

A Review of the: 'UNEMPLOYMENT, INEQUALITY AND PARALLEL ECONOMY: A SOLUTION'¹

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Possession is acquired by three ways, namely by succession, subscription and prescription. There are three things which make people adventurous in life, namely poverty, plenty and the lust for fame. There are three groups of people who think themselves unusually wise but will never be ready to give right answer then legitimate questions about the ultimate causes are asked, namely politicians, business magnates and academic bureaucrats. People feel sorry of having done what they did at three stages namely. when one realizes himself of what he has done is wrong, when others make him conscious of what he has done is wrong and when a person is a few yards away from his grave (realizing that there is no more time left out for doing something good to others in his life). People think they can draw a pattern for themselves when they are possessed with the endowments such as men, material, machinery money and management.

There are three sources of self information namely observation, perception and practice. A theme or a subject can be evolved on three occasion namely, when one does not know what he knows, when one does not know how to know what he does not know, and when

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one knows everything but knows that he does not know about what he does not want to know. Subjectmatter of a theme can be on three aspects, namely, on its origin, on its causes or on the causes of its origin.

People are normally identified with the group with which they mix up. The motive of any action is determined by the way in which one does, acts and speaks. A work can testify three facts namely, an information, confirmation or distortion. There are three types of welfare methodists namely, preachers, practitioners and practising preachers. There are three things unholy to an economy namely, 'poverty, inequality and unemployment'. It is this last clause which gives impetus to the reader to study and review the 'solution' prescribed by Vadilal Lallubhai Mehta on the six scourges of Indian Economy, namely, Unemployment, Inequalities, Inflation, Black money, Corruption and Population explosion in his dynamic treatise entitled 'Unemployment, Inequality, Parallel Economy: A Solution.

The logical starting point for the 'Solution to the above scourges' begins with the diagnosis of the various dimensions of unemployment in India in its 'static and dynamic aspects'. In the author's language 'poverty and unemployment is the result of population explosion'. So, as a solution to poverty and unemployment: first population explosion must be stopped. Then as an effective solution for poverty, unemployment must be removed through the massive and gainful employment through 'Ambar Charkha'. Then poverty will be wiped off, unemployment will be removed, people will be happy with 'milk, honey and plenty' through the 'exotic cow-cross-breeding programme' and establishment of 183 items of cottage and small scale industries' in rural areas without transplanting the existing industries in industrial cities under 'home-technology product concept'.

Starting with the problem of Unemployment he states that about 2.11 crores are unemployed or underemployed in India who require employment urgently (P.5) by referring to Draft Sixth Plan, 1978-83 as the source of information. But it has been estimated that about 16.6 crores are underemployed and another 10.3 crores are literally unemployed who require employment urgently as against the official estimates. Then by quoting 3 Round of NSS data (July 1977 to June 1978) he says that there are -as many as 48.1% of the total population is estimated to have been living below the poverty line. I just wonder what Lallubhai understands by the term 'Poverty Line'. If at all, he thinks 'poverty line' as a term of poverty measurement, absolute poverty gap would be a better yard stick than the ill defined 'basket of goods and serv-

ices' which does not even exist among households even to purchase than what percentage, average and calorie intake measures of poverty says. On page 6, he bravely comments 'thus we are one of the poorest nations in the world' - a conclusive evidence in terms of AID publication. So, it implies that we are not sure about what we are, till some one outside India is sure about ourselves'. India is not at all a Poor country. It is one of the richest nations of the world. But resources are maldistributed and hence productive factors are concentrated in a few hands and it causes all economic evils such as poverty, unemployment, inequality and parallel economy. I too agree with him, that 'there is a need for alternative development strategy' (P.7). No doubt, everybody knows that there is something wrong with our development. To the context he quotes L.K. Jha that 'much of the prevailing confusion in economic policy is attributable to the use of models evolved in other countries.....' (P.8) So to do away with the confusion he strats with evolving and theorising an 'alternative development strategy through Ambar Charkha Programmes'.

Now coming to the next major problem, Parallel Economy, the author is of the view that it is the bye-product of 'corruption and concealed inequalities'. He continues, "corruption is due to poverty. Poverty is due to unemployment. Unemployment is due to poverty. Poverty and unemloyment is due to population explosion. Population explosion is due to poverty". Therefore, solution to the poverty is going back to the villages with Ambar Charkhas and other hosts of employment and income generating schemes prescribed by KVIC Report (P.19). Further he continues, Village and Cottage industries are not established in rural areas because there is shortage of finance. "Finance is scarce there is inequality in distribution. Inequality in distribution is due to corruption and concentration. Concentration of income and wealth is due to inflation and black money. Black money is due to corruption and election. Corruption is due to election. Election is due to corruption. Corruption of election is due to black money. Election of the corrupted is due to illiterate masses. People are illiterate because they are poor. People are poor because they are unemployed. They are unemployed because they are not gainfully employed and they are deprived of basic necessities". (He supports his argument with Annexure 0, Page No. 129. Excerpted from the 'Standard of Living of the Indian People', Extracted from the Centre for Monitoring Indian Economy which is Abstracted from Kusum Nair's Blossoms from the Dust, 1961. Ofcourse, Dandekar and Rath said about the poverty in Indi 1971 based on 1960-61 price level (p.23). JRD Tata one of the finest Industrialist in the world spoke feelingly about the plight of our poverty stricken masses (P. 63). And in the Illustrated weekly of India, Sept. 6, 1981, he explained much about the 'poverty of industries' in India. The AID publication

(Canada) has discussed at length about poverty in India). 'So, at-least no one will doubt that there is poverty in India'. Further he explains other evils of Indian economy with the authentic statements of export relevant field. For instance, L.K Jha in October 1981 said it in 'Seminar' that there is economic confusion in India. "So, we must do something for the confusion". Alfred Solan, Director General as General Motors in USA said about the problem of Large Scale Industries in India (P. 9). "So we should take care of PV Ratio of Large Scale Industries in India to reduce poverty and unemployment in Large scale industries in India". Khadi and Village Industries Commission (P. 16) has recommended many good things to eradicate poverty in India and moreover the KVIC report is fully in conformity with Gandhian Economics. "So, we must start doing it by taking the report from 'Cold Storage' to hot-inferno".

Now coming to Employment cum Income creation programme through Dairy Development Programme, 'protein-enriched cow feed' must be provided to 'exotic breeds'. They must be well protected and maintained in airconditioned cow sheds by appointing specially qualified Veterinary Doctors to look after them. This will provide full employment for highly qualified and educated unemployed. Then, "each cow would give atleast 10 to 15 litres of milk a day which would easily leave the owner with a net profit at least of Rs. 15 per day". Then his monthly income would straight go up to the tune of Rs. 500/- P.M. Then the poverty will be replaced by plenty; people will be happy, tears will be whiped off and the nation will become prosperous.

I wish, if Lallubhai and his expert Counsellors had done their basic home-work in terms of calculation of 'the cost per litre of milk' and the mode of benefit allocation of its price and profit determination in the existing articulated market conditions of imperfection (both internally and externally) controlled by many other unleashed economic forces without any control, wherein the very money circulation itself is regulated by a few business houses, industrial tycoons and enterprising smugglers, beyond all RBI's directives and monetary policies; before Lallubhai started this adventurous task of prescribing solution to economic ills of India.

Next to it, Lallubhai's 'Ambar Charkha Methodology' and 'Home Technology Concept product appears ridiculous. At a phase of rapid technological sophistication in Textile Industries advocating Ambar Charkha Technology is just a tantalising gleam, at a time all giant Textile Mills are fast developing its technological innovations to improve the quality and quantity of production and therebyto resist competition (both internally and externally) to increase their profit

volum ratio. It is very true, "hardly and skill is required to operate Ambar Charkha" which will very conveniently push down any underemployed to sub-human servitude of miserly and destitution, (without first creating adequate market potential and security to the product of 'Ambar Charkhas'). But again the question is who can afford to go on weaving at the cost of his starving stomach and his family ? Whether rich politicians who can afford to prescribe many such 'economic ills' without costing anything to him and his family OR the poor man whose petty job does not even fulfil own bare necessities. Perhaps, on the other extreme, it is possible, if 'Polvester Khadi' is all that what Lallubhai thinks in his mind (which our politicians and advocates of Gandhian Economics used to wear and live in posh multi-storyed Bungalows of cosmopolitan cities under the banner of 'simple living and noble thinking') is grand torpedo to the very fundamental equation of Economic Science. Just for, the moment, we switching on 'to his prescriptions and solutions without a concrete cognizance on the complex and vexing social reality, can only lead the economic conditions of the poor people to less income, less expenditure, starvation and finally to death ! No doubt, he consoles, "in the long run everybody will die" (and the earlier the better). Even otherwise "the poor along will die in the short run"! From that angle no doubt, Lallubhai's path breaking contribution as a socio-economic solution will ever remain a 'key formula' for the centuries to come that the nature made smart and beautiful!

Now coming to his 'Scheme of Implementation' [P. 41], Lallubhai claims that 'the author's experience as the First Chairman of the Bombay State Road Transport Corporation,' is what enables him to create employment to ruralites through Ambar Charkha Programme' [P.42]. The question is not about dealing at length with his wishful thinking and what he was or is, but what practically we can do. What we wanted is not 'Paper Plans without Practical Frame' and there is no dearth of such plans and policies in India, [atleast for the people who live in ivory towers and dream everything nice about their fellow human beings in the slums and remote rural areas].

On page No. 46, he visualises, "a Charkha can be given the one who acquires the art of spinning then there will be less likelihood of the Charkha being spoilt", [than he himself get spoilt of his whole life wasting after the Charkha Business]. Ofcourse, he specifies, ". some risks have to be taken to enjoy the fruit and this was the experience of poor in the early years of industrial revolution", and he further goes on explaining the economic story prevailed in other countries of the world about 100-150 years ago [P.47]. No doubt, it is a wonderful solu-

tion. But credit goes to Tagore who said: "Hold on Thy Faith; The Day will Dawn"!

Then from page No. 52 to 64, the author goes on buttressing his arguments by quoting expert comments of Aditya Birla, JRD Tata, Peter F. Drucken, Prakash Tandon etc's statements supporting that they are so much concerned with the plight of poverty stricken masses and their unemployment problem. Indeed, Tatas and Birlas are very much concerned with the poverty and unemployment of their 'class groups' and for their welfare [in terms of poverty reduction and unemployment]. They are also doing all what is required for job protection reservation and employment insurance of their 'class groups'. But Lallubhai must atleast now understand that they are not concerned with the poverty employment of masses for which 'popular Governments' are there elected to protect their interest.

Again he reiterates, "we must found place for the unutilised or underutilised resources of these unemployed at the services of the nation". But the unsolved puzzle is how he is going to solve their problem of unemployment. For instance, there are already about 1200 Ph.D degree holders in India as either unemployed or under-employed by doing certain petty jobs. Is it the way government is going to solve the unemployment problems of highly qualified and educated? No doubt, it is a wonderful solution :

On page No. 66, he quotes the sentence of Union Finance Minister's speech in November 1980, "a mild dose of inflation at the rate of one percent per month is necessary to provide stimulation to industry" by which I strongly feel all what he perhaps meant might have been the stimulation to 'political industry' and not 'productive industry'. Again to correct Lallubhai, "inflation will never reduce growth of investment to zero" (P.66). So, I will suggest as a solution to solution, better, Lallubhai and his Counsellors had first undergone an intensive training, at least, in the principles of Monetary economics before taking up an adventurous task of presenting solutions of this sort. On the contrary, the present inflation in India is not a controlled inflationary practice of RBI or Monetary authorities, but the free play of 'wild inflationary animals' who are dealing in blackmoney, smuggling and other illegal economic offences such as corruption hoarding and bribery. Even otherwise. Lallubhai's prescription can only lead to 'refla-

tion' which will never 'scotch the existing parallel economy' in India within the existing built-in-defect social set up and moribund insitutional structure which thwarts all the elements of good in our system. So all his solutions in the above line seem to be a prescription of an ivory tower-technocrat without having any congruence on the micro level reality in the first, and commitment to the cause of the masses in second: to divert the attention of the "half-hearted methodists and mediocre intellectuals' from the peripherals of the main issues.

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