 percent.[5] Considering their extremely low level of food consumption, below or around the subsistence minimum calories defined by the poverty line, the impact of further reduction of intake by over 50 percent may have led many people to starvation deaths.

Recently, on the advice from the World Bank, the government has decided to make the PDS targeted to the real poor. The real intention appears to be the reduction in food subsidy. With the narrowing spread between the market and the PDS retail prices, the so-called non-poor are already out. Even the back-of-envelope kind calculation will show that the people below the poverty line (at the 1991 level) require 46.5 million tonnes of foodgrains as against the actual distribution of only 16.6 million tonnes, a mere 36 per cent of the requirement. The new scheme based on the executive reluctance to acknowledge poverty is bound to push many more people to starvation.

The cumulative effect of the above could be clearly seen in a trend of falling per capita net availability of cereals per day for the Indian population. During two years of the Reforms, there was 8.43 per cent fall in per capita availability of cereals and 12.02 per cent fall in that of pulses. Considering the acute inequality of Indian population, the impact of this declining trend on the poorer and disadvantaged sections would be far more severe than indicated by averages. Pulses being the only source of vegetable protein for poor people, a sharp decline in their availability certainly indicates malnutrition. The incidence of malnutrition further would be disproportionately injurious to women and children because of the male preference in Indian tradition. The evidence of this disaster has already come in the form of malutrition deaths of over 350 children in the Amaravati district of Maharashtra- the most industrialised state in India.

Inflation

Inflation hits the poor people the hardest. Being employed mainly in the unorganised sector, they do not have even the partial protection their counterparts in the organised sector have by way of dearness allowance. Most of their earning is spent on the basic needs like food, clothing and shelter, and hence any price rise directly dampens their level of consumption. The policy measures unleashed under the Reforms that directly contributed to inflation are: (i) reduction in the budget and fiscal deficit, (ii) devaluation, (iii) privatisation, (iv) elimination or reduction in subsidies and (v) export promotion.

The reduction in the budget and fiscal deficit predominantly resulted in curtailment of capital expenditure. Between 1990-91 and 1993-94 the real decline in capital expenditure was 31 per cent. The real gross fixed capital formation as percentage of GDP reflects a consistent decline from 21.3 in 1990-91 to 19.8 in 1993-94. Its fall for the public component is far more precipitous, from 8.6 to 7.8 for the same period. This could lead to fall in future output and with inelastic wages, cause an inflationary pressure in the economy.

Reduction in budgetary support to the public sector effected under the Reforms serves dual objective. One, it contributes to lessening the budgetary deficit and two, it constitutes a step in the direction of privatisation. The budgetary support to the PSU was reduced by 6.1 per cent over the balance budgetary period of nine months in the very first post-Reforms budgets of 1991-92 and consistently thereafter. The budget prescribes the supplementary resources and their sources to the PSUs. For example, in 1992-93 it showed a marginal increase in the amount to be mobilised through sale of bonds but a growth of 320 per cent in the costlier funds obtained through commercial debts and suppliers' credit. These methods are not always feasible and hence the PSUs had to resort to increasing prices of their products to meet the two ends. For example, in the same budget, the impossible target given to Sail Authority of India to raise its internal generation form Rs.4,910 million to 9720 million was met by the 15 per cent increase in steel prices, giving fillip to the inflationary spiral.

Devaluation of currency directly contributes to the inflation by raising the cost of imports that enter into domestic production or consumption. Large part of our import comprises pertoleum crude and its products; chemicals, machinery, iron and steel, etc. which enter as raw or intermediate materials in our production process. Most of these products are of common use in the economy. Any escalation in their cost, therefore, directly results in contribution to the rise of general price level. The last administrative price rise of petroleum products, could be a case in point. The devaluation of rupee made it dearer domestically, causing the deficit in the pool account to accumulate. It warranted hefty price rise. Insofar as petroleum products are consumed directly or indirectly by all, their price rise impelled the general price-level to go up with some multiplier effect.

All the studies of the Economic Reforms are unanimous in their conclusion that the Reforms have caused inflation. A recent study by the EPW Research Foundation revealed significant price rise all across. Based on the wholesale Price Index (WPI), the price rise of the primary articles of consumption ranged from 42 per cent to 93 per cent.[6] The WPI for all articles increased by 44.4 per cent registering an annual compound growth of 10.3 per cent. In the decade preceding the Reforms (1980-81 to 1990-91) this increase was only 7 per cent, despite the 17 per cent growth in money supply. Prof. Kurien's study isolates four periods of significant price rise from 1950; viz., (I) 1964-65 to 1968-69, (II) 1972-73 to 1976-77, (III) 1979-80 to 1983-84 and (IV) 1991-92 to 1995-96. He finds clearly extraneous force majore causes like famine in the first three periods and hike in international petroleum prices in the second and the third but no such tangible reason for the price-rise in the fourth period. With unprecedentedly long spell of monsoons for continuous seven years, the inflation in the fourth period could only be attributed to steps taken under the Reforms.[7] For example, it is the Reforms that caused the price of chemical fertiliser to rise by 100.6 per cent, electricity by 65.9 per cent and coal by 58.1 per cent. Devaluation of rupee and emphasis on the export-led growth caused pressure on the prices of products depending on their import content. The exact effect of simultaneous reduction of customs duty and excise duty is not easy to assess but as some micro studies indicate, they also added to the rise of general price level. For example, there being no significant customs duty on the imported medicines before the Reforms, the reduction therein did no difference to their prices. However, the devaluation of rupee pushed them sky rocketing. The aggressive export promotion of many primary articles also resulted in their price-rise in the domestic market. The increase in money supply resorted to thwart the revaluation of rupee in the face of huge inflow of foreign exchange during 1992-93 to 1994-95 also contributed to elevating the general price level.

The price rise in food grains owing to the cuts in the food and fertiliser subsidies and consequent adjustments have particularly been harsh. In the preceding decade of the Reforms the per annum price of rice had risen by 7 per cent and that of wheat by 3.3 per cent. But in the next four years of the Reform period, they registered the rise of 13.5 per cent and 18.1 per cent respectively. Other foodgrains also behaved approximately in similar fashion. The price-rise for pulses has been 97.2 per cent, that for vegetables 163.4 per cent, for fruits 74 per cent; and for eggs, meat and fish group 102.5 per cent. The free market ethos unleashed by the Reforms also indirectly but significantly have contributed to the price rise.

Employment

The rate of growth of employment in the organised sector dropped from more than 1.7 per cent per annum in the late 1980s to 1.2 per cent in 1991-92 and to 0.6 per cent in 1992-93. Creation of jobs in the public sector fell from 11.0 million in the preceding four years to the 6.2 million in the succeeding four years of the Reforms. For the Private Sector, the corresponding figures rose form 2.08 million to 2.49 million. In the Central Government establishment there were 4.03 million jobs on 1st March, 1991 which went up next year to 4.14 million. But for the next two years they came down to 3.97 million and 3.84 million respectively.

Similar picture of declining employment opportunity is held out in the statistics of Employment Exchanges. The notified vacancies had come down from 0.59 million in 1989-90 to 0.4 million in 1992-93 and 0.38 million in the subsequent year. Similar decline is seen in the statistics of appointments. The appointments issued during the above three years were 0.29 million, 0.23 million and 0.22 million respectively. The ratios of appointments to the notified vacancies for these years also show a striking decline, viz., 8.5 per cent, 7.9 per cent and 6.7 per cent respectively.

The contraction in public expenditure and the consequent reduction in aggregate demand could not, but, adversely affect employment in the unorganised sector, whether non-agricultural, rural employment or urban informal sector employment, given the casual nature of such employment.[8]

The policy reforms made benefits of the small sector available to the big industrial houses. National Council of Applied Economic Research had cautioned that the Reforms relating to deregulation of the big industries, withdrawal of the licence system and global reduction of custom duties would exert adverse impact on the small industries.[9] The statistics of the industrial sickness show a deterioration during the Reform period. For example, in 1990, there were 2,21,097 sick industries which represented a 8.86 per cent decline from the previous year. But after the Reforms were launched, this figure went upto 2,23,809 in 1991 and further to 2,47,724 in 1992 indicating the 1.23 per cent and 10.69 per cent growth respectively, over previous years. Entrepreneurship Development Institute of India, Ahmedabad had surveyed the impact of the reforms on small scale industries in 1993, and observed deterioration in their situation.[10] It attributed this deterioration to three factors : (i) general recession in 1991-92, (ii) reduction in the budgetary support to the public sector and (iii) liberalisation of imports of the capital goods. The cumulative impact of these factors has been in the collapse of demand for their products. Small scale industries based on imports had a tough time due to devaluation of rupee. Increasing competition, increasing costs and pressure on prices has made the very survival difficult for many. Today, more than 4,00,000 small scale industries are either sick or closed. The reforms in financial sector, permitted the banks to charge interest as per the credit rating of debtors and manage their profitability. This also added to the difficulty of small scale inustries, inasmuch as it became an arduous task to get loans from banks at affordable interest rates. One study clearly concluded that the Reforms had an adverse impact on reducing the new job opportunities in the small scale industries.[11]

In rural areas there has been a significant cut in the bank credit to the agriculture and non-agriculture industries (See table 11 in Appendix). The bank credit to these sectors was 40 percent till launch of the Reforms. It came down to 38.7 per cent in 1992 and 35 per cent in July 1994. The bank credit to agriculture as a percentage of net bank credit, fell consistently to 12.4 per cent in March 1995 from 17.4 per cent in March 1990. It has had an adverse impact on these industries and in turn on rural employment. A study on the unemployment in 1993 estimated that out of 25 million unemployed approximately 10 million came from the unorganised sector of urban areas and the non-agricultural sectors of the rural areas and were the victims of economic Reforms.[12]

The Economic Reforms lay excessive reliance on foreign investment not only for industrial development but also to solve the unemployment problem faced by the country. In this context, the observation of United Nations, in the year 1993, Human Development Report is quite revealing. It says that the TNCs and their associate companies had made significant investments in developing countries, but, it could not generate significant employment. The amount of jobs created by the foreign investment in the entire third world during 1990 to 1993 is not even equal to the number of people entering the job market in India in a single year! The companies in the Fortune 500 list of 1992 together said to have had 5,472 million dollars sales and 25 million jobs in 1992. Although this sales figure is 27 times India's GDP , the employment figure does not reach even its one-third.

The impetus to export agriculture in the Reforms is bringing in corporate and contract system in the agriculture. The government has already declared that the Land Ceiling Act identified as the main obstacle in the process, would be suitably changed. Directionally, the emergent corporate farms will gobble up small holdings of the marginal to middle farmers and push them into the herd of job seeking millions. Corporatisation of agriculture always leads to depeasantisation and reduction of labour absorption. The cropping pattern of these capitalist farms makes unskilled agricultural workers redundant. This emergent scenario is certainly going to aggravate the unemployment problem further rather than solving it.

The theme of export-led growth emphasised by the Reforms will expose the Indian industry to the vagaries of international markets which can have very negative effect on employment in the long run. Export thrust, unmindful of the demands of the domestic requirements can be quite harmful as has been experienced in the case of cotton thread case. In this case, large scale export of the coarse cotton thread had catapulted 110 weavers in Andhra Pradesh to starvation deaths.[13] There are many such case studies in the international repertoire of experience with such reforms.

The import of modern technology constitutes an important aspect of the economic Reforms. Many facilitating provisions have been adopted for attracting the foreign technology and investment.

There is a virtual boom in strategic alliances, joint ventures, technological collaborations and inevitable mergers and acquisitions. The influx of foreign brands is bound to displace Indian brands, not by virtue of their intrinsic superiority, but because of their sheer financial and organisational muscle. The process will virtually spell deindustrialisation of the domestic industry. The modern factories replacing them cannot generate even a fraction of the displaced manpower. The imperatives of global competitiveness, moreover, will increasingly reengineer the business process and curtail employment. The relative mobility of capital vis-a-vis labour also holds an ominous prospect for future jobs.

The buzzword of competition has suddenly awakened one and all but the response everywhere reflects an easy option of cutting the jobs. State owned units are under pressure to reorganise. Nationalised banks have already threatened to declare 4,00,000 persons surplus, Railways have stopped recruitment, Department of Post and Telecommunication intend to retrench 2,00,000 workers.[14] The examples indeed are legion. A study conducted by EPW Research Foundation in early 1994 found that the total employment which showed an increase in first two years of the Reforms, had slumped thereafter; that the bulk of employment had occurred in contract and other forms of non-regular employment, the share of which in total employment had gradually risen to one-third by March 1993, and that regular employment fell by 3.3 per cent in 1992-93 even as the value of fixed assets of the sample companies rose by some 27 per cent.

Poverty

Poverty is a sum total of all the deprivations. In India, governmental definition of poverty is based on the sole criterion of minimum food requirement for survival. Thus the poverty line is decided by the income sufficient to buy food equivalent of 2400 calories in rural and 2100 calories in urban areas. The data base for poverty estimates is provided by the quinquenial surveys of NSS. NSS also collects the consumer expenditure data by decile group on an annual basis.

The Reforms have reversed the two decades long declining trend of poverty. The rural poverty went up from the pre-reform low of 33.7 per cent to 41.7 per cent in 1992 and slightly declined to 40.2 per cent in 1993-94. The urban poverty also showed the same trend shooting up from the pre-Reform low of 36 per cent to 37.8 per cent and then coming down to 36.2 per cent. The ratio of ultra poverty to total poverty showed a marked increase after the reforms. In 1990-92, this ratio was 68.95 %, it went upto 71.04 % in 1992. The corresponding figures for urban area were 72.99, 73.14 and 74.20 per cent.[15]

In 1992, the rural workers in secondary and tertiary sectors showed a decline of 6.3 % and 1.3 % respectively from the pre-Reform level in 1989-90. Curiously, the primary sector showed a hefty increase of 10.1% in the same period. In rural area nearly 50 % farming households have less than 1 acre land. They need supplementary work in non-agricultural sector for meeting the two ends. In absence of this work, however, they land up engaging themselves with the sundry work related to their tiny farms and declare themselves as the agriculture workers. This increase in the primary sector jobs thus indicates partial unemployment of workforce. The decline in non-agricultural jobs and the overall employment are attributed to the cut in the government expenditure on various poverty alleviation programmes, during the Reform period. Notwithstanding their extremely low transfer efficiency 16 and ineffectiveness in targeting the poor, these programmes played a role in poverty reduction during the eighties. They are operated on the 80 : 20 basis by the Centre and the State. In the first flush of enthusiasm the government effected drastic reductions in all of these programmes till it was alarmed by the havoc it created and its political implication in the ensuing general election. It attempted to reverse this trend in 1994-95 and 1995-96 budgets under the much propagandised 'human face to reforms.' Even after taking all these increased outlays its resultant effect could be estimated as provision of less than 20 days work at Rs.21 for a person, in a year.

The central transfers constitute a major resource for the states to conduct the programmes under the Social sector. These transfers show consistent decline during the Reform period on all the heads except for the payment of interest, over a period 1990-91 to 1993-94. This decline amounts to whooping 18.52 per cent. The central assistance to states for some specific schemes, likewise has been on consistent decline from much before the start of the Reforms but the states seem to have managed the expenditure profile. However, the Reform-ethos have eroded this expenditure after 1990-91. The maximum cut was effected in the expenditure on disease-prevention and control programme which relate with the poverty prone disease like T.B., Malaria, Fileria, Leprosy etc. its direct manifestation has been aplenty, in form of re-emergence of the epidemics of Plague, T.B., Maleria, Jaundice, Influenza, Pneumonia and very recently, Dengue.

Inequality is a corollary of growing poverty. Based on the available data on consumption expenditure, the share of the bottom 30 % people, which was growing consistently from 1987-88 upto 1990-91, both in rural as well as in urban areas, had a sudden reversal soon after the Reforms were launched. In rural area, it was 15.57 % in 1987-88 which rose up to 15.96 % in 1990-91, but thereafter slid down to 15.79 % in 1991 (July - December) and further to 15.60 % in 1992 (July - December). For the urban area, the corresponding figures are 13.33 % , 13.74 %, 12.74 % and 13.17 %, indicating a slight upturn in the terminal year. The share of the middle 40 % population also dwindled in the same manner in both rural and urban area. The loss of these 70 % population appears to have benefited the top 30 % population. Their share for the pre-Reform period was on consistent decline, had suddenly jumped up in the Reform period.

2.2 IMPACT OF THE REFORMS ON POOR : EXPERIENCE OF OTHER COUNTRIES

Many people tend to discount the Indian experience with the Reforms as pre-mature. Fortunately, there are many countries in which similar reforms are being worked for many years. There are numerous studies assessing their efficacy and impact on various sections of population. Most of them are unanimous in noting the precipitous fall in standard of living of the majority population of the subject country that has led to widespread riots and socio-political unrest[17].

The thrust of the Reforms is on economic growth which as per their apologists would 'trickle down' to the people. Notwithstanding the metaphorical argument that trickle can never be equal to outpour that may be required in terms of distributive justice to the poor, the growth generating capacity of these Reforms itself appears to be in question. In Latin America, after adoption of the Reforms economic growth rates had actually fallen. In the pre-Reform period, Latin America's economic growth rates had exceeded the average growth rate of the industrial countries and that of USA for over a decade. But, it suffered a historical reversal soon after the Reforms were launched. From 1980 to 1985, the average real growth rates of per capita income in Argentina, Brazil, Chile, Mexico and Peru were negative and per capita income levels had turned back a decade to those prevailing in the 1970s. For Peru and Chile, they had slipped back even to pre-1970 levels[18]. Although, the growth rates of GDP in cases of Argentina and Chile appear to have risen in 1992, the reasons therefore do not quite belong to the standard Reform-package. In Chile, the government's huge investments in copper mines projects, forestry, and paper projects; extension of cheap credit to the new export industries and other such interventions during 1973 to 1990 came to fruition, in form of the spurt in economic growth rates. In Argentina, a totally different phenomenon seems to have caused the economy to look up in 1992. The fall in the American interest rates had caused the dollars stacked in the American banks by the Argentinean capitalists, to flow back to Argentina into its emerging financial markets. Besides these examples, there are many countries where the GDP- growth rates seems to have deteriorated in 1992. In Brazil, it fell down from 9.1% in 1980 to 7.9% in 1985 and further to – 0.9% in 1992. For the same years, the GDP- growth rates for Columbia were 4.1 %, 3.3% and 2.7% those for Peru were 3.1%, 2.1% and – 2.8% and for Mexico they were 8.4%, 7.9% and 2.6 % respectively. In some other countries like Ghana, Indonesia, Ivory Coast etc., notwithstanding their individual economic characteristics, the growth rates appear to be simply erratic. Contrary to the assumptions of the IMF and the World Bank, there is thus no concrete evidence that these type of Reforms really lead to incremental economic growth in the subject countries.

There is enough evidence, however, that these Reforms have heaped many kinds of miseries on the majority of population of these countries. In Latin America between 1980 and 1984, open unemployment went lup from 7 to 11 per cent. In Chile, Columbia, Peru and Venezuela, the unemployment rates jumped by 50 to 100 %[19]. A sizeable decline has taken place in industrial wages in the same period in African and Latin American countries. It fell by 40 % in Tanzania, 33 % in Zambia and Mexico and 24% in Peru. This decline ranged from 30 to 60 %, between 1980 - 87 in Argentina, Bolivia, Chile, Costa Rica, Egypt and Kenya. The real wages of the government employees have fallen almost everywhere. The decline is of the order of 30 - 40 % in the African countries during 1975 to 1985 and between 10 - 120 % in Latin America between 1980 to 1987[20].

Most of the countries (e.g., Argentina, Brazil, Chile, Columbia, Ivory Coast, Mexico, Peru, Philippines etc.) adopting the Reforms showed a clear decline in Gross Domestic Investment during the period from 1980 to 1992. There was a sharp decline in the share of social expenditure in the Latin American countries and West Asia. In the former, it fell from 36 % to 24.3 % and in the latter, from 20.3 % to 17.2 % between 1980 and 1987. In terms of share of capital expenditure, investment in social infrastructure has suffered in Sri Lanka; the spending on health, education and food subsidy having declined from 38 % of current expenditure in 1977 to 22 % during 1980-82. There was a relatively sharper decline in similar expenditure in Turkey, Guyana and Sudan. In Somalia and Tanzania the share of primary education in such expenditure further declined. Per capita expenditure on education and health was reduced by 11 % and 5 % respectively in Morocco, by 29 % and 35 % in Equador and by 20% in Chile[21].

The former Soviet Russian countries and the east European countries have been implementing these Reforms since 1989. Whatever may be the pitfalls of the socialist regimes in these countries, it had provided all its people with basic necessities of living. What has become of these countries after the Reforms were launched, is very well documented in a report published by UNICEF. In Bulgaria 53.6 % families were living in poverty in 1992. In 1989, Hungary had 10.1 % poverty which within next two years of Reforms had more than doubled to 21.3 % in 1991. In Czech Republic it went up from 5.7 % in 1989 to 18.2 % in

1992. It jumped from 21.8 % to 41.4 % in Poland during the same period. It went up from 27.3 % to 51.1 % in Rumania; from 5 % to 43.8 % Russia and from 8.9 % to 30.2 % in Slovakia. In Poland 57.6 %, in Rumania 70.1 % and in Slovakia 41.3 %, children live in poverty. In Mangolia the Reforms catapulted 25 % population below the monthly 10 dollars - poverty line. The mortality rate between 1989 and 1993, also increased significantly in these countries due to drastic decline in living standard. Unemployment rates have soared in most of the east European countries. About 6.5 million people were registered as unemployed in December 1992 - a rise from 5 million a year ago. Inflation is still a major problem. In Poland, which was the pet success story of the Reforms for free market advocates, more than 50 % people say that the Communist system was better. More than 16 % are unemployed in industrial cities and more than that in the rural areas; almost 14% of the people in the country are on doles and about one-third of the total families now lives below the official poverty line.

The notable exception to the above is the experience of east Asian countries. The proportion below the poverty line in this region, comprising People's Republic of China, Indonesia, Korea, Malaysia, Philippines, Thailand and Indochina declined from 35 % to 10 % over this period[22]. The key social indicators, viz., life expectancy, infant mortality, adult literacy and population growth for these countries also improved very impressively. However, it is not the Reforms that have caused this miracle. The real reasons have been analysed as their specific historical setting, their creation of pre-conditions for success and the strategies they employed.[23] For instance, almost all of them had undertaken effective land reforms, achieved high levels of literacy, particularly female literacy; and substantially better health standards. Better female participation in the labour force led to rapid increase in household and overall domestic saving rates. The higher level of social consumption with relatively better distribution of incomes and wealth vastly widened the demand of those economies and facilitated more broad based development. Higher literacy and health standards were the most crucial factors in enhancing labour productivity which in turn went to facilitate significant import substitution and export promotion.[24]

Under the influence of these Bretton Wood institution sponsored reforms, inequality in the world has been consistently growing. Between 1988 to 1993, the per capita income of the low income countries of the world fell by 35 % from $ 584 to $ 380. As against this the same for the rich countries went from $ 17,080 to 23,090. The share of the low income countries in total income also fell from 5.44 % to 4.83 % in the same period. The block of Latin American countries famous as the test bench for these reforms, the picture is strikingly dismal in terms of inequality. In Brazil, the ratio of income or consumption of the top and the lowest 20 % people increased from 26.1 % to 32.1 % between 1983 and 1989. In Columbia, between 1988 and 1991, the same had gone up from 13.3 % to 15.5%. In all these countries the consumption of the bottom 20 % population as a share of total consumption ranged from paltry 2.1 to 8.7 %. The gap between poor and rich of the world has increased by 30 % over the last decade alongwith the spread of these kinds of Reforms. During 1987 to 1994, the number of billionaires in the world showed a remarkable increase. In USA, it went up from 49 to 120; in the Asia Pacific region, from 40 to 86; in Europe, from 36 to 91 and in west Asia and Africa, it went up from 8 to 14. The brief life sketches of these billionaires given in the Forbes magazine of July 18, 1994 illustrates how these Reforms have been instrumental in enriching them.

3. IMPACT OF THE REFORMS ON DALITS AS A DISADVANTAGED SOCIAL GROUP

The social disadvantage suffered by dalits in India was taken note of the Constitution of India which was drafted under the chairmanship of Dr. Ambedkar - a person who had spearheaded the most momentous anti-caste movement of the depressed classes. It provided dalits with many safeguards, viz., 1. social, educational, cultural and religious safeguards, 2. economic safeguards, 3. political safeguards and 4. safeguards for employment. The free market ethos of the Reforms, conceptually can neither confirm to the democratic spirit of the Indian Constitution of 'one vote, one value', nor can it coexist with the system of positive discrimination embodied in these safeguards.

For, the market grants moneyed person more value, and overtly believes in the jungle law of 'might is right'. To a large extent, the primary motivation behind these Constitutioal provisions was liberal democratic aspirations that characterised the freedom movement. However, these aspirations and the initial ideological zeal of the founding fathers withered away in no time and what survived was its utilitarian dimension for the electoral politics. The sorry state of the executive compliance with these Constitutional provisions amply bears out the fangs of the Indian society. The Reforms will bring a kind of legitimacy to this attitudinal resistance. These safeguards will stand eroded as the Reforms gain in momentum. Influence of the Reforms is bound to be all pervasive. However, only a few issues of importance to the dalit masses have been picked up for discussion here.

Reservation and Financial Assistance in Education Institutions

Reservation in the educational institutions and the financial assistance in the form of scholarships and freeships constitutes perhaps the most important factor in the development scheme for dalits. For, it is primarily responsible to make the basic input of education available to them. Without education, all the constitutional safeguards including the reservation in services would be infructuous. Under this scheme the dalit students whose parental income is below a specified level, get freeship, reservation in admissions to all the colleges getting grants-in-aid from the government, and scholarships. Without this assistance, even today, it would be difficult for dalits to send their children to school.

The Reforms have already resulted in freezing the grants to many institutions and in stagnating, if not lowering, the expenditure on education. The free market ethos has entered the educational sphere in a big way. Commercialisation of education is no more a mere rhetoric, it is now the established fact. Commercial institutions offering specialised education signifying the essential input from utilitarian view point, have come up in a big way from cities to small towns. Their product-prices are not only based on the demand-supply consideration in their market segment but also are manipulated by their promotional strategies. In a true spirit of globalisation, many foreign universities, are invading the educational spheres through hitherto unfamiliar strategic alliances with non-descript commercial agencies, of course, at a hefty dollar equivalent prices. Many elite institutions like IIMs, IITs, suddenly facing fund crunch had to raise their fee structure and other prices many fold. They were already beyond the reach of dalits. When they eventually turn self-financing, their prices would be benchmarked against their international counterparts, which any way would be affordable to the same top market segment that constitutes the focus of all the Reform-talk. As the job markets become acutely competitive, owing to a sharp decline in job opportunities, the polarisation between the elite and commoner would also sharpen. Various kinds of price barriers would be erected to thwart the entry of downtrodden.

Even the sphere of primary education the coverage of which has been so miserably inadequate as to leave out multitude of children in villages as illiterate, could not remain unaffected, notwithstanding its already existing divide between the vernacular and English schools. Corporatisation has entered this arena, transforming the education into an enterprise for profits. The quality of input these expensive schools will provide benchmark the products in the contracting job markets. Even today, because of preponderance of the English language in business circles, the divide between village and towns is almost complete in the field of education. It is so difficult for a village student, educated in vernacular medium to compete with his convent educated (now an understatement !) counterpart in cities and towns. If this is the situation of general village population, the plight of dalits who besides being the poorest of the village population carry additional Bretton Wood of social discrimination, is indeed a worrisome matter. Despite several kinds of State assistance, dalits are plagued with alarming rate of school drop-outs. This may be explained out as much by the need for dalit children to supplement their meagre family incomes for meeting the two ends as also the erosion of their faith that education could be the instrument to change the patheric course of their lives. This sense of alienation is going to grow with the progress of the Reforms.

Reservations in Services

Whatever may be the other costs, the government policy of reservations in employment sphere has undoubtedly played an important role for dalits. The policy broadly envisages representation of dalits in proportion to their population in all the public services which includes the government, public sector, autonomous bodies and institutions receiving grant-in-aid from the government. A cursory glance at the figures of this representation is enough to get a pathetic state of implementation.

Howsoever, unsatisfactory the results of the implementation may be, the importance of reservations from the dalit view point cannot be overemphasised. As could be evidenced by the organised private sector, where it would be difficult to find a dalit employee (save of course in scavenging and lowliest jobs), without reservations dalits would have been totally doomed. The importance of reservations, thus could only be assessed in relation to situations where they do not exist. Whatever be their defects and deficiencies, they have given certain economic means of livelihood and some social prestige to the sons and daughters of over 1.5 million landless labourers. Whether they get real power or not , over 50,000 dalits could enter the sphere of bureaucratic authority with the help of reservations. Besides these tangible benefits promised by the policy, it has instilled a hope in dalit community. This hope predominantly manifests in the form of spread of education among them. Their emotional bond with the nation and its Constitution despite heaps of injustice and ignominy they bear every moment of their life, may also be significantly attributable to the Reservation Policy.

The winds of privatisation under the Economic Reforms have already shaken the very foundations of the Reservations. The Reforms clearly envisage the minimalist government. Wherever the Reforms patterned on the Structural Adjustment Programme of the World Bank were carried out, denationalisation of the public sector and privatisation have come in a big way. Being the late starter, India has not reached the scales achieved by others, say, the Latin American countries. However, the start has not been any unimpressive. Almost all sectors of economy stand opened up for private investment. The disinvestment in existing public sector companies has already been allowed upto 49 per cent by the policy. The public stake being more than 50 per cent, the public sector as such is not yet dismantled in policy. It continues to be the State, as before, and hence attracts application of the reservation policy. However, the Reform package has already endangered, if not abolished, the reservations through back doors.

In the name of preparing the PSUs for global free market regime, the PSUs are being allowed/encouraged to have strategic alliances with private companies from India and abroad. As such, over the last five years, many profit making PSUs have formed the joint venture companies (JVC). These JVCs are strategically structured as not to fall in the ambit of the PSU-framework. The typical equity stake for the PSU and private could be 49 : 51. There appears to be a great deal of receptivity for this scheme in the government circles. There are no policy barriers on the business to be pursued by these JVCs. Theoretically, an existing PSU can hive off its business divisions into private JVCs and transform itself into a financial holding company with a skeleton staff. Even if technically it remains a PSU, and assuming that it followed the reservation policy sincerely, it would have little scope to absorb dalits in its staff. Whatever may be the strategic considerations, the fall out of this process practically amounted to shutting the doors of these new age companies to dalits and to potential neutralisation of the reservation policy.

The policy of limited disinvestment of PSUs not being in conformity with the spirit of the Reforms, is bound to be relaxed in favour of privatisation any time. But still, all the PSUs may not get privatised at once. The better ones would be gobbled up by the bigger sharks. The worst ones may be closed down or distress-sold. And the middle ones may for quite some time, continue to be the relic of their past. Whatever the scenario, the residual structures of the 'reformed' PSUs are never going to be the same, as far as dalits are concerned. The ethos of privatisation and the excuse of competition, superimposed on the traditional caste prejudice, will never allow reservations to happen, any more.

Other public services are also bound to slip out of the reservation policy. Most of the sectors which were the traditional domain of the government investment, have already been released for the private investment.

Atrocities and Socio-Cultural Suppression

The caste atrocities are an integral feature of dalit life. The government machinery keeps on collecting their statistics year after year and issues it in a report of its Commissioner for SCs and STs (now the National Commission for SCs and STs). There are at least three Articles (15,17 and 23) in the Constitution of India which seek to mitigate the evil. To give effect to these Constitutional provisions the following acts also have been in operation :

1. The Untouchability (Offences) Act, 1955, later amended and retitled as the Protection of Civil Rights Act, 1955.
2. The Scheduled Castes and Scheduled Tribes (Prevention of Atrocities Act), 1989 and The Bonded Labour System (Abolition) Act, 1976.

Despite this, the statistics of the registered atrocities read like a balance sheet of a blue chip company with consistent rise every successive year. It is pertinent to remember that owing to the dependency relationship of dalits with the perpetrators of artocities, not every occurrence of the atrocity gets registered. Rather, it can be safely assumed that behind each registered atrocity over ten atrocity cases go unreported. As per the latest statistics, every day nearly 50 cases of atrocities are registered all over the country. Over three dalit women are raped and six are disabled on each day round the year. The National Commission analysed the causes of each of the atrocities in a sample of 45 cases. The analysis shows that out of 45 cases 13 are clearly attributable to the economic reasons. The balance can also be explained out by some kind of weakness of dalits. Coupled with the weakness of dalits, their growing assertiveness and refusal to submit to the casteist dictates of the village lords, rebellion ethos assimilated through the Ambedkarian struggle and process of general awareness, also cause artocities to increase.

The atrocities occur where the dependency relationships are more pronounced and bear economic implications. Villages, where dalits as landless labourers depend upon landlords or rich farmers for their livelihood and where the traditional caste equations have a potential to yield economic surplus to the latter, provide ideal setting for atrocities. What impact would the new regime have on the socio-economic setting of Indian villages? In face of it, the unbridled capitalism inherent in the Reforms is not compatible with any feudal structure. But this thumb rule does not seem to be entirely validated by the developmental experience in India. The capitalism in India did not have to sprout through the bedrock of contradictions of feudalism as in Europe. It was planted in the fertile soil of Indian feudalism. It has grown here on its nutrients. Thus it would be too mechanical to have a theoremic expectation about the demise of feudalism and thence the end of the caste through the growth of capitalism. The caste institution moreover, has defied the classical mould of feudalism by possessing many unique features. The most important being its resilience and adaptability. What we experience in the mysterious growth of casteist politics today in India is precisely this ability of caste to adapt to changing times. The annihilation of caste is only possible through economic empowerment of dalit masses and waging an uncompromising and concerted struggle against its non-economic manifestations.

Can the new regime afford these economic empowerment of dalits? Can it, for instance, grant them land? Does it have the wherewithal or motivation to catalyse their struggles against the caste system? The answer to all these questions will be in negative. Instead of talking of land reforms, the new regime will promote depeasantisation of Indian agriculture and consolidation of their holdings to start corporate farming. Barring perhaps the example of East Asian countries, the Bretton Wood institutions sponsored reforms have always aggravated the economic inequality everywhere. The experience of other countries where similar Reforms were brought in, bears testimony to the fact that with increasing inequality the social tensions also increased as a result of the Reforms.

The capital influx in the areas will have natural ally in the rich farmers who have hegemonic hold over their areas. These sections, will be the main beneficiaries of the improved terms of trade and capitalist development in the rural areas. All the dalits would be thrown into the job market along with many non-dalit marginal to middle farmers. The vast army of unemployed thus created by this developmental dynamics will need appropriate instruments for being controlled. The history bears ample testimony to the fact that whenever the people tended to come together with a common identity, the ruling classes have deftly used the time-tested weapon of castes to divide them. Unlike elsewhere, the Reforms thus are likely to enliven and rejuvenate the archaic value system.

4. CONCLUSION

The economic reforms in the mould of macro-economic stabilisation and structural adjustment programme of IMF and World Bank have essentially a pro-rich bias. Wherever they were implemented, they have worsened the situation of the masses of poor people in absolute as well as relative terms. Some contrary data to this general observation (say, of the east Asian countries) are rather attributed to the departures from the standard blue print given by the Bretton Wood institutions. The dalits in India, being the poorest of the poor have been hit the hardest. Their social disabilities, largely reinforced by and sustained on the economic deprivations, are bound to get accentuated with these policies. The Indian reforms were essentially 'crisis driven' and not 'strategy driven' when they were adopted. There have since been changes in the formation and key persona. The new government for instance has imparted them a form of 'strategy' through their Common Minimum Programme. However, there has not yet been any evidence of this strategy being any different from the course followed by the previous government. The complete discourse of Reforms appears to be either grossly off the mark of Indian reality or to assume out its momentous features.

The broad Indian reality is that India has too many poor. As per the Human Development Report, 1996, there are 229 million income poor but more than twice as many, 554 million are capability poor. In terms of capability poverty, its 61.5 % population is poor. Its rank according to descending poverty among the 174 countries of the world, is 135. Even today India is predominantly an agrarian economy, with over 70 per cent of its population living in villages. No statistics moreover can adequately capture the heinous socio-cultural inequality that is an abiding part of Indian reality. It has acute inequalities not only in economic terms but in socio-cultural terms.

The free market oriented reforms ought to take this grave Indian reality into consideration. Unless there is a wide spread purchasing power in the economy the market can never be free and sustainable. The reform strategy thus should embody sustainable economic empowerment of rural masses; investments to enhance their capability and effective measures for accelerated development of the disadvantaged sections like dalits. The pre-requisite to reforms therefore could be the radical land reforms; massive investments in rural areas into agriculture-related infrastructural projects, universalisation of primary education, primary health care system and reinforcement of positive discrimination in favour of dalits. The devil of casteism could be tamed only be freeing general masses of people from the anxieties and uncertainties about basic survival. The general condition of deprivation has rendered them vulnerable to be the preys to the frequent machinations of the vested interests that make them see the enemy within their own class. The relative equality thus can be the bedrock for launching the socio-cultural offensive in the form of mass-education programmes. But this all may still not be enough. The policy of positive discrimination in favour of dalits will have to be reinforced much more vigorously in all the sectors of economy, than ever before. They need to be reframed and simplified for effective implementation. Unlike the current provisions, this may be stopped once their representation comes on par with the general population. The specific reform package can be formulated in terms of the conditions existing then.

There arises a question of capital. Where will the capital for the investment in basic reforms come from? Not an easy question to answer, indeed. But some pointers may not be impertinent. It is acknowledged since number of years that India has a parallel economy in black money. The recent spate of scams is a mere corroboration of this hypothesis. The Reforms appear to have given them a boost. Whatever little that has surfaced can be likened to a tip of iceberg. Some five years ago, an unofficial estimate by the World Bank had put the unaccounted money of Indians kept in various tax havens at $ 100 billion. As per Finance India, (an article in the September 1995 issue) the range of capital outflows was from $ 1065 million to $ 370 million just in one single year - 1993. Much of the $ 10 billion money in the non-resident account is said to be belonging to the resident Indians. The evidence of this kind abounds. As against this vast sum of out own money, what the government aims at out of the Reforms is the paltry sum of some four to five billion dollars of foreign direct investment a year to come in the country ! The size of the money indicated above, that rightfully belongs to the people of the country, may be good enough for the task. But to unearth this treasure certainly requires a political will. India does not need capital as much as it does the political will to better its destiny.

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