

## PREFACE

In the curricular structure introduced by this University for students of Post-Graduate degree programme, the opportunity to pursue Post-Graduate course in a subject is introduced by this University is equally available to all learners. Instead of being guided by any presumption about ability level, it would perhaps stand to reason if receptivity of a learner is judged in the course of the learning process. That would be entirely in keeping with the objectives of open education which does not believe in artificial differentiation. I am happy to note that university has been recently accredited by National Assessment and Accreditation Council of India (NAAC) with grade 'A'.

Keeping this in view, study materials of the Post-Graduate level in different subjects are being prepared on the basis of a well laid-out syllabus. The course structure combines the best elements in the approved syllabi of Central and State Universities in respective subjects. It has been so designed as to be upgradable with the addition of new information as well as results of fresh thinking and analysis.

The accepted methodology of distance education has been followed in the preparation of these study materials. Co-operation in every form of experienced scholars is indispensable for a work of this kind. We, therefore, owe an enormous debt of gratitude to everyone whose tireless efforts went into the writing, editing, and devising of a proper lay-out of the materials. Practically speaking, their role amounts to an involvement in 'invisible teaching'. For, whoever makes use of these study materials would virtually derive the benefit of learning under their collective care without each being seen by the other.

The more a learner would seriously pursue these study materials the easier it will be for him or her to reach out to larger horizons of a subject. Care has also been taken to make the language lucid and presentation attractive so that they may be rated as quality self-learning materials. If anything remains still obscure or difficult to follow, arrangements are there to come to terms with them through the counselling sessions regularly available at the network of study centres set up the University.

Needless to add, a great deal of these efforts are still experiment—in fact, pioneering in certain areas. Naturally, there is every possibility of some lapse or deficiency here and there. However, these do admit of rectification and further improvement in due course. On the whole, therefore, these study materials are expected to evoke wider appreciation the more they receive serious attention of all concerned.

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Vice-Chancellor

**NETAJI SUBHAS OPEN UNIVERSITY**  
**Post Graduate Degree Programme**  
**Master in Social Work**  
**Course : Man and Society (Society/Contemporary Social Problem)**  
**Code : PGSW-V**

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**Netaji Subhas  
Open University**

**PG : Social Work  
(MSW)  
(New Syllabus)**

**Course : Man and Society  
(Contemporary Social Problem)  
Code : PGSW-V**

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# **Unit 1 □ Sociology : Concept, Domain and its relevance in the concept of Social Development**

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## 1.0 Objective

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Sociology is a very important of Social Science discipline. As a Social workers we must gain detail knowledge about this subject an this in a branch of Social science which deals with human behaviour and various aspects of Societal life.

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## 1.1 Introduction

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Sociology, as compared to other social sciences, like economics and political science, is a young discipline. One could say, it is about a hundred-and-fifty years old but there has been a more rapid development of the subject in the last fifty to sixty years. This is partly due to desire, particularly, after the Second World War, to understand more about the behaviour of people in social situations. All social science subjects are concerned with the behaviour of people but each of them studies different aspects. Sociology, however, is concerned with social relations in general, and with social group is and institutions in particular.

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## 1.2 Definition of Sociology

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The first social scientist to use the term sociology was a Frenchman by the name of Auguste Comte who lived from 1798-1857. As coined by Comte, the term sociology is a combination of two words. The first part of the term is a Latin, socius- that may variously mean society, association, togetherness or companionship. The other word, logos, is of Greek origin. It literally means to speak about or word. However, the term is generally understood as study or science (Indrani, 1998). Thus, the etymological, literal definition of sociology is that it is the word or speaking about society. A simple definition here is that it is the study of society and culture.

Sociology is the scientific study of society, which is interested in the study of social relationship between people in group context. Sociology is interested in how we as human beings interact with each other (the pattern of social interaction); the laws and principles that govern social relationship and interactions; the /influence of the social world on the individuals, and vice versa (Ibid.). It deals with a factually observable subject matter, depends upon empirical research, and involves attempts to formulate theories and



generalizations that will make sense of facts (Giddens, 1982). Regarding the detective and expository nature the science, Soroka (1992:34) states that “Sociology is a debunking science; that is, it looks for levels of reality other than those presented in official interpretations of society and people’s common sense explanations of the social world. Sociologists are interested in understanding what is and do not make value judgments.”

1. Auguste Comete, the founding father of sociology, defines sociology as the science of social phenomena “subject to natural and invariable laws, the discovery of which is the object of investigation”.
2. Kingsley Davis says that “Sociology is a general science of society”.
3. Harry M. Johnson opines that “sociology is the science that deals with social groups”.
4. Emile Durkheim : “Science of social institutions”.
5. Park regards sociology as “the science of collective behavior”.
6. Small defines sociology as “the science of social relationships”.
7. Marshal Jones defines sociology as “the study of man-in-relationship-to-men”.
8. Ogburn and Nimkoff : “Sociology is the scientific study of social life”.
9. Franklin Henry Giddings defines sociology as “the science of social phenomena”.
10. Henry Fairchild : “Sociology is the study of man and his human environment in their relations to each other”.
11. Max Weber defines sociology as “ the science which attempts the interpretative understanding of social action in order thereby to arrive at a casual explanation of its course and effects”.
12. Alex Inkeles says, “Sociology is the study of systems of social action and of their inter-relations”.
13. Kimball Young and Raymond W. Mack say, “Sociology is the scientific study of social aspects of human life”.
14. Morris Ginsberg: of the various definitions of sociology the one given by Morris Ginsberg seems to be more satisfactory and comprehensive. He defines sociology in the following way: “In the broadest sense, sociology is the study of human interactions and inter-relations, their conditions and consequences”.

### **1.2.1 Concept of Society and Culture**

Society has been defined as a relatively self sufficient, usually large group of people nwho maintain direct or indirect contact with each other through a culture. Culture is generall understood as the shared language, beliefs, goals, artefacts and experiences that combine together to form a unique pattern. In other words, culture is a society’s way of life (Stebbins, Robert A. 1987)

### **1.2.2 Emergence of Sociology**

During the 19th century sociology emerged as separate social science in Europe and its objective was the study of society. Auguste Comte, Spencer and Emile Durkheim besides several other social thinkers sought to establish the idea of society as a matter of study, unique in itself. They examined society as a whole which is more than the sum of its parts. Society is more than the actions, thoughts, values, belief and wish of its individual members. It is a complex and abstract reality; yet all human beings live in a society. A sociologist is interested in the general study of social behaviour as it occurs in groups, large or small, and lays special stress on understanding social life in the contemporary world. The word ‘general’ has been used as other social science disciplines deal with more specific areas. For example, a political scientist studies governmental functions and activities and an economist studies production and distribution of goods. It is, however, difficult to draw an exact line of difference. Social psychology, social anthropology, political science and economics, all in a sense, have human social life as their general subject. As sociology is a relatively young discipline compared with the discipline of philosophy, economics and political science, sometimes, people confuse it with social work.

Sociology is used in the discipline of social work to analyse and understand social problems. Social work is concerned with the uplift of those socially deprived, physically handicapped, etc. Sociology is not concerned with the reformation of society as such nor is it directly involved in social planning or directed change. The sociological understanding and research can help in better planning and in finding ways and means of acceptance of improved practices, in the formulation of development policies and programmes. It is generally accepted that sociologists do not interfere with social process. They are supposed to be value-neutral, i.e., they are not supposed to have any bias or prejudice in the analysis

of the social behaviour. There are, however, at present, some, who question this and feel that sociologists must take an active role in the development process. We have defined sociology as the study of social life and group interaction and social behaviour. In order to understand social life, sociology is interested in the study of the organisation and the functioning of societies or social groups.

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### **1.3 Major concerns of Sociology**

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Sociology seeks to study the society and to analyse it in terms of the social relations that have a pattern. Sociology addresses itself to three basic questions :

- i) how and why societies emerge?
- ii) how and why societies persist?
- iii) how and why societies change?

Sociology has been concerned with the evolution of society. It has tried to analyse the factors and forces underlying the historical transformations of society. For example, societies have evolved from primitive tribal state to rural communities. How villages have become important centres of commercial activity or of art and culture and grown into towns and cities. Sociology has also been concerned with the units of social life. The attempt has been to look at various types of groups, communities, associations and society. The effort has been to study the pattern of social relationships in these units. An important area which sociology deals with is social institutions. The institutions provide a structure for the society and perform functions, which enable the society to meet its needs. In any society, there are five basic social institutions; family, political institutions, economic institutions, religious institutions and educational institutions.

However, in more complex societies, there may be many other institutions such as bureaucracy, military organisations, welfare and recreational organisations, etc. Caste is also an institution, which is more or less peculiar to India. Another area of study and analysis by sociologists is social processes. In one sense, the social institutions provide the stability and order whereas social processes are the dynamic aspects of social relations. Among the various processes that will be dealt with in the latter units are socialisation, social control, co operation, conflict, social deviation and social change.

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### 1.3.1 Concept of Culture

Culture is another very important concept. As mentioned earlier, we are immersed in culture from birth onwards, we take culture for granted. It is difficult to imagine what life would be like without culture. Culture provides summing up of the past experiences, which are the necessary foundation for living in the present. Culture is learned and shared among members of the group. Culture in a sense, can seem to be the chief means of survival and adaptation. On each of the topics mentioned, which are concerns of sociology there will be units which will deal in much greater detail. The society is dynamic and is changing consequently the areas of interest of sociologists are increasing. Today, there is sociology of knowledge, sociology of science and art, sociology of health, sociology of development, etc. This indicates the expanding nature of sociology.

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## 1.4 Sociology and Science

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At times, sociology has been defined as the science of society. This raises the question as to what science is. Some have thought of science as an approach whereas others have thought about it in terms of the subject matter. Simply stated, we might say that the scientific approach consists of certain assumption that the phenomena studied have a regularity and hence, a pattern. The method emphasises observation and verification of social phenomena. This involves a systematic approach to the study of phenomena. The systematic approach consists of :

- i) defining a problem for study;
- ii) collecting data on the problem defined;
- iii) analysing and organising the data; which would help in formulation of hypothesis;  
and
- iv) further testing of the hypothesis and on the basis of this, develop new concepts and theories.

Sociology has been using a systematic approach in the study of social life. On the basis of the knowledge gathered through the systematic approach, it has tried to build body of reliable knowledge. From this knowledge, it has tried to establish the patterns of relationships from which effort can be made at understanding social behaviour. If we look at sociology from the point of view of its approach to the study of society, then sociology can be considered to be a science.

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## 1.5 Some founding fathers

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Later on, in various units of this course you will come across the names of many early sociologists. A brief introduction is given of early sociologists, whose contribution to sociology is lasting. All of them wrote on the nature of human behaviour. In a way, they tried to understand profound changes taking place in society.

### 1.5.1 Auguste Comte (1798-1857)

Auguste Comte is regarded as the founder of modern sociology. He is the first one to have used the word 'Sociology'. He tried to create a new science of society which could not only explain the past of mankind but also, predict its future course. He felt that society moves through definite and fixed stages and that, it progresses towards ever-increasing perfection. The three stages, according to him, in which the society moves, were :

- i) the theological or the religious
- ii) the metaphysical or the philosophical
- iii) the positive or the scientific stage.

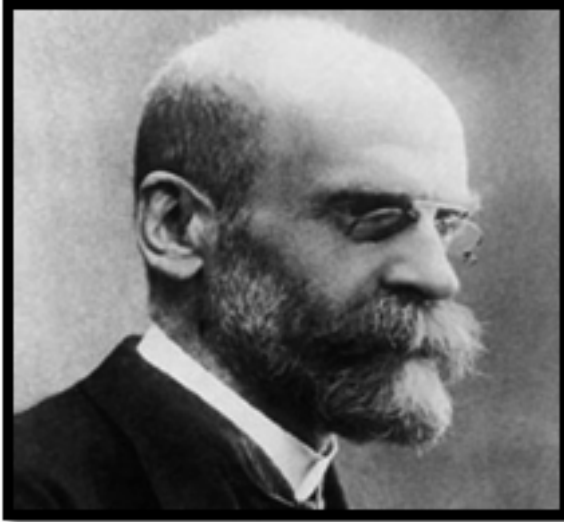


In the first stage people thought, all phenomena were caused by supernatural forces. Abstract forces of either a religious or secular type were considered to be the source of knowledge in the second stage. In the last stage, scientific laws were supposed to determine both the natural and the social worlds. He also talked about two broad areas-'social statistics', which deals with the orderly and, stable aspects of social life and patterns of behaviour (family, occupational, polity. etc.). The second area called 'social dynamics' emphasises the study of changes in a social system. According to him, sociology was to be the queen of all sciences.

### 1.5.2 Emile Durkheim (1858-1917)

Emile Durkheim was also interested in sociology being a scientific discipline. He wrote a (1858-1917) book in 1895 entitled : **Rules of Sociological Method**. To him, social solidarity was one of the main principles of human life. He distinguished between two kinds

of solidarity: '**mechanical solidarity**' based on common assumptions, beliefs, sentiments like those found in traditional societies and '**organic solidarity**' based on the division of



labour and inter-related interests as found in industrial societies. When solidarity is broken, there would be social disorganisation and confusion in society. He considered sociology as having wide interests, which includes sociology of religion, sociology of knowledge, sociology of law, sociology of crime, economic sociology, and sociology of education, art and aesthetics.

An important concept given by Durkheim was social facts, which, according to him, are external to the individual but they exert pressure on the individual in the behaviour pattern. Customs, traditions, folkways and mores are social facts. He felt that sociology should be involved in the reformation of society. For him society was a reality in itself, that is, it is more than its parts.

### 1.5.3 Max Weber (1864-1920)

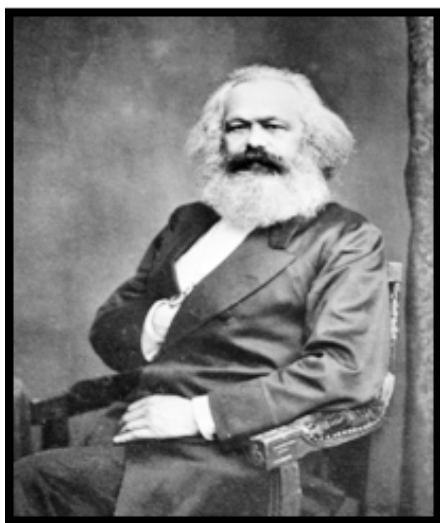
Max Weber used the concept of social action rather than social relations. A comprehensive **Max Weber** study of social action, to him, meant understanding the meanings human beings give to (1864-1920) their behavioural pattern. The social behaviour was not merely a mechanical learning of norms but how people interpreted the social values. Sociology studies all kinds of social action without making any value judgements. Weber was concerned with understanding of inter-relations between parts of society and also, with comparative studies of different societies. He studied religion in different societies. His work **Protestant Ethics and the Spirit of**



**Capitalism** is one of the well known works in sociology. Through both these approaches, he tried to develop propositions having general validity. For example, he classified authority into three types - charismatic, traditional and rational. These concepts are still used in the study of leadership authority and power.

#### 1.5.4 Karl Marx (1818-1883)

Marx has helped through his ideas in understanding the nature of society, particularly, how conflicts occur. . Marx writes in 1848 that all history is a history of classes and class

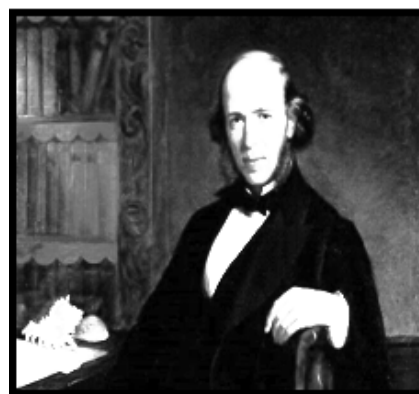


struggles. The society gets divided between the oppressors and the oppressed masters and slaves, lords and serfs and in the modern times, capitalists and workers. To analyse the structure of society, it was necessary to understand the forces of production and relations of production. The contradiction between the forces and the relations of production leads to class struggle. According to him, each society dies in time because of internal conflicts and contradictions and is replaced by a higher one. In time, capitalism would be destroyed and there would emerge a classless society characterised by absence of conflict,

exploitation and alienation from this world

#### 1.5.5 Herbert Spencer (1820-1903)

**Herbert Spencer** covers the fields of family, politics, religion and social control, division of labour and **social** stratification. He emphasised the study of whole more than the study of parts. The individual institutions have significant relations. It is through a study of these inter-relations that one can hope to understand society. He indicated that the inter dependence of the various parts was functional, i.e.,



each of the part performs different functions, which is necessary for the total well being of society. A large number of sociologists, who are “functionalists”, use Spencer’s idea of the

functional inter dependence as a basis for their approach to the study of society. Above descriptions of the contributions of founding fathers of sociology are sketchy. The main purpose is to introduce their names and to give you some idea of their concerns in sociology.

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## **1.6 The nature and meaning of social development**

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Development is a broad concept and, though interrelated, it differs from social change. Change is a value-neutral concept whereas development is a value-laden concept. The notion of development is, in other words, the process of desired change. All cases of change do not indicate development. Only planned and desired changes can be described as development. Thus, it is important to keep in mind the distinct character of the concept of development.

Secondly, we also need to distinguish between economic and sociological notions of development. This point becomes clearer as you read this unit. While speaking of social development, we emphasise the sociological understanding of the process of development. As a broad concept, social development refers to the overall transformation of individuals and society, which may enable every person to achieve moral, social physical and material well-being. Egalitarian development is a desired goal, but it remains only an 'ideal'. In spite of development efforts, disparities in various dimensions of development continue to widen between societies, regions and groups. Variations are observed when we compare various regions or countries. Out of such comparisons have emerged the concepts of underdevelopment mainly in economic terms, such as per capita income, gross national product, level of the standard of living and degree of technological advancement. There are many criteria of 'over' and 'under' development. The simplest one of them is the ratio of industrial capacity to social utility. It means that the countries which are unable to produce sufficient goods to meet the requirements of their population, may be considered as underdevelopment and those which produce more than what is required, as overdeveloped.

In the overdeveloped category may be placed the countries such as America, and in the underdeveloped category, many Asian and African countries. It is, however, a controversial point whether underdevelopment and over development can be identified with any particular country. Further the term underdevelopment is not acceptable, to some of the economically less developed countries, such as India. These countries consider



themselves quite developed from social and cultural points of view. They prefer to be designated as ‘developing’ rather than as ‘underdeveloped’ countries. An important idea implicit in the classification of countries, into developed and developing, is that the former became a ‘model’ for the latter. The developing countries may like to imitate or adopt the economic and technological systems of developed countries.

What is more important about this classification, with regard to the conceptual meaning of development, is the fact that the developing countries depended upon the developed ones for technology, skills and monetary aid. The latter tried to exploit the former. This is known as the dependency theory of development. Having realised the exploitative tendencies of the developed countries, the developing countries tried to be self-reliant in economic terms. Thus, substitution of economic dependence by self-reliance emerged as an important indicator of development. The greater the self-reliance, the higher the levels of development. Endeavours towards self-reliance resulted in import substitution by stopping the purchase of goods from developed countries and producing them in their own country.

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## **1.7 The prevailing notions of social development**

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For a discussion of the contemporary sociological concerns about development, we can begin by outlining some of the views based on historical events, on the socio-cultural dimensions of development. But before we examine these dominant concerns regarding development, it would be useful to undertake a brief description of the “three worlds of development” as it had existed prior to the break-up of the Soviet Union. This had become an important part of the social scientists parlance since the middle of the 20th century. Earlier the world was divided into two i.e. it was a bipolar world with the capitalist block of United States of America (USA), on the one side and the socialist block of the Soviet Union, on the other. After the break-up of Soviet Union, the ‘Cold War ‘ has ended and the world has become unipolar, with USA as the most powerful nation of the world.

### **1.7.1 The Three Worlds of Development**

The First World consists of North America, Western and Southern Europe. The countries were seen to be following mainly a capitalist model of development. The Second World had consisted of Soviet Union and the East European group such as, Poland, East

Germany, Hungary etc. Many socio-political changes have occurred in these countries now and they do not remain a communist bloc any more. They were associated with the socialist model of development. The Third World was and to certain extent still is generally used to refer to the less developed or developing societies of Asia, Africa and Latin America. Most of these countries emerged out of colonial rule to attain political independence only in the middle of the 20th century. The majority of the third world countries are characterised by low per capita income, high rates of illiteracy and infant mortality. These were generally agriculture-based economies where people had short life expectancies, low degree of social mobility and strong attachment to tradition (Estes, R.J., p. 92). The countries, though subject to influence by the erstwhile First and the Second World countries, have devised their own national strategy and path of development.

The First and the Second World's models of development had laid primary emphasis on economic growth.

#### **1.7.1.1 The Capitalist Model of Development of the First World :**

The main characteristics of the capitalist model of development are :

- a) provision for private ownership of property and means of production,
- b) promotion of economic activities through private enterprises, and
- c) minimum possible state regulation and control on private enterprises. Thus the capitalist model is characterised by a free economy regulated by competition.

#### **1.7.1.2 The Socialist Model of Development of the Second World**

The socialist path of development adopted by the Second World, was seen to be opposite or dichotomous to the capitalist path of development. The former, contrary to the latter, is characterised by state ownership of property and means of production, public enterprises and complete state regulation of economic activities. Thus, the socialist model refers to a regulated economy. The main allegation against the capitalist model is that, since it permits minimum state regulation, its economic system becomes exploitative in the sense that the working class people (proletariat) do not get their due share. The capitalists enjoy a major share of the nation's resources. Hence it contributes to inequalities so that a few are very rich and the majority is very poor.

The capitalist model is, therefore, alleged to be exploitative and non-egalitarian. On the contrary, the socialist model was ideally considered as non-exploitative and egalitarian. Private ownership and the lack of state regulation, were considered to be important measures of exploitation of the weaker sections and hence the causes of income inequalities. Since, the socialist state did not allow private ownership of property, there was a strong belief that there was no room for exploitation and inequality in it. However, historical events proved this belief to be incorrect as the Soviet Union could not survive for long. The period of “Glasnost” and “perestroika” led by Gorbachev, the erstwhile Russian Prime Minister during the 1980’s, dismantled the communist political and economic structure. The Soviet Union broke-up into several small countries and the socialist ideology gave way to capitalist tendencies.

However, China still follows a socialistic socio-political order. The two models had also differed in their conception of development. Whereas the capitalist model lays greater stress on economic growth, than on equal distribution of the fruits of economic growth. The socialist model laid equal stress on both resource generation and equal distribution of income, and tried to change the social system in such a way that greater social justice could be ensured. In reality, socialist model did not give much space to individual initiative and consumerist desires.

The foregoing discussion implies another difference between these models. The capitalist model does not see any major conflict in the interests of the two classesworkers and capitalists. In its eyes both the classes are complementary to each other, they; are functionally interdependent. The rules of society, particularly about ownership of property and distribution of income, are supposed to be based on consensus. Hence according to this model, there is no need to change the economic structure. On the contrary, the socialist model saw inherent conflict in the interests of the workers **Social Development** and the capitalists.

According to it, rules are not based on consensus but are imposed on the weaker section by the stronger one. This leads to the exploitation of the weak by the strong, which is likely to result in conflicts, and in revolution by the exploited people who want radical change in the system itself. Thus, the capitalist model is

sometimes designated as functionalist or consensual, and the socialist as a conflict, radical or revolutionary model.

In practice, as observed by some researchers, these two models have entered a process of convergence. For instance now, there is an increased state regulation on private economic enterprises in the USA. There has been a relaxation in grants to private enterprises in Russia. One could see income inequalities, and a tendency to resist alterations in political and economic systems in both the Worlds. In recent times there has developed a new concept of “fourth world” of development as identified first by Manuel and Posluns (1974) and Hamalian and Karl (1974). They used this concept to describe “a community of the powerless, the oppressed and the dispossed”. According to them all the other “worlds of development” i.e. the First, the Second and the Third, share the people who belong to the Fourth world of development. In current usage, the countries which belong to the First world are referred to as “developed Market Economies” (DMEs); those belonging to the Second World are referred to as the “Eastern Trading Area (ETAs); and those belonging to the Third World are referred to as the “Developing Countries”. The countries of the Fourth World are referred to as “least Developing Countries” (LDCs). (Quoted in Estes, Richard J.’s” World’s of Development, [www. google.com](http://www.google.com) website).

### **1.7.1.3 Development of the Third World**

It is difficult to specify the model of development, adopted by the majority of the. Third World countries as there are variations among them, dictated mainly by their historical and socio-cultural circumstances. What they seem to share in common is that :

- a) They are economically and technologically underdeveloped in comparison to the countries of the so called developed world.
- b) Social planning is a key element in their development process. Their plans of development incorporate not only economic concerns, especially removal of poverty, but also concerns regarding nation building, national culture and social transformation.

They have been seeking technological and economic aid from the developed countries. The developed countries have given them economic assistance, but they have also been

increasingly attempting to extend their political influence in the developing countries. It has been noted that the global military defence strategy is, the major consideration of the developed countries, in extending their economic and political influence to the developing countries. In fact, the idea of the Third World is associated with the emergence of consciousness among developing countries, of being exploited by the developed countries in the garb of monetary help and expert advice. Some nations had become conscious of exploitation much earlier, but others, understood this fact only after seeing the disastrous role of big powers in the developing countries, e.g., the role of the USA in Vietnam or the USSR in Afghanistan. The social analysts have played a very significant role both in appreciating the help, as well as analysing the “games” of the big powers in the developing countries. Against this background of information about the First, the Second and the Third Worlds we will now proceed to look at some of the prevailing conceptions about development across the world.

### **1.7.2 Socio-cultural Dimensions of Development**

The concept of development has encompassed many dimensions over the years. One of the popular notions that economic growth, was a sufficient and a necessary condition to stimulate development of all the sections of a society has been proved incorrect. Economic advancement of a class of people has not, and does not trickle down to the entire population. Similarly, the attainment of high levels of economic growth by some of the developed countries has not helped to solve some of their serious problems. In fact affluence has given rise to new and more social problems. It is, therefore, now realised that if the ultimate aim of development is the improvement of the quality of life of every human being in society, it cannot be achieved as a consequence of economic growth or capital accumulation.

Sociologists now believe that it is necessary to lay stress on socio-cultural dimensions of development. To elaborate, social development includes :

- a) Proper satisfaction of basic needs, such as, food, shelter and clothing.
- b) Availability of essential amenities such as electricity, transportation, communication and water.
- c) Good physical and mental health, measurable in terms of increased life chances, abolition of environmental pollution, nutritious diet, medical care etc.

- d) Economic welfare i.e. opportunities for employment in economic activities and high level of living.
- e) Development of human beings i.e. enhancement of literacy, vocational education, moral education, creative personality etc.
- f) Social integration i.e. involvement and participation of people in social, political and economic processes and establishment and maintenance of effective social institutions.
- g) Minimisation of disparities in access to various resources and opportunities-economic, social and political.

Some sociologists have laid a special emphasis on the psychological, social and moral dimensions while talking about the “holistic” approach to development. They look at development as an improvement in the overall quality of life including physical, psychological, social and cultural. They emphasise that these dimensions are very closely interlinked. For instance, an improvement in the psychological quality of life entails the idea of life satisfaction including positive mental health. This requires a proper and effective balance between material and non-material life-goals of people and between instrumental and intrinsic values of society.

This subjective dimension is very closely linked with the social quality of life. The improvement in social quality means an increase in the strength of family stability, interpersonal bonds and social solidarity. An improvement in the cultural quality of life signifies the upsurge of the moral dimensions. A concern for others is the essence of social morality. They have pointed out that in many developed societies there is more concern ‘for self than for others’, hence no true development (Sharma, 1986).

Thus, the sociological approach to development looks upon the development process as alterations that affect the whole socio-cultural matrix of society. In the modern sense, development refers to the planned, stimulated movement of the entire system in the direction of the overall desirable goals of a given society. Today we have a “Sociology of Development” which is seen to be growing in two directions – towards the analysis of internal structures and of historical linkages. A look at the studies in this field provides us with an idea of the following approaches to social development.

### 1.7.3 Approaches to Social Development

Approaches to development may be discerned on the basis of two criteria,

- (i) centralisation versus decentralisation of development schemes and resources, and
- (ii) Unit of development, i.e., the focus of development – individual, group, village etc.

The first criterion given rise to two approaches, namely, development from the top and development from the bottom. The second criterion gives rise to the three approaches- sectoral development, areas development and target group development. Let us now review briefly the five approaches.

#### 1) **Development from the top**

The approach of development from the top envisages the planning and execution, of development schemes by the central or apex bodies of administration. In other words, the central organisations decide the nature and direction of plan formulate projects and impose them on the people. For instance, the ministers and high officials sitting in the capital, make the development plans for rural people without fully realising their problems.

Implicit in this approach is the assumption that the people who need development are incapable of understanding their needs, of devising development schemes and of executing them on their own. Hence, the need for experts and outside agencies in fact, this assumption is baseless. The elite at the top have a vested interest in making such assumptions. Their major interest is to hold control on resources and mobilise them for their own benefits. The people accept the development schemes, because they have neither sufficient resources of their own, nor any control on the resources of the community. As a result, most of the schemes imposed from the top fail to yield the desired results.

This happens in most of the cases. A large part of the funds of development schemes is eaten up in one way or the other, by the experts and executive personnel deputed or employed by the sponsors of the scheme, be it own government or any foreign agency. The major drawback of this approach is that it fails to involve the beneficiaries, in the development process. Instead, it generates a feeling of alienation among them. For these reasons this approach has been characterised by a higher degree of centralisation and bureaucratisation.

## 2) **Development from bottom Social Development**

The exponents of second approach of development from the bottom, on the contrary, believe the fairness of intentions and abilities of the people who need development. They are given an opportunity to articulate their problems as well as the ways to solve them. They are trained and made capable, and are prepared for self-help. Utilisations of resources for development schemes are decided, by the concerned people themselves or by their representatives at the local level. Thus, there is a greater decentralisation of plans and higher participation of people. While the planners realise the importance of development from the bottom, and claim that they adopt this approach, in practice, they often adopt the approach of development from the top. The result is ineffectiveness of the development schemes.

## 3) **Sectoral development**

On the basis of 'unit' of development, as mentioned earlier, three approaches are envisaged, viz., sectoral development, area development and target group development. Sectoral development approach refers to formulation and execution of schemes for development, of a particular sector of economy like agriculture or industry. For instance, the Indian planners thought of developing industries just after the Independence. Therefore they made plans to develop technology or borrow it from other countries. Stress was laid on technological education. Many institutes and colleges were established, independently or in collaboration with other countries, such as the United States of America, Russia and England.

On the other side, funds were made available for heavy industries such as textile, steel and cement. Later on, when the country faced a food problem in the early sixties, the planners thought of developing the agricultural sector. As a result, many agricultural universities were set up, which helped in evolving high yielding varieties of crops, insecticides and pesticides, and farm implements, like threshers. Extension services were made available to educate and persuade farmers, to adopt new agricultural technology, and loans were advanced to farmers quite liberally. You have seen the results of these efforts in the form of the green revolution. The country is now almost self-reliant in food



#### 4) **Area development**

All regions are not equally developed. Some are more affluent than others. The underdevelopment of regions is due to the lack of infrastructural development—roads, railways, electrification etc. or due to the problems of floods and drought. When schemes are devised for the infrastructural development of an area or region, we call it area development approach. The Command Area Development Scheme, introduced in India in 1974 for the development of irrigation resources in certain regions, illustrates this approach.

#### 5) **Target group development**

Target group approach has its focus on a particular category of people, such as small farmers, women and farm labourers. Schemes, such as Small Farmers Development Agency (SFDA) and reservation of seats in schools and colleges, and in employment for scheduled castes, exemplify the target group approach. There is another approach to development, which has its focus on the overall development of the people residing in a locality – village or town. This is known as a community development approach. This approach lays stress on the development of education, health facilities, economic and social activities, and other infrastructural facilities.

### **1.7.4 Indian experience of development after independence**

There have been schemes and plans of development in almost all dimensions of socio economic life, such as health, education, population control, industry, transport, irrigation communication and agriculture. It is neither possible to present here a list of all the development schemes, nor are you expected to know about all of them. Therefore our main objective is to present a synoptic view of the development schemes in India, introduced after Independence with a view to illustrate some of the approaches to development, discussed in the preceding section. After Independence, India did not follow either the First or the Second World, it **Social Development** adopted neither the capitalist (North American) nor the socialist model of development. It adopted a path of development in-between the two models, which is known as ‘mixed economy’. On the one hand, India encouraged private business and industry and gave opportunity to big business houses, such as the Birla’s and Tata’s, and other medium and small size entrepreneurs. On the other

hand it has almost full control, at least in principle, over all the entrepreneurial and business activities.

#### **1.7.4.1 Socialist Path and Mixed Economy**

The state also acts as an entrepreneur in setting up heavy industries, such as the manufacture of steel and generation of electricity. The banks have been nationalised. The state has full control over railways and postal departments. These measures are illustrative of a socialist path of development. On the other hand, certain industries are reserved for private entrepreneurs – both small and large. In some industries, such as textile and cement, both private and state enterprises have been allowed to operate. In many other activities, too, such as education, health and transport both private and state agencies work, either independently or in collaboration. It is true that India adopted a ‘mixed’ path of development, but scholars differ in their opinion about the real functioning of the economy. One view is that India’s path of development is a capitalist one. Entry of state in heavy industries was, in fact, meant to support private enterprise, in the sense that these industries did not yield high profits and required a long gestation period and high capital investment.

Hence they did not attract private entrepreneurs, and at the same time industrial development was not possible without basic industries. Similarly, it has been argued that big enterprises still dominate over the small ones, and the industrial sector over the agricultural one. Also there is a concentration of economic power in a few big business houses. The other view is that our bias has been increasing towards a socialist model, as is evident from the facts such as nationalisation of banks. These are controversial arguments which cannot be sorted out here. The fact remains that India pursues a ‘mixed’ path of development.

#### **1.7.4.2 Sectoral Development**

No doubt India has progressed a lot in industrial and agricultural sectors, but there has been relatively less progress in the latter. Many policies and plans were adopted, which showed results that were far below the expectations. The major policies for the development of agriculture after Independence were: abolition of landlordism (zamindari), consolidation of land holding, and land ceiling. Whereas the first two policies succeeded, the last one was made ineffective due to several factors including the vested interests of large farmers. However, due to increase in population there has a natural curtailment of farm size, and it

has been that further ceiling on farm size, will come in the way of raising the productivity. All these policies reflect a sectoral development approach.

The sectoral approach got further accentuated in the 'green' and 'white' revolutions, i.e., development of cash crops, and dairy products, respectively. Such revolutions have not been widespread. They are confined to a few states, such as Punjab, Haryana, Tamil Nadu, Gujarat and Maharashtra. The important thing is that the farmers, even in these states, do not get remunerative returns from farm produce, because of an absence of check on the rise of prices of farm inputs – machines, fertilisers, insecticides, pesticides etc., which come from industrial sector, and also because of a strict control on the prices of farm outputs, with the rationale that high rise in the prices of food grains will adversely affect the masses. This indicates discrimination against the farm sector. The majority of people depend upon agriculture even today. Therefore non-remunerative farm return keeps the agricultural sections in poverty.



*Picture depicting Green Revolution and White Revolution an example of sectoral development in India.*

### **1.7.4.3 Community Development and Cooperative Movement**

Besides this sectoral approach, a community development scheme was initiated in 1952 for overall development of villages. The philosophy of this programme was to educate, encourage and enable the people to develop themselves, with their own efforts and resources. But the programme was not very successful. It was realised that a greater

participation of the rural people in the preparation and execution of development schemes was essential. In other words, it required a greater administrative decentralisation. Hence Panchayati Raj System was introduced in 1957. It envisaged a three-tier system, viz., Village Panchayat (village level), Panchayat Samities (block level) and Zila Parishad (district level). This system involved the people at local level, in both planning and execution of development schemes. It was an effort towards development from the bottom. But unfortunately the unholy alliance between the rural elite (rich farmers), on the one hand, and the administrative and political elites, on the other, at the block and district levels made the system weak.

The same fate met the cooperative movement. India wanted cooperative cultivation on the Chinese pattern, in which the land is owned by the community (village) and the farmers have their shares. But this did not work in India due to the country's **Social Development** political system which did not permit abolition of private ownership of land, and because the farmers did not surrender land to the community voluntarily, in spite of the appeal of "Bhoo Dan" (land donation) movement of Vinoba Bhave. However, credit societies which granted short term agricultural credit did become popular. But today many of the credit societies have become defunct, or are not functioning effectively. The member borrowers usually become defaulters. The important point is that there is no spirit of cooperating among the local people, because most of the affairs of these cooperatives are managed by the government or semi-government officials, such as the Registrar, Managing Director, Administrator etc. In many cases the nationalised banks provide funds to cooperatives for advancing loans to their members.

The rural credit cooperative are relatively effective in Maharashtra, particularly among the sugarcane producers, who also have cooperative sugar mills. In other fields, too, there are exceptionally successful cases of cooperative, viz., Milk Producers Cooperative at Anand in Gujarat. Anand Milk Producers' Union Limited (AMUL) emerged out of the farmers' cooperative efforts at the village of Anand which now has an important place among the rural cooperatives in Asia.

#### **1.7.4.4 Target Group Planning**

There are many other rural development programmes for certain target groups, under the 20-point economic programmes. Integrated Rural Development Programme (IRDP) is one of them which combines both the area development and target group approaches,

since it includes the Command Area Development Programme, Drought Prone Area Programme and Small Farmers' Development Agency. As a target group programme, its focus is on the poorest of the poor, and the unit of assistance is the 'family', and not a person. It proposes to cover about 3,000 families in each block over a period of five years. Under IRDP there are special programmes for employment, like Training Rural Youth for Self-employment (TRYSEM). Besides there are other programmes such as the National Rural Employment Programme (NREP). Evaluation reports of these programme, however, indicate the failure of the programme in reaching the real beneficiaries and in raising their economic status. The blame is laid on the executive personnel, and the rural elite who consume a large share of the resources, meant for these programmes.

In other fields also India has made a good deal of progress. We have big hospital and primary healthcare centres. Life expectancy has increased and many diseases such as malaria, Polio and small pox have been controlled, and infant mortality reduced.

Now we have a large network of transport and communication. . But the results of development have reached largely the urban population. Rural people still do not have good schools, proper electrification, clean water and hospitals. There are no good teachers, or proper infrastructure in schools, such as furniture, including blackboards in many schools, and no doctors, nurse or medicines in many primary healthcare centres. Besides this we find increased unemployment, a state of lawlessness, an increase in social and communal tension, and a lack of social and national concern. This shows that the country has achieved more of a quantitative than qualitative development.

However, in terms of social political and economic awareness India and its villages are doing fairly well. Being one of the largest Democratic nations of the world, with an extremely vibrant political and economic structure, some amount of social unrest is inevitable. The policies of the Government are geared towards removing extreme inequalities and bringing about social justice.

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## **1.8 Conclusion**

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In this unit we got a detailed information about Sociology and how it may be related to other branches of social science discipline. We also become familiar with the thoughts of favour Sociologists. We came across with the concept of social development and other developmental aspects of our society & nation as a whole.

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## 1.9 Exercise

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1. Define sociology?

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2. What are the major concerns of sociology?

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3. Write a brief note on the founders of sociology?

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## 1.10 Reference

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## **Unit 2 □ Social Sciences & their relevance with Social work**

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### *Structure*

- 2.0 Objective**
- 2.1 Introduction**
- 2.2 Sociology and Political Science**
  - 2.2.1 Differences**
- 2.3 Sociology and History**
  - 2.3.1 Differences**
- 2.4 Sociology and Economics**
  - 2.4.1 Differences**
- 2.5 Sociology and Psychology**
  - 2.5.1 Differences**
- 2.6 Sociology and Anthropology**
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- 2.7 Sociology and Geography**
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- 2.9 Sociology and Jurisprudence**
- 2.10 Sociology and Biology**
- 2.11 Conclusion**
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- 2.13 Reference**

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### **2.0 Objective**

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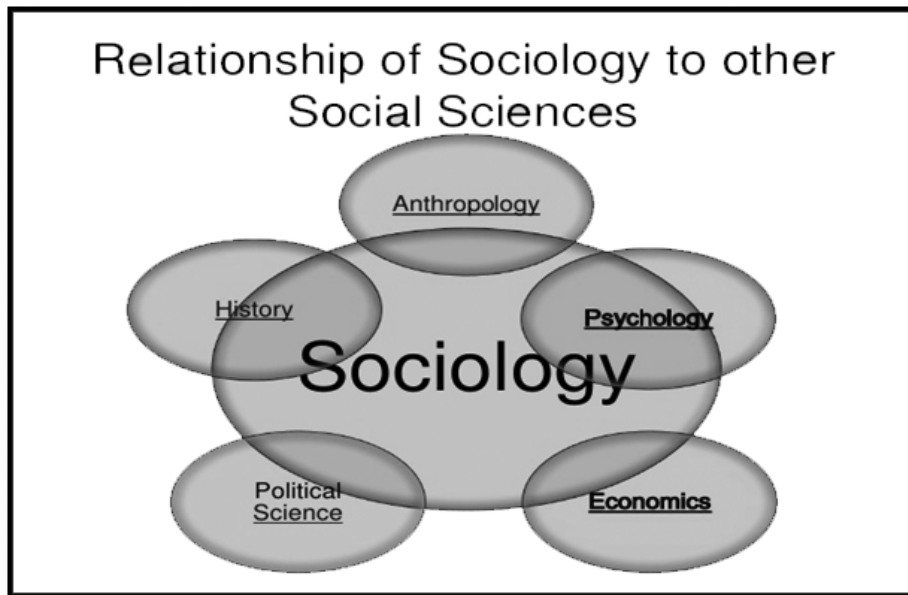
The learner would know about various Social science discipline & relate it to the other disciplines of social work.

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## 2.1 Introduction

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Sociology is a science of society. As a social science it attempts to study social life as a whole. But for the understanding of social life as a whole sociology requires the help of other social sciences which studies a particular aspect of society. Economics studies the economic aspects whereas political science studies political aspects. Hence it is obvious that other social sciences are closely related to sociology. Sociology is considered as the mother of social sciences. Besides sociology synthesizes other social sciences. Hence there exists a very close and intimate relationship between Sociology and other social sciences. For our precise understanding of the relationship between sociology and other social sciences we have to discuss them individually, which are discussed below :



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## 2.2 Sociology and Political Science

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As a mother of social sciences Sociology has close and intimate relationship with all other social science. Hence it has close relationship with political science as well. Their relationship is so close and intimate that led G.E.C. Catlin to remark "Political Science and Sociology are two faces or aspects of the same figure." Similarly other scholars could not find any difference between the two disciplines.



Sociology is a Science of society. It is a science of social groups and social institutions. It is a general science of society. It studies human interaction and inter-relations their conditions and consequences. Political Science is a science of state and Government. It studies power, political processes, political systems, types of government and international relations. It deals with social groups organised under the sovereign of the state.

In the words of Paul Junet, “Political Science is that part of social science which treats the foundation of the state and principles of government.” It studies the political activities of man. It only studies the organised society. However their inter-relationship and inter-dependence can be known from inter-dependence and mutual relationship.

Sociology depends on political science. In the words of Morris Ginsberg, “Historically Sociology has its main roots in politics and philosophy of history.” Sociology greatly benefited by the books written by political scientists like Plato, Aristotle and Kautilya such as *The Republic*, *The Politics* and *Arthashastra* respectively.

Each and every social problem has a political cause. Political Science is a part of sociology. Hence sociology depends on political science to comprehend itself. To understand different political events sociology takes the help from political science. Sociology to draw its conclusions depends on political science. Any change in the political system or nature of power structure brings changes in society. Hence Sociology takes the help of political science to understand the changes in society. Hence both are inter-dependent.

Similarly political science also depends on Sociology. Political Science is a part of sociology. To understand the part it is necessary to understand the whole. Almost all political problems has a social cause and for the solution of these political problems political science takes the help of sociology.

State frames its rules, regulations and laws on the basis of social customs, tradition and values. Without Sociological background the study of political science will be incomplete. Political Scientists largely benefited by the researches and research methods of the Sociologist. Some consider political science as a branch of Sociology. State is considered as a social group hence is a subject of Sociology.

Besides, there are some common topics which are being studied by both the subjects. These topics are War, Propaganda, authority, communal riots and law. With the help of both political science and sociology a new subject comes into existence which is known as political sociology. Some political events like war are also significant social events.

Thus both political science and sociology contribute to each other. But inspite of their inter-relationship and inter-dependence both the sciences differ from each other in the following way.

### **2.2.1 Differences :**

- (1) Sociology is a science of society and social relationship whereas political science is a science of state and government.
- (2) The scope of sociology is very wide but scope of political science is limited.
- (3) Sociology is a general science but political science is a special science.
- (4) Sociology studied organised, unorganized and disorganized society whereas political science studies only politically organised society.
- (5) Sociology studies the social activities of man whereas political science studies political activities of man
- (6) Sociology is a new or young science but political science is an older science.
- (7) Sociology studies man as a social animal whereas political science studies man as a political animal.
- (8) Sociology studies both formal and informal relations whereas political science studies only formal relations.
- (9) Sociology analyses both conscious and unconscious activities of man whereas political science analyses only conscious activities of man.
- (10) Sociology deals with all forms of association whereas political science deals with only one form of association named state.

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## **2.3 Sociology and History**

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As a mother of social sciences sociology has close and intimate relationship with all other social sciences. Accordingly it has close relationship with history. Because present society bears symbols of past. Relationship between the two is so close and intimate that scholars like G. Von Bulow have refused to acknowledge sociology as a science distinct from history.

Sociology is the science of society. It is a study of systems of social action and their inter-relations. Sociology is a science of social groups and social institutions. History studies

the important past events and incidents. It records men past life and life of societies in a systematic and chronological order. It also tries to find out the causes of past events. It also studies the past political, social and economic events of the world. It not only studies the past but also establishes relations with present and future. That is why it is said that “History is the microscope of the past, the horoscope of the present and telescope of the future.

However, both the sciences are closely inter-related and inter-dependent on each other. Both study the same human society. Their mutual dependence led G.H. Howard to remark that, “History is past Sociology and Sociology is present history.” Both takes help from each other. At the same time one depends on the other for its own comprehension.

History helps and enriches Sociology. History is the store house of knowledge from which Sociology gained a lot. History provides materials sociologists use. History is a record of past social matters, social customs and information about different stages of life. Sociology uses this information. Books written by historians like A. Toynbee are of great use for Sociologists. To know the impact of a particular past event sociology depends on history.

Similarly Sociology also provides help to history and enriches it. A historian greatly benefited from the research conducted by Sociologists. Historians now study caste, class and family by using sociological data. Sociology provides the background for the study of history.

Now history is being studied from Sociological angle. Every historical event has a social cause or social background. To understand that historical event history need the help from Sociology and Sociology helps history in this respect. Sociology provides facts on which historians rely on.

Thus history and Sociology are mutually dependent on each other. History is now being studied from Sociological angle and Sociology also now studied from historical point of view. Historical sociology now became a new branch of Sociology which depends on history. Similarly Sociological history is another specialized subject which based on both the Sciences. But in spite of the above close relationship and inter-dependence both the sciences differ from each other from different angles which are described below.

### **2.3.1 Differences :**

- (1) Sociology is a science of society and is concerned with the present society. But history deals with the past events and studies the past society.

- (2) Sociology is a modern or new subject whereas history is an older social science.
- (3) Sociology is abstract whereas history is concrete in nature.
- (4) The scope of Sociology is very wide whereas the scope of history is limited. Sociology includes history within its scope.
- (5) Sociology is an analytical science whereas history is a descriptive science.
- (6) Attitude of sociology and history differ from each other. Sociology studies a particular event as a social phenomenon whereas history studies a particular event in its entirety.
- (7) Sociology is a general science whereas history is a special science.

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## 2.4 Sociology and Economics

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Sociology is mother of all social sciences. Hence it has close relationship with all social sciences and so also with Economics. The relationship of sociology with economics is very close, intimate and personal. There exists close relationship between these two because economic relationships bear a close relation to social activities and relationships. Likewise social relationships are also affected by economic relationships. Economic activities to a great extent are social activities. Hence both are mutually related.

Sociology is a science of society. It is concerned with the association of human beings. Sociology is the study of human inter-actions and inter-relations their conditions and consequences. But Economics deals with economic activities of man. It is a science of wealth and choice. According to Prof. Robbins Economics is a social “science which studies human behavior in relation to his unlimited ends and scarce means which have alternative uses.” It is concerned with the activities of man such as production, consumption, distribution and exchange. It also studies the structure and functions of different economic organizations like banks, markets etc. It is concerned with the material needs of man as well as his material welfare.

However, there exists a great deal of inter-relationship between these two sciences. Both are interdependent and inter-related with each other. Because of this inter-relationship Thomas opines that, “Economics is, in fact, but one branch of Sociology.” Similarly Silverman opines Economics is regarded as offshoot of sociology which studies the general principles of all social relations. Their inter-relationships are as follows :

Economics takes the help of Sociology. For its own comprehension economics takes the help of sociology and depends on it. Economics is a part of Sociology hence without the help from sociology economics can't understand itself completely. Economics is concerned with material welfare of man which is common welfare.

Economic welfare is a part of social welfare. For the solution of different economic problems such as inflation, poverty, unemployment etc. economists takes the help of sociology and takes into account the social events of that particular time. At the same time society controls the economic activities of man. Economics is greatly benefited by the research conducted by Sociologists like Max-weber, Pareto etc. Some economists also consider economic change as an aspect of social change. Economic draws its generalization basing on the data provided by Sociology. Thus economics cannot go far or develop without the help of Sociology.

Similarly Sociology also takes the help from economics. Economics greatly enriches sociological knowledge. An economic factor greatly influences each and every aspects of social life. Economics is a part of sociology hence without the help of economics we can't understand sociology properly.

Knowledge and research in the field of economics greatly contributes to sociology. Each and every social problem has an economic cause. For the solution of social problems like dowry, suicide etc. Sociologists take the help from economics. Marx opines economic relations constitute the foundation of Society. Economic factors play a very important role in every aspect of our social life that is why Sociologists concerned with economic institutions. For this reason Sociologists like Spencer, Weber, Durkheim and others have taken the help from economics in their analysis of social relationships.

Thus both sociology and economics are very closely related with each other. There are some problems which are being studied by both sociologists and economists. Economic changes results in social changes and vice versa. However, inspite of the above closeness, inter-relationship and inter-dependence both the sciences have certain differences which are described below :

#### **2.4.1 Differences :**

- (1) Sociology is a science of society and social relationships whereas economics is a science of wealth and choice.

- (2) Sociology is a much younger science which has very recent origin whereas economics is comparatively an older science.
- (3) Sociology is an abstract science whereas economics is concrete in nature.
- (4) Sociology is a general social science whereas economics is a special social science.
- (5) The scope of sociology is very wide whereas the scope of economics is very limited.
- (6) Sociology is concerned with the social activities of man whereas economics is concerned with the economic activities of man.
- (7) Society is studied as a unit of study in Sociology whereas man is taken as a unit of study in economics.
- (8) Both Sociology and economics differ from each other in respect of the methods and techniques they use for their study.

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## **2.5 Sociology and Psychology**

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Sociology is a science of society. Hence it is closely related to other social sciences and so also with psychology. Sociology and Psychology are very closely interlinked interrelated and interdependent. Relationship between the two is so close and intimate that Psychologist like Karl Pearson refuses to accept both as special science. Both depend on each other for their own comprehension. Their relationship will be clear if we analyze their inter-relationship and mutual dependency.

Sociology is a science of social phenomena and social relationship. It is a science of social group and social institutions. It is a science of collective behavior. It studies human behavior in groups. But psychology is a science of mind or mental processes. It is a science of human behavior. It analyses attitudes, emotions, perception, process of learning and values of individuals and process of personality formation in society. In the words of Thouless 'Psychology is the positive science of human experience and behavior.' But both the sciences are closely related to each other which can be known from the following.

Sociology receives help from Psychology. Psychology is a part of sociology hence without the help from Psychology Sociology can't understand itself fully and properly. There are many psychologists like Freud, MacDougal and others who have enrich

Sociology in many respects. They opines that the whole social life could be reduced finally to psychological forces. Each and every social problems and social phenomenon must have a psychological basis for the solution of which sociology requires the help from psychology. A new branch of knowledge has developed with the combination of sociology and psychology which is known as social psychology.

Similarly, psychology depends on Sociology to comprehend itself fully. Psychology also requires help from sociology in many cases. As human mind and personality is being influenced by social environment, culture, customs and traditions hence psychology take the help from Sociology to understand this.

To understand human nature and behaviour properly psychology depends on sociology. There are many Psychological problems which must have a Social Cause. Psychology requires the help from Sociology to understand these social problems. A research in Sociology richly contributes to psychology. Contributions and theories of many Sociologists also are of great help to Psychologists.

Thus Sociology and Psychology are mutually dependent on each other. One can't comprehend itself without the help from others. Besides there are some common area of study such as social disorganization, public opinion etc. which are being studied by both Sociologists and Psychologists. Social Psychology a branch of Psychology is developed with the combination of the two. In the words of Kretch and Crutchfield Social Psychology is the science of behaviour of the individuals in society. Social psychology is the study of social and cultural influences on the individual. It focuses on the behaviour of a single person and hence, differs from sociology, which is more concerned with relations among groups. However, there are areas of common interest such as socialisation, norms and values. Moreover, the influences of the group on the individual and of the individual on the group are also of interest to both social psychology and sociology.

### **2.5.1 Differences :**

However, inspite of the mutual relationship and dependence both the sciences differ from each other in the following ways.

- (1) Sociology is a science of society but Psychology is a science of mind.
- (2) Scope of Sociology is wide whereas scope of Psychology is limited.
- (3) Society is the unit of study in sociology but individual is the unit of study in case of Psychology.

- (4) Sociology studies social processes whereas Psychology studies mental processes.
- (5) Sociology studies and analyses human behavior from Sociological angle whereas psychology studies and analyses human behavior from Psychological angles.

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## 2.6 Sociology and Anthropology

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Sociology is the mother of all social sciences. Hence it has close and intimate relationship with Anthropology. The relationship is so close that Anthropologists like A.L. Kroeber consider Sociology and Anthropology as twin sisters. They often appear as two names for the same subject. R. Reddfield recognizes the closeness between these two social sciences.

Sociology is a science of society. It studies behavior of man in groups. The term Sociology has been derived from the Latin word 'Socius' means society, companion or association and the Greek word 'logos' means study or science. Hence Sociology is concerned with the association of human beings. It is a science that deals with social groups.

Similarly the term Anthropology is derived from two Greek words 'anthropos' meaning man and 'logos' meaning study or science. Accordingly anthropology means study of man. As a science of man it deals with man, his works and behavior. Anthropology studies the biological and cultural development of man. Anthropology has a wide field of study which can be broadly divided into three main divisions such as physical anthropology, Archeology, cultural anthropology and social anthropology. Physical anthropology studies bodily characteristics of early man and thereby try to understand both primitive and modern cultures.

Archeology studies cultures of pre-historic period. This study facilitates sociologists to make a comparative study of present social structure. It is concerned with the early periods of human existence. It reconstructs the origin, spread and evolution of culture by examining the remains of the past societies. Social anthropology deals with the behaviour of man in social institutions. Social anthropology and sociology are one and the same. Evan Pritchard considers social anthropology as a branch of Sociology.

### 2.6.1 Mutual Help :

However there exists a very close and intimate relationship between Sociology and Anthropology. Both contribute to the growth of others. Both are mutually related to each



other. Of course Sociology studies society whereas anthropology studies man. But as man and society are mutually interrelated hence it is very difficult to distinguish two. However their close relationship can be known from the following.

Anthropology contributes to the growth of Sociology. Without the help of anthropology the study of Sociology can't be complete. It is a part of Sociology. Anthropology provides knowledge about ancient societies. To have a comprehensive understanding of present society Sociology takes the help of anthropology. Contributions of many Anthropologists like R. Brown, Linton, Mead and Pritchard enriches sociological knowledge's. The origin of family, marriage, religion etc. can be better understood through anthropological knowledge. The concepts like cultural area, cultural traits, and cultural lag etc. sociology accept from anthropology.

Sociology accepts the anthropological conclusion that 'racial superiority is not responsible for mental development.' Thus Sociology is greatly benefited by anthropological studies. Similarly, Sociology contributes richly towards the growth of anthropology. Anthropology accepts many concepts of Sociology. Research and contributions of many Sociologists like Emile Durkheim, Herbert Spencer is of great help to anthropology. Anthropologists greatly benefited by the Sociological researches. Ideas and conclusions of Sociology contributes to the research in anthropology.

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## **2.7 Sociology and Geography**

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It has been realised from ancient times that Geography has a great impact on human society, the influences of geographical conditions on human society are predominant and that there is a close relationship between physical conditions and social phenomena.

Geographical environment as defined by MacIver consists of those conditions that nature provides for man. It includes the earth surface with all its physical features and natural resources, the distribution of land and water, mountain and plains, minerals, plants and animals, the climate and all the cosmic forces, gravitational, electric, radiational that play upon the earth and affect the life of man.

There is no denying the fact that there is a correspondence between physical conditions and modes of living e.g., inhabitants of tropical regions exhibit characteristic differences from those of temperate or of Arctic regions: the sea-farer is typically distinct

from the inlanders. One can also observe the differences between the modes and exigencies of human life in mountains, in the plains and by the seaboard, in the desert and in the forest. Some of the thinkers have attributed a dominant role to Geography, regarding it as the primary determinant of wealth and health, the size or energy of populations, of their customs and social organisations, of their creeds and philosophies.

The relationship between man's physical environment and his social life has led to a geographical school of Sociology. One of the pioneers of modern social geography was a Frenchman Le Play who in his important study of European workers had developed the thesis that locality determines work and thus has a great influence on the economic organisation of the family and this social institutions of the people.

The emphasis of Le Play and his successors upon the relationship between the characteristics of the physical environment and social development has influenced the sociologists at other places also. The Regional School of American Sociology under the leadership of Howard W. Odum and his colleagues has been seeking the interaction between man's physical environment and man's social life. The writers of this school have thus added tremendously to our knowledge of the role of geography in man's development. They have made us aware of the inter-play between climate and topography and the various aspects of the physical environment on the one side and the political and economic, technological and cultural phenomena on the other.

But we should not lay too much stress on geographical factors determining the social life in a particular region. It is not necessary that similar environments should produce similar cultures. We have even in primitive societies different occupations being followed by different people in the same regional setting. The geographical environments alone never explain the rise of a civilization. The growth of civilization changes and minimises the direct influence of local geographical conditions. Many of the occupations of the modern man have no relation to the geographical environments.

As the social heritage grows the immediate geographical factors would assume a less determinant role in the interpretation of society. Man has assumed great control over natural factors so that the overall influence of geographical forces is no longer overpowering. The fact, however, remains that geography is a contributing, if not a determining, factor of human progress and, therefore, the relation between Sociology and Geography is intimate.

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## 2.8 Sociology and Ethics

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Ethics is the science of morality. It is concerned with the moral rightness and wrongness of human action. Ethics and Sociology are intimately related to each other. Man is a social being. He acquires moral standards notions of right and wrong as a member of a social group.

In other words, it is the society which influences the mental and moral development of the individual and it is the individual who in return seeks to conform his actions to the moral standards of his social group. Thus the real significance of moral life lies amidst a social group or in society.

Sociology is primarily concerned with the study of the social groups and it investigates into all aspects of human life—economic, political, religious, moral and cultural. Ethics throws light on the moral life of the primitive individuals and institutions.

This provides a background of human conduct and may thus serve a good purpose for contrasting and comparing the moral conduct of the modern life with that of the primitive man. Further, the personal good of the individual must at the same time be in harmony with the general good of the society as a whole.

It is here that both Sociology and Ethics come close to each other. This close relationship between the two has induced some ethical thinkers to regard Ethics as a branch of Sociology. Charles A. Ellwood rightly remarks, “It is the business of sociology to furnish a foundation for scientific ethics and on the other hand, it is the business of ethics to take the ethical implications which a scientific knowledge of human society affords, develop them, criticise and harmonize them. An ethics worked out upon the basis of the knowledge furnished by the sciences will make a larger use, therefore, of sociological knowledge than of any other form of scientific knowledge.”

But the two sciences also differ in some essential aspects. Firstly, Sociology is a positive science, while Ethics is a normative science. Sociology studies institutions, customs and manners as they are or have been while Ethics looks upon them as they ought to be.

Secondly, Sociology studies men and their social relations collectively while Ethics studies men individually as moral agents of the society. Thirdly, Sociology is merely speculative and has no practical bearing on any field of social life. Ethics, on the other hand, has some practical bearing on our conduct.

It seeks to formulate the rules of conduct which all people should observe. Fourthly, Sociology employs mainly historical method in the investigation of its problems. Ethics, on the other hand, seeks to explain human conduct with reference to an end or ideal.

Finally, while Sociology is concerned- with the study of progress of social groups from the point of view of time, Ethics is concerned with the progress of society from the point of view of morality.

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## **2.9 Sociology and Jurisprudence**

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Jurisprudence is the science of law. It is concerned with the study of the entire body of legal principles. Jurisprudence and Sociology are intimately related to each other. Sociology is the study of man in society. Law controls and regulates actions of human beings in society and it is, therefore, a subject of great importance for the sociologists.

There is, however, difference of approach of a sociologist and of a lawyer to the subject of law. A lawyer is concerned with the rules that men ought to obey; he is not interested in knowing how and to what extent these rules govern the behaviour of ordinary citizens.

A sociologist, on the other hand, is interested in law as a social phenomenon. His chief concern is not with the rules themselves but with whether they are observed or not and in what way. A sociologist's study of law from this angle has been given title of Sociology of Law or Sociological Jurisprudence.

Criminology and Penology are its important branches. Criminology is concerned with the systematic study of crime and criminal behaviour from the social point of view. Penology studies the effects of various penal systems of punishment and the efficacy of reform and rehabilitation schemes in changing criminal behaviour.

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## **2.10 Sociology and Biology**

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Biology is the science of man's biological development, his sexual, anatomical and personal peculiarities. It tells us how man's body and mind evolved, how his system reacts to the outside world and what part his physical constitution plays in the overall build up of his whole being.

Sociology is the study of human interaction and inter-relation. According to N. G. Muller, “Our ideas of what sort of progress is possible or desirable for man must depend in part at least upon our views of his nature, his manner of origination, the method by which changes have occurred and can occur in him and the relation which he bears with the rest of nature.”

It is not possible to determine the modes and limits of man’s social progress without being acquainted with his physical capacities and limitations. According to Mischa Titiev, “It is impossible to gain a full understanding of man’s culture without knowing something of his biology.”

Darwinian Theory of evolution has been very useful in sociology. Spencer, a leading sociologist, explained his theory of the evolution of society on the principle of natural evolution. Human ecology is based upon biological ecology. Genetics, which is of major importance in Sociology, is an important branch of biology.

In knowing the effects of heredity upon man’s behaviour much help is sought from biology. Knowledge of biology is also essential for understanding the problems concerned with marriage and family.

Sociology on its part inspires biology to search knowledge in new directions, for example, the need to limit the population has led to search for the means of birth control.

However, biological principles should not be indiscriminately applied to sociology. In this regard Ginsberg writes, “Biological factors are clearly of importance to the students of society, since the unit of society is a living organism. Great confusion has, however, resulted from the too facile application of biological categories to social facts, and in particular, a tendency to overemphasize the purely racial factors in social evolution or change.”

Thus there exists a great deal of relationship between Sociology and Anthropology. Both study human society and both are concerned with all kinds of social groups like families, friends, tribes etc. Many of the ideas and concepts are used in both the discipline. Hence both are interrelated and interdependent. But in spite of the inter-relationship both differ from each other.

### ***Differences :***

- (1) Sociology is a science of society whereas anthropology is a science of man and his behavior.
- (2) The scope of Sociology is very wide whereas the scope of Anthropology is very

limited. Because anthropology is a part of Sociology.

- (3) Sociology studies society as a whole whereas anthropology studies man as a part of society.
- (4) Sociology studies civilizations which are vast and dynamic on the other hand Anthropology studies cultures which are small and static.
- (5) Sociology studies modern, civilized and complex societies whereas Anthropology studies ancient and non-literate societies.
- (6) Sociology is concerned with social planning whereas anthropology is not concerned with social planning. On the basis of social planning sociology make suggestion for future but anthropology do not make any suggestion for future.
- (7) In the words of Kluckhohn, “The Sociological attitude has tended towards the Practical and Present, the anthropological towards pure understanding of the past.”

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## 2.11 Conclusion

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This unit gave us an idea about the relationship as well as the differences between the various branches of Social Sciences with Sociology. These could it shall help us become familiar with so many social phenomenon & then work with lot of confidence & with a right approach.

These branches of Legal Sociology have rendered great service to the law makers and law executors by adding to their knowledge how the laws actually work and how the crime can be effectively dealt with. Sociology has thus shed considerable light and understanding on the various problems that the society has to solve, particularly, from the point of view of Criminal Jurisprudence.

Consequently Jurisprudence has assumed a new meaning that laws are to be made for men and the law makers and its executors are to take into consideration the human and the social aspect while making or executing it.

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## 2.12 Exercise

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1. What is the relationship of sociology with other discipline? Explain.
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2. Write the differences between Sociology and Political Science?

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3. Write the differences between Sociology and Geography?

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4. Establish the relationship between Sociology & Jurisprudence.

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## 2.13 Reference

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<http://www.yourarticlelibrary.com/sociology/the-relationship-of-sociology-with-other-social-sciences/6248>

<http://www.sociologydiscussion.com/sociology/relation-of-sociology-with-other-social-sciences/2188>

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## **Unit 3 □ Social Groups, Society, Community and Association : Meaning, importance in the concept of Social Work**

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### *Structure*

- 3.0 Objective**
- 3.1 Introduction**
- 3.2 Social group**
- 3.3 Primary groups and Secondary groups**
  - 3.3.1 Primary Groups**
  - 3.3.2 Secondary Groups**
  - 3.3.3 Relationship between Primary and Secondary Groups**
  - 3.3.4 Differences and Similarities in Concepts**
- 3.4 Society**
- 3.5 Classification of Societies**
- 3.6 Community**
- 3.7 Associations**
- 3.8 Institutions**
- 3.9 Conclusion**
- 3.10 Exercise**
- 3.11 Reference**

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### **3.0 Objective**

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In this unit we will learn about the Social group along with the concept of Society Community & Association and thus relate it with the discipline of Social work.

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### **3.1 Introduction**

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In this unit you will be introduced to the basic concepts used in sociology. Social work and sociology are related disciplines and social work borrows liberally from sociological



theory and sociological concepts to understand social problems and society. Social Groups, *Community*, *association* are concepts that you will frequently come across in your theory as well as your field work. Therefore, it is important that you know these concepts and their usage at this stage itself.

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## 3.2 Social group

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Just as every human being is born in a society, everywhere, social life is lived in groups, whether large or small. The term 'group' is used in different ways. There might be a group, which is watching a game in progress, there might be a group of people crossing a street. In sociology, the group is viewed in a different way. It has already been mentioned that the basic interest of sociology is human social behaviour.

This leads to a study of how people relate to each other or interact with each other. The social group, therefore, would have to have the following :

- i) a group of persons (two or more);
- ii) a patterned interaction (i.e., there is a regularity in the social relations, based on shared beliefs, values and norms); and
- iii) the interaction is sustained over a period of time.

The groups are formed in order to satisfy some human needs. A basic need is survival and a family, which is an example of a group, enables us to meet this need. As individuals, it is not possible to fulfil all the needs. It is through the groups that the needs are met. We derive many satisfactions from living in groups and therefore, being a part of the group becomes important. The solidarity of a group is dependent upon the frequency of interaction and the emotional attachment.

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## 3.3 Primary groups and Secondary groups

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According to Horton and Hunt groups are described in many ways. Some define a group as a collection of individuals who live in close physical proximity. Other definition emphasizes the need for common characteristics among the members if a collection of individuals has to be called a group. Yet another set of definitions require the members to have common consciousness and regular interaction in order to be called a group. We will describe a collection of individuals as a group if it is marked by the following characteristics :

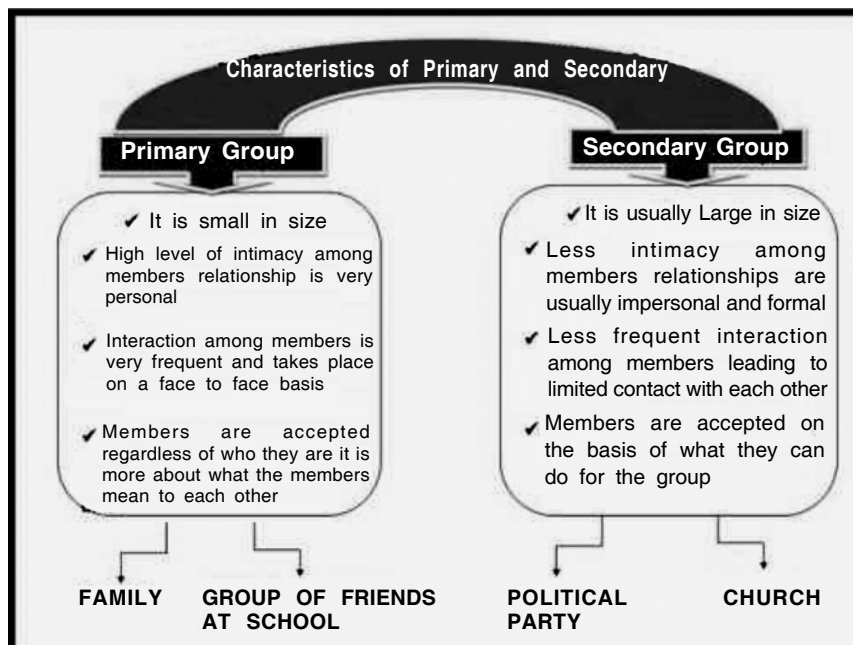
***A group should have a given number of individuals :*** One or two members cannot be called a group. Similarly a very large number of individuals cannot be called a group. It would be more appropriate to call it a community, crowd, mob or a society. You will learn about these concepts later.

***The group members should have regular interaction between themselves :*** Interaction between the members should be purposeful and considered as such by the members. Thus individuals waiting for a bus and having casual conversations cannot be called a group by these standards.

***Awareness about each other :*** The members are conscious about other members' behaviour, emotions, needs and their own behaviour is influenced by this consciousness.

***Members are aware of themselves being a unit :*** Group members see themselves as distinct from others. They acknowledge that their membership in the group makes them different from others.

***Common goals :*** A group, if it has to sustain itself has to have goals. Goals can be same for all members or in some cases goals can be different. It is also possible that the stated goals of the group may be different from the actual goals. A group may declare that its aim is to help the poor but members may join it primarily to meet and socialize with each other.



***Common ideals and values*** : When the above conditions are met it is likely that as far as the group purpose is concerned, the members will have shared values. In matters not concerned with group, the members can have different views. For example, members of group dedicated to promoting wildlife photography will agree with each other on the importance of promoting such a cause. But, they may belong to different political parties and adhere to different ideologies.

***Established group patterns*** : Regular purposeful interactions give rise to group patterns. These interactions can be formal or informal depending on the nature of the groups. In case of formal interactions, rules, regulations and procedures are followed while in case of informal relations, there is spontaneity.

### 3.3.1 Primary Groups

Primary groups are those groups whose members have face to face contacts, intimate, personal and non-formal relationship with each other. They have the following characteristics :

***Primary groups are of small size*** : The size of the group is important as in larger groups it is difficult for the member to have intimate contacts with everyone. Small groups allow qualitatively and quantitatively better interactions. Therefore, members have personal relationship with each other.

***Primary group members share common goals*** : Members of a primary group may have different characteristics. For example, a family may have an adult male and adult female and their children. Though they are different in many ways they share common goals, which they all think are important and contribute towards their happiness.

***Primary group offers its members a total experience*** : Total experience means that it affects the members in a number of ways. Individuals are accepted as total personalities. For example, the family is a primary group, which has face to face and intimate relationship. It is also a total relationship in the sense that members benefit in a number of ways. Children are given love and affections, provided with education and taken care of when there are sick etc. The husband and wife help each other in more than one way. Hence a very important part of the lives of the members is spent in the family. Peer groups are another example of primary groups.

***Primary group has relationship as an end in itself*** : Primary group members see the relationship as an end in itself. In other words, the relationship is valued for what it is

i.e. more than any specific benefit the members may get because of their membership. For example, if a man marries only because he wants somebody to cook for him then it cannot be called a 'genuine marriage'.

### **Basic Social Concepts**

***Primary groups generally have long life*** : Families and peer groups exist as long as the members of the group live. If any member dies or leaves the group the group itself ends. For example, if the father of the family dies, the group in its original form also come to an end. The surviving members may continue to act as group but roles and interaction patterns undergo a major change. It is, therefore, correct to call it a new group.

***Primary groups play an important role in determining the individual's personality*** : The family and the peer group are important agencies of socialisation. Both of them are primary groups and apart from the services they provide they also give the members emotional support and education. While other agencies of socialisation do play an important role, it is the unique experiences that the individual experience in the primary groups which becomes basis of his or her personality.

***Primary groups sometimes compete for individual loyalty*** : Primary groups seek high degree of loyalty from its members and in certain cases may advocate different values. In such a situation, the individual may be in a dilemma as to which group value to adopt. For example, a teenager's family may want the individual to dress conservatively while his peer group may want him to dress according to the latest fashion and style. This can lead to personality conflicts.

Some sociologists have held that primary groups must have members living in close proximity with each other and having face-to-face relationships. But it need not be so as even when there is physical distance between the members, if they can still be emotionally close to each other and thus satisfy the criteria of the primary group.

### **3.3.2 Secondary Groups**

Secondary groups are generally larger than primary groups. Members in secondary groups have formal, impersonal, and need based relationship with each other. A secondary group has the following characteristics :

***Secondary groups have relatively large number of members*** : Secondary groups consist of many members who share common interests. Some secondary groups may have

lesser number than a large joint family. But the manner in which they relate with each other is different, as we will see now. The members can also be spread over large distances. Now a days, there are secondary groups whose members are all around the globe. They interact through the web and conduct effective global campaigns without meeting each other face to face.

***Secondary groups have specific interests :*** While primary groups have relationship as an end in itself, in secondary groups, relations are maintained so that some other ends can be achieved. Members are also aware of this condition and as such, their emotional involvement is much less as compared to secondary groups.

***Secondary group has clear objectives :*** The aim of forming a secondary group is to attain some objectives which the members feel are important. In most cases, the objective is such that an individual cannot attain it alone. He/she needs the cooperation from others. A secondary group is conceptually closer to the concept of association.

***Secondary group members relate to each other formally :*** Since secondary members have specific objectives in mind there is no need for them to know each other intimately. There is no need of meeting each other face-to-face either. A common newsletter or a website as is the case now a days, is all that is needed to share information and pool resources. Once the objective is attained, the secondary group may end its existence.

***Secondary groups play an important role in furthering members' interest :*** In democratic societies like ours, there is a need for mobilizing people on the basis of common interests. People can influence decision making at different levels only if they organize themselves and make their voices heard. Secondary associations are used to articulate the demands of various groups.

### **3.3.3 Relationship between Primary and Secondary Groups**

Primary and secondary groups are related in more ways than one.

Firstly, primary groups like family provide the secondary groups with members. They also prepare them to cooperate and interact with others. Some behavioural problems among individuals occur when families do not prepare their children to deal with the demands of secondary groups.

Secondly, primary groups like sub-groups and cliques which are part of secondary groups play a vital role in their decision making process. Their influence on the performance

of the secondary groups may be positive or negative depending on their intentions, their power and the power of those who may oppose them.

Thirdly, primary groups within the secondary group give emotional support to the members.

Most secondary groups cannot give its members a real sense of identity and nor can they give them individual attention. This can be seen in a college or even in the army and in such places, the primary groups of peers give support to the member.

### 3.3.4 Differences and Similarities in Concepts

You have been introduced to the basic sociological concepts. You would have noticed that these concepts have some similarities and some differences. Any social group is seen as being more than sum total of its members and in that way comes to have a distinct life of its own. You should keep in mind that a sociologist's major interest is in the way human collectivities function as a whole and exercise their influence on the behaviour of the individuals.

The difference between the various collectivities are due to the following factors: size of the group, that is, the number of members; geographical area over which the members are located; type of relationship between the members; relationship of the members to the collectivities; the nature of goals of the collectivities the duration of their life and finally collectivities, influence on The individual members. We shall differentiate the various concepts based on these factors as it will help in better understanding of the same.

**Size :** The society is the largest collection of individuals. It consists of a number of communities, associations, institutions, primary groups and secondary groups. A community is always a part of the larger society. Associations and secondary groups are often smaller than a community. The primary group is the smallest social unit.

**Geographical location :** The society is spread over the largest area, followed by the community and primary group. Associations and secondary groups may have members from a wide area but all people living in the area need not be members of the association. For example, everybody living in India is an Indian and every body living in a village is part of the village community. But a political party while having members from all over India cannot claim that all Indians are its members.

**Voluntary nature of membership :** The above stated difference is due to the type of membership of the various collectivities. An individual becomes a member of a society

and a community naturally, that is, by being physically present in the area and sharing essential characteristics. On the other hand an individual has to formally apply to be a member of an association or a secondary group.

***Nature of interaction :*** The interaction between the members is most frequent and intense in a primary group. Community, associations and secondary groups have less frequent and less intense interaction. Individuals are considered in their wholeness in a primary group while in a secondary group and association only a few aspects of the personality are taken into consideration. A political party is not concerned whether a member is healthy or educated as long as he or she performs useful work for the party. The primary group, however is concerned about many aspects of the personality and does not just keep in view the usefulness of the member.

***Goals of the collective :*** The goals of secondary groups and associations are specifics while the goals of the society and community **are** general and broad in nature. Primary groups have many goals and perform many functions for their members. The existence of primary groups is crucial for the continuance of other collectivities of social life.

***Relationship between the members and the larger whole :*** The loyalty and sense of identity the members feel in primary groups is greater than the feelings of identification among members in a community or a secondary group. In a society, these feelings **are** weaker still and more imagined than real.

***Duration of the collective :*** The duration of groups and collectivities varies. The family as primary group exists as long as the members are alive or do not leave. On the other hand, secondary groups, associations, community and society exist for long durations even as members die or leave. The persistence of these collectivities is irrespective of the presence and absence of any member or group of members.

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### 3.4 Society

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Before we understand these concepts, it is important that we clarify what a concept means. A concept is expressed in one or more words. Also concepts are abstractions, which mean that these are derived from experience and are mentally created. Once the scientific community accepts a concept, all those who use it accept the meaning assigned to it. For example, in everyday language a road means a way.

Sometimes there is need for further clarification of the concept. For example, a road can be a street, a *pukka* road or *kachn* one or even a highway. In scientific language also, we qualify concepts, when we want to say something more specific. For example, communities can be further classified into rural community, urban community and tribal community. In some cases, social scientist; do not agree with the meaning attached to a specific concept and after a debate among them, meanings attached to the concept undergo a change.

According to Horton and Hunt, concepts are used for the following reasons. One, it enables scientific discussion to take place. Concepts help social scientists find common ground for initiating discussions on theories. Secondly, New knowledge is also created when concepts and theories are debated and its limitations are identified. Thirdly, concepts allow easy communication by 'reducing need for elaborate description. Otherwise, the communicator would have to explain the social phenomena every time he/ she has to use it.

According to Horton and Hunt society is an organization of people whose associations are with one another. MacIver describes society as a web of relationships. There are a number of definitions of society. Most of them point to the following characteristics of society.

***Society involves mutual awareness*** : The first condition for calling a set of individuals a society is the awareness among them about each other. It is only when individuals are aware about the presence of others that they can form a social relationship.

***Society consists of social relationships*** : Any two individuals or objects are said to be in relation with each other when there is mutual interaction and when the actions of one effects the other. Thus in a society individuals are effected by the ways others behave.

***Society has values and norms that guide these social relationships*** : Social relationships are guided and controlled by the values and norms of a society. Every individual has a specific role assigned to him / her by the society. The performance of these roles is guided by the values and norms of the society associated with the particular role. These values are taught to the individuals through the process of socialization. They become part of the individual personality. Apart from this, there are informal and formal agencies of social control which apply positive and negative sanctions on the individual for making him / her conform to the societal values and norms.

***Society has general goals*** : Every society wants to perpetuate itself. Certain functions have to be performed if the society has to maintain itself and prevent its own



destruction. These are called *functional prerequisites*. Some of the most common functions identified are the following; common goals; common orientation towards environment.; communications; set of common values; reproduction and rearing of children, socializing the children, attaining food and other resources require\$ for its members' survival, protecting its members from natural and man-made disasters and specific ways to deal with conflicts and disagreements within the members. The ways these functions are performed vary from society to society.

*Society has a number of complementary social processes* : We find a variety of social processes and attributes in the society. We find instances of association, cooperation, competition and conflict in society. Similarly we find that in many ways the members of society are alike and in many other ways they are different. There are groups and subgroups with these groups that have their respective dynamics. All these different social processes make up the society.

*Society has division of labour* : One individual cannot perform all functions required to maintain a society. The work has to be divided among the members. The criteria by which the functions are divided among the members and its social consequences are important part of study for the sociologist. Division of labour can be based on sex, education, profession, ethnicity, caste or class. Division of labour depends on the level of complexity of the society.

*Society is more than the sum total of its members* : The society influences individuals in many ways. It is the environment along with hereditary factors that determine the personality of the individual. Thus the society comes to have a force of its own by which it influences the members. This force is applied through social institutions like laws, religion and family.

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### 3.5 Classification of Societies

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Sociologists have classified societies according to different criteria.

*Societies classified ort their geographical location* : Examples of this classification are Western society, Indian society, Chinese society and so on. This kind of classification is used broadly like in western societies. It is felt for example that all societies in the west share certain common and significant characteristics. It can also be used narrowly when we

want to refer to a regional group, for example we talk of Manipuri society or Rajasthani society.

***Societies classified on the basis of the language :*** Examples of this classification are Tamil society and Telugu society. Language is a medium which unites people and one of the modes by which the culture of the people is expressed. So language is sometimes used to distinguish societies from each other.

***Societies classified based on core values :*** Sometimes opinions regarding the nature of the society are based on essential core-values which the members adhere to. For example, Western society is considered modern, rational, individualistic and consumerist while Indian society is considered to be traditional, religious, group-oriented and spiritual. In most cases such classification is the result of stereotyping and labeling. It is based on insufficient and inaccurate information on the societies other than one's own. Social workers should be able to see how such images, often negative, about other societies, influence the behavior of members.

***Societies based on level of complexity of social life :*** Simple societies are those societies that have the following characteristics: small-sized with fewer members; relatively isolated from other societies-spatially, culturally and economically, means for obtaining food is hunting and gathering; low level of technology used in production of articles; division of labour is limited and based on age and sex; barter and gift taking and giving are the major ways for exchange of goods between the members; political system is based on heredity principle and traditional authority; group consciousness dominates individual consciousness and unity in the group is maintained by the likeness among the members. On the other hand, complex societies are based on the following characteristics: large numbers of members and, therefore; close relationship with other societies mainly due to advanced technology used in communication and transport; high level of technology used in producing all goods including foodstuffs; division of labour is highly diversified; market is the main form of exchange of goods while other forms of exchange like barter play a marginal role; political system is highly advanced with different competing interests; a large bureaucracy based on rational-legal values: individual consciousness and individual freedom is promoted; diversity in life-styles is encouraged and unity is based on interdependence of members.

***Societies based on its economic system :*** Sociologists influenced by Marxism maintain that economic factors have predominant influence on how the society is structured and how society functions. Based on these criteria societies are classified as capitalistic societies and socialistic societies. Both these societies are complex in nature, but in

capitalistic society, the forces of production (land, factories) are privately owned. Workers working in these factories are paid wages in exchange of the labour they contribute. Markets determine the costs of the goods and services that are produced. Private property-ownership and profit-making are encouraged. The state has no or minimal role in the economy of the country.

In a socialistic society, all or significant part of the forces of production are owned by the state in different forms. The state uses its ownership of industries to influence the economy. Equally important is the role of planning in a socialistic economy. The market is only allowed to have limited influence on the economy. The supply of goods and services are determined by the plan which the government prepares after assessing the needs and demands of different sections of the society. The government through its policies tries to ensure that the differences in income between various sections of the society are not very large. After the collapse of the Socialist, bloc planning has lost much of its appeal for governments around the globe. Most countries have started giving significant role to market and private entrepreneurs in their economies. Nevertheless, it is also true that classical capitalist society no longer exists as all governments in the modern times play a significant role in the economy of the country.

***Societies based on the political system*** : Societies can be classified also on the basis of the nature of political system into *democratic or authoritarian*. A democratic society has a state whose leaders are elected by popular vote. Regular elections are held to elect the leaders. Though free and fair elections are important, other conditions needed for democratic society are: freedom of association, freedom of speech, tolerance of different opinions, protection of minority rights, equality before law and respect for human rights. Authoritarian society neither allows dissent nor freedom of association. No other organization is allowed to challenge the authority of the state.

***Societies classified based on historical periods*** : Ancient societies, medieval societies and modern societies are some of the societies based on historical periods in which they existed.

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## 3.6 Community

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Like society, different sociologists have also defined 'community' differently. Horton and Hunt define a community as a local grouping within which people carry out a full round of life activities. Explaining it in greater detail they include the following characteristics.

***Community is a grouping of people*** : Community consists of a number of people living together and sharing a common life. They interact with each other frequently and purposefully.

***A fixed geographical area*** : This is an important characteristic of the community. A community has well-defined boundaries that are recognized by the members of the community as well as outsiders. To become a member of the community, one needs to have some relationship with the specific geographical area. In some cases, membership of the community can be had if one's parents belong to the specific community.

***Division of labour*** : In every group, many functions have to be performed, so that the group survives. No individual or group can do all these functions by themselves. There are also differences in the skill and aptitude of the individuals. These factors lead to division of labour and occupational specialization.

***Members are conscious of their unity and of belongingness to the community*** : Members are aware of their membership in a particular community. It affects their behaviour in many ways. They take pride in the achievements of their fellow-members and are concerned when undesirable things happen to them.

***Members act collectively in an organized manner to achieve common goals*** : Members live in a particular area and share common interests. Therefore, they can be easily organized to achieve common objectives. This condition enables the practice of social work method-community organization. Also, many programmes are implemented because it is felt that the community as a whole will participate and benefit from the programme, for example, the community development programme.

***Common culture*** : Culture of any group develops as a result of group living. A common way of thinking about the different aspects of life develops and this is transmitted from one generation to other. Cultural influences from outside the group are accepted or rejected collectively by the group. As a result of common experiences, a common culture develops and regulates the group behaviour.

### **Use of the Concept 'Community'**

The concept also helps in describing and differentiating existing communities. The most commonly used classification is to distinguish between urban community and rural community. Rural communities are characterized by the following attributes: strong community sentiment;

importance of neighbourhood; relatively high incidence of extended families; predominance of primary relationships; majority of community members' occupations are related to the primary sectors like fishing, agriculture, hunting, etc; high degree of informal social control; greater degree of homogeneity. On the other hand urban community is defined as characterised by the following: weak community sentiments and lesser importance of neighbourhood; predominance of lower degree of informal social control; major occupations of the members are related to industry and services sector and heterogeneity. Further when the community is taken as a unit for action, it simplifies the formulation and implementation of programmes. Without delineating the boundaries of the community and understanding its structure it would be difficult to analyze the needs of the community.

### **Limitations in the Use of the Concept 'Community'**

Though the concept is quite clear on paper, in real life its application is confusing due to these reasons.

Firstly, no community seems to fulfill all the characteristics required to be termed as a community. Also, the distinctions between different types of communities are not clear. We find that characteristics that are attributed to the rural characteristics are also found in the urban areas and vice versa.

Secondly, in some Indian villages, there is less or even no 'We feeling' among the members because the community is divided on the basis of caste.

Thirdly, it is observed that when people say 'community' they seem to have in their minds only the male members of the community. In many village communities, women do not have a public voice and sometimes are not even seen.

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## **3.7 Associations**

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Modern societies are characterized by presence of numerous associations. These associations are of different varieties, of different types, of different sizes and with different objectives. MacIver defines an association as 'an organization deliberately formed for the collective pursuit of some interest or set of interests, which its members share'.

The following are the characteristics of associations :

***Associations are groups of individuals*** : Associations consist of a number of

individuals who share common interest or common interests. They relate to each other so that they can promote the group's interests. Attaining group interests will eventually mean that the individual member's interests are also promoted.

***Associations have objectives*** : These interests are specific and all the members are aware of these interests. In most cases, the objectives of the association will reveal those interests of the members, which it wants to pursue. Objectives are framed after taking into consideration the reality of the situation. The success and failure of the association depends on whether it attains its objectives or not.

***Association has formal rules and regulations*** : A small association may not have any formal rules as members may be functioning based on the personal relationship they have with each other. But if the association grows larger and its functioning becomes complex, then normal rules and regulations are formulated. Formal rules and regulations of the association determine how the members will act in specific situations. In many associations, these rules and procedures are written down. In your fieldwork agency you can request the officials to allow you to show the 'Memorandum of Association'. This document will show you the objectives of the agency, its mode of functioning and other relevant information.

***Membership is voluntary*** : Associations are product of modern societies. Membership is voluntary, that is, members join the association out of their own desire. The association can set standards for allowing members to join. Once the aspirant meets these standards he or she is allowed to join the association.

***Associations survive as long as it has members*** : Unlike families, associations survive even if the original members leave or expire. The only condition is that new members should join the association and replace those who're leaving.

***Associations and their relevance in modern society*** : Modern societies freely allow and even encourage the formation of the associations. Therefore, we find that there are associations that have serious objectives like influencing government policy and there are associations that want to promote bird watching. Tocqueville, a prominent social thinker, who studied the American society in the eighteen century, was the first to point out that associations promote democracy. Modern thinkers have agreed with these observations. Associations allow citizens to organize themselves, articulate their demands, thereby restricting the authority of the government. This prevents the government from accumulating all authority in itself at the cost of individual freedom. Two, associations allow for plurality

of opinions. Associations also provide a number of services, which improve the quality of life of the people.

In traditional society, individuals become part of the groups on the basis of their ascribed status. For example, medieval cities had merchant guilds whose membership was based on the caste of the individuals. In modern India, there is a proliferation of caste associations. These associations have characteristics of both traditional groups and modern associations. Its objectives are related to that of a modern society like influencing government policies and building educational institutions. However, membership is based on primordial considerations like caste and religion. So these associations cannot be called fully modern or fully traditional. However, they play a significant role in the lives of most Indians.

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### 3.8 Institutions

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In everyday language, people use institutions to mean organizations. For example, college is called educational institution. But in sociology the concept 'institution' has a specific meaning. According to MacIver, institutions are 'established forms or conditions of procedures characteristics of group activity'.

According to Horton and Hunt, an institution is a system of norms to achieve some goal or activity that people feel is important, or more formally an organized cluster of folkways and mores centered around a major human activity. Institutions have the following characteristics.

***Institution emerges out of social interactions within a group*** : According to Sumner there are two types of institutions - crecive institutions and enacted institutions. Crecive institutions are those norms that emerge unconsciously in society. Its origin is unclear and cannot be dated. On the other hand, enacted institutions are consciously created for specific purposes. Modern day laws, which are rationally formulated, are an example of enacted institutions.

***Institutions are structural processes that control human behaviour*** : Any member of society is expected to follow the rules, regulations and usages prevalent in the society. These rules, regulations and usages can be informal or formal. If it is formal, then it is codified and in most cases will have an organization responsible to see that individuals

follow these rules. For example: in Indian society, if a person wants to get married she can do so only under one of the Marriage Acts formulated by the government. There will be an agency for conducting marriage and to see that conditions needed for marriage are fulfilled. The male and female agree to perform the duties of husband and wife respectively. In cases of conflict between the partners, there are police and courts to deal with them. The totality of these processes can be called the institution of marriage in India.

***All institutions have roles and status :*** Every institution gives a particular role and status to the individuals involved in it. Role is a set of behaviour expected of an individual in particular social context. Status is the position of the individual in society. In an educational institution, for example, there are individuals who come to learn and are given the status of students, and the individuals who teach are given status of teachers. In his/her role as a student he or she has to attend class, maintain discipline, obey the teachers and participate in the class discussions. In his/her role as a teacher as he or she has to take classes, evaluate students' notebooks, control the students and follow the principal's instructions. Institutions operate through the means of roles.

***Institutional roles are learnt by socialization :*** Every institution prescribes specific roles for the particular individual. The different roles individuals perform are learnt through the process of socialization. Main agencies of socialization are family, educational institutions, peer group, state and religion.

***Institutions influence each other :*** There are many institutions in a society and they influence each other. For example, the school teaches the students how to behave like a good citizen. When they grow up they become good citizens who are aware of the laws and their responsibilities. At times various institutions give contradictory norms, which result in confusion in the individual. For example, feudalism and modern democracy co-exist in some parts of India, each of which makes opposing demands on the individual. Democracy advocates equality while feudalism advocates structured inequality. The major institutions which are the subject of the sociological study are political, economic, family, educational and religious. Other important institutions in society are bureaucracy, welfare institutions and military.

***Relationship\* between an institution and organization :*** As mentioned in the start of the section, institutions and organizations are different conceptually. Institutions are recognized way of thinking while organizations are formal groups created to achieve



specific objectives. At the same time they are related to each other as every organization has an institutional framework, which allows it to survive.

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### 3.9 Conclusion

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To work efficiently, we must have a complete knowledge about the groups & community to know the sentiments & tryckle of the people thus colse study of thise societies will enhance our understanding about the system in a much better way.

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### 3.10 Exercise

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1. What is a social group?

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2. What are the differences between primary and secondary groups?

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3. What are the characteristics of a society?

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4. What are the characteristics of a community?

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5. Write the characteristics of an institution?

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### 3.11 Reference

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<http://egyankosh.ac.in/bitstream/123456789/17113/1/Unit-1.pdf>

[http://content.inflibnet.ac.in/data-server/eacharya-documents/5717528c8ae36ce69422587d\\_INFIEP\\_304/63/ET/304-63-ET-V1-S1\\_\\_file1.pdf](http://content.inflibnet.ac.in/data-server/eacharya-documents/5717528c8ae36ce69422587d_INFIEP_304/63/ET/304-63-ET-V1-S1__file1.pdf)

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## **Unit 4 □ Social Structure : Meaning and Forms, Forms of society : Rural, Urban, Tribal Society**

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### *Structure*

- 4.0 Objective**
- 4.1 Introduction**
  - 4.1.1 Concept/Definition**
  - 4.1.2 Elements**
- 4.2 Types of Social Structure**
- 4.3 Types of society**
  - 4.3.1 Preindustrial Societies**
  - 4.3.2 Industrial Society**
- 4.4 Defining a complex society**
- 4.5 Social Work with Rural Communities**
- 4.6 Social Work with Urban Communities**
- 4.7 Social Work with Tribal Communities**
- 4.8 Conclusion**
- 4.9 Exercise**
- 4.10 Reference**

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### **4.0 Objective**

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Society in a basic unit. It is of distinct nature & may be of various nature. In this unit we will learn about the social structure, & also get an idea about the former societies.

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### **4.1 Introduction : Social Structure**

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As individuals we all know a great deal about ourselves and about the societies in which we live. We have fairly good understanding of why we act as we do. Many of things that we do in our day-to-day lives, because we understand the social conventions involved. From the above discussion on socialization we have come to conclusion that there is social

process of social ordering or discipline. *The static pictures of social order are description of social structure.*

### **4.1.1 Concept/Definition**

The social environments in which we exist do not just consist of random assortment of events or actions. There are underlying regulations, or patterning, in how people behave and in the relationships in which they stand with one another. *It is these regulations to which the concept of social structure refers.* To some degree it is helpful to picture the structural characteristics of societies as resembling the structure of building. But this metaphor can be applied to social structures strictly because, social structures are made up of human actions and relationships. We should understand human societies to be like buildings that are every moment being reconstructed by the very brick that compose them. The actions of all of us are influenced by the structural characteristics of the societies in which we are brought up and live; and at the same time, we recreate those structural characteristics in our actions. In short, *Social structure is patterned social order as we observe it.* You would be clearer about the concept as we proceed in this unit.

### **4.1.2 Elements**

Social structure refers to arrangement of social activities that are seen to exist over some period of time and that is believed to depict underlying patterns of social order. Social structure results from process that means they are not static. That means that Social structures are relatively bounded and stable occurrence of social order together with associated culture.

To recapitulate from the concepts we talked at the beginning of this unit Social structure refers to the pattern of interrelations between individuals. Every society has a social structure, a complex of major institutions, groups, and arrangements, relating to status and power.

Social structure is an arrangement of social activities that is seen to exist over some period of time and that is believed to depict underlying pattern of social order.

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## **4.2 Types of Social Structure**

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From the above discussion it is fairly clear there are different types of social structures in a society and each one of us a member of more than one social structure. Be it a family, economic structure, religious structure, political structure etc.

i) **Social Institutions**

We have seen above that social institution is a procedure, practice and an instrument, hence an ensemble of a variety of customs and habits accumulated over a period of time. Institutions are instruments and tools of human transactions. An institution is thus a stable cluster of norms, values and roles.

ii) **Family**

The family is an organized group based on a network of relationships. These relationships provide assignment of rights and duties between members.

iii) **Economic Institution**

Social institutions concerned with the management, production and distribution of human resources are referred to as economic institutions. Economic institutions have also been defined by Kingsley Davis, as those 'basic ideas', norms and statutes that govern the allocation of scarce goods in any society, whether society is primitive or civilized. The economic institutions thus govern the activities of the individuals with regards to production, distribution and consumption of goods and services in society. The property and the contract are the most fundamental economic institutions. The economic institutions that constitute the economic system are wages, the system of exchange and division of labour, the property and the contract.

iv) **Religious Institution**

Religion has existed throughout the history of human society. It is an important aspect of human social life. Religion has been defined as 'a belief in supernatural being', by the anthropologist E. B. Tylor. These beliefs are associated with emotional state of mind such as fear, awe, happiness, reverence etc. As regards, to the social structure, every religion involves its specific rituals such as playing, dancing, chanting, fasting and eating certain kinds of food and so on. Religious institutions have believed to have been evolved into an organized forms based on a system of beliefs and ritual practices. There are different forms of the communities of believers such as the church, the sect and the cult. Church is well-established organization, and has a bureaucratic structure with hierarchy of office bearers among the believers. Hinduism also has some organized body in important temples of the country and the body of persons entrusted with the responsibility of management of temples.

As compared to well-established organized groups such as church, sects are smaller in size. They generally originate as remonstrance against the old established religion. It is initiated by a few and gradually others join it. The sect rejects the tenets of the conventional religion and attempts to convince people about the weaknesses of the traditional religion. Arya samaj is an example of sect of Hinduism.

v) **Educational Institution**

A child is born only as a biological being but soon becomes social being through socialization and education. Education is an effort of the senior people to transfer their knowledge to the younger members of the society. It is, therefore, also an institution that plays vital role in integrating an individual with his society and in maintaining the perpetuation of culture. Emile Durkheim, the French sociologist defines education as ‘the influence exercised by the adult generation upon those who are not yet ready for adult life’.

He maintains that ‘society can survive only if there exists among its members sufficient degree of homogeneity. The homogeneity is perpetuated and reinforced by education. A child learns basic rules, regulations, norms and values of society through education. Sociologists mainly focus on the influence of social situations on the nature of education system and the role of education in social change. Durkheim argues that in complex industrial society, school serves important functions which the family or peer group may not be able to do. In the family or peer group, a person has to interact with his kin or with his friend, but in a society at large, one has to interact with a person who is neither a kin nor a friend. School teaches an individual to learn to cooperate with strangers.

vi) **State/Political Institutions**

According to Max Weber, State is the most fundamental institutions of a political system. The state means the institution which exercises the monopoly over the legitimate use of power within a given territory. It can use force to implement its policies. To exercise political power, state has sub institutions that are involved to implement its policies. The judiciary and the legislature are the instruments that cooperate in the distribution of power. The essential elements of the state are a population, a defined territory, a government and sovereignty. Legitimate power is

the most significant element of political institution. Political institutions are also defined as those holding monopoly in the exercise of legitimate force. The political system in the remote past were such that the political power of rulers were relatively unqualified but state which emerged after Enlightenment and Industrial Revolution was endowed with qualified power. 'The state' according to Max Weber, 'is a human community which successfully claim the monopoly of the legitimate use of physical force within a given territory'.

The Constitution of a state/country defines the limits of power of the state and its different organs. The power is legitimate so long as presents the 'general will' of the people and is voluntarily accepted by them.

There are three bases of legitimization of power and can be classified into three corresponding types of authority. The authorities are: the traditional authority, the charismatic authority, and the legal rational authority. The traditional authority is that which people obey by habit. They accept the power of someone simply because it has been done so in the past. For example, the tribal chief Charismatic authority is the second type. People also behave voluntarily under the influence of a person who possesses some extraordinary qualities. They obey the person due to their faith in and respect for him. The authority in the modern industrial society is legal rational type. This authority is formal and its privileges are limited and defined by law. The actual power lies not in the person but in the position he occupies. The administrative staffs of the state are an example of this category. This kind of authority is impersonal and rational in nature.

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### 4.3 Types of society

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Hunting and gathering tribes, industrialized Japan, Americans each is a society terms, **society** refers to a group of people who live in a definable community and share the same culture. On a broader scale, society consists of the people and institutions around us, our shared beliefs, and our cultural ideas. Typically, more-advanced societies also share a political authority.

Sociologist Gerhard Lenski (1924–) defined societies in terms of their technological sophistication. As a society advances, so does its use of technology. Societies with rudimentary technology depend on the fluctuations of their environments, while industrialized

societies have more control over the impact of their surroundings and thus develop different cultural features. This distinction is so important that sociologists generally classify societies along a spectrum of their level of industrialization—from preindustrial to industrial to post industrial.

### 4.3.1 Preindustrial Societies

Before the Industrial Revolution and the widespread use of machines, societies were small, rural, and dependent largely on local resources. Economic production was limited to the amount of labor a human being could provide, and there were few specialized occupations. The very first occupation was that of hunter-gatherer.

#### **Hunter-Gatherer**

**Hunter-gatherer societies** demonstrate the strongest dependence on the environment of the various types of preindustrial societies. As the basic structure of human society until about 10,000–12,000 years ago, these groups were based around kinship or tribes. Hunter-gatherers relied on their surroundings for survival—they hunted wild animals and foraged for uncultivated plants for food. When resources became scarce, the group moved to a new area to find sustenance, meaning they were nomadic. These societies were common until several hundred years ago, but today only a few hundred remain in existence, such as indigenous Australian tribes sometimes referred to as “aborigines,” or the Bambuti, a group of pygmy hunter-gatherers residing in the Democratic Republic of Congo. Hunter-gatherer groups are quickly disappearing as the world’s population explodes.

#### **Pastoral**

Changing conditions and adaptations led some societies to rely on the domestication of animals where circumstances permitted. Roughly 7,500 years ago, human societies began to recognize their ability to tame and breed animals and to grow and cultivate their own plants. **Pastoral societies**, such as the Maasai villagers, rely on the domestication of animals as a resource for survival. Unlike earlier hunter-gatherers who depended entirely on existing resources to stay alive, pastoral groups were able to breed livestock for food, clothing, and transportation, and they created a surplus of goods. Herding, or pastoral, societies remained nomadic because they were forced to follow their animals to fresh feeding grounds. Around the time that pastoral societies emerged, specialized occupations began to develop, and societies commenced trading with local groups.



### **Horticultural**

Around the same time that pastoral societies were on the rise, another type of society developed, based on the newly developed capacity for people to grow and cultivate plants. Previously, the depletion of a region's crops or water supply forced pastoral societies to relocate in search of food sources for their livestock. **Horticultural societies** formed in areas where rainfall and other conditions allowed them to grow stable crops. They were similar to hunter-gatherers in that they largely depended on the environment for survival, but since they didn't have to abandon their location to follow resources, they were able to start permanent settlements. This created more stability and more material goods and became the basis for the first revolution in human survival.

### **Agricultural**

While pastoral and horticultural societies used small, temporary tools such as digging sticks or hoes, **agricultural societies** relied on permanent tools for survival. Around 3000 B.C.E., an explosion of new technology known as the Agricultural Revolution made farming possible—and profitable. Farmers learned to rotate the types of crops grown on their fields and to reuse waste products such as fertilizer, which led to better harvests and bigger surpluses of food. New tools for digging and harvesting were made of metal, and this made them more effective and longer lasting. Human settlements grew into towns and cities, and particularly bountiful regions became centers of trade and commerce.

This is also the age in which people had the time and comfort to engage in more contemplative and thoughtful activities, such as music, poetry, and philosophy. This period became referred to as the “dawn of civilization” by some because of the development of leisure and humanities. Craftspeople were able to support themselves through the production of creative, decorative, or thought-provoking aesthetic objects and writings.

As resources became more plentiful, social classes became more divisive. Those who had more resources could afford better living and developed into a class of nobility. Difference in social standing between men and women increased. As cities expanded, ownership and preservation of resources became a pressing concern.

### **Feudal**

The ninth century gave rise to feudal societies. These societies contained a strict hierarchical system of power based around land ownership and protection. The nobility, known as lords, placed vassals in charge of pieces of land. In return for the resources that the land provided, vassals promised to fight for their lords.

These individual pieces of land, known as fiefdoms, were cultivated by the lower class. In return for maintaining the land, peasants were guaranteed a place to live and protection from outside enemies. Power was handed down through family lines, with peasant families serving lords for generations and generations. Ultimately, the social and economic system of feudalism failed and was replaced by capitalism and the technological advances of the industrial era.

### **4.3.2 Industrial Society**

In the eighteenth century, Europe experienced a dramatic rise in technological invention, ushering in an era known as the Industrial Revolution. What made this period remarkable was the number of new inventions that influenced people's daily lives. Within a generation, tasks that had until this point required months of labor became achievable in a matter of days. Before the Industrial Revolution, work was largely person- or animal-based, and relied on human workers or horses to power mills and drive pumps. In 1782, James Watt and Matthew Boulton created a steam engine that could do the work of twelve horses by itself.

Steam power began appearing everywhere. Instead of paying artisans to painstakingly spin wool and weave it into cloth, people turned to textile mills that produced fabric quickly at a better price and often with better quality. Rather than planting and harvesting fields by hand, farmers were able to purchase mechanical seeders and threshing machines that caused agricultural productivity to soar. Products such as paper and glass became available to the average person, and the quality and accessibility of education and health care soared. Gas lights allowed increased visibility in the dark, and towns and cities developed a nightlife.

One of the results of increased productivity and technology was the rise of urban centers. Workers flocked to factories for jobs, and the populations of cities became increasingly diverse. The new generation became less preoccupied with maintaining family land and traditions and more focused on acquiring wealth and achieving upward mobility for themselves and their families. People wanted their children and their children's children to continue to rise to the top, and as capitalism increased, so did social mobility.

It was during the eighteenth and nineteenth centuries of the Industrial Revolution that sociology was born. Life was changing quickly and the long-established traditions of the agricultural eras did not apply to life in the larger cities. Masses of people were moving to

new environments and often found themselves faced with horrendous conditions of filth, overcrowding, and poverty. Social scientists emerged to study the relationship between the individual members of society and society as a whole.

It was during this time that power moved from the hands of the aristocracy and “old money” to business-savvy newcomers who amassed fortunes in their lifetimes. Families such as the Rockefellers and the Vanderbilts became the new power players and used their influence in business to control aspects of government as well. Eventually, concerns over the exploitation of workers led to the formation of labor unions and laws that set mandatory conditions for employees. Although the introduction of new technology at the end of the nineteenth century ended the industrial age, much of our social structure and social ideas—like family, childhood, and time standardization—have a basis in industrial society.

## Types of Society

- A **society** is a group of people living within defined territorial borders and sharing a common culture.
- A **hunting and gathering** society is a society that survived by hunting animals and gathering edible plants.
- A **horticultural society** is a society that survives primarily through the growing of plants.
- A **pastoral society** is a society in which food is obtained primarily by raising and taking care of animals.
- An **agricultural society** is a society that uses plows and draft animals in growing food.
- An **industrial society** is a society that depends on science and technology to produce its basic goods and services.
- A **postindustrial society** is a society in which the economic emphasis is on providing services and information.



• **Jigsaw Activity** Each group so students will choose one type of society and develop a web of information to share with the class.

### • **What do sociologists think about industrialization?**

• In 1887, Ferdinand Tonnies distinguished between preindustrial and industrial societies.

– **Gemeinschaft** a preindustrial society based on tradition, kinship and close social ties.

– **Gesellschaft** an industrial society characterized by weak family ties, competition, and impersonal social relationships.

• In 1893, Emile Durkheim distinguished societies based on social solidarity—the degree to which society is unified.

– **Mechanical solidarity** type of social unity achieved by people doing the same type of work and holding similar values.

– **Organic solidarity** type of social unity in which members' interdependence is based on specialized functions and statuses.

• What contributes to a stable society in the postindustrial age?

• What leads to social instability in the postindustrial age?

### Postindustrial Society

**Information societies**, sometimes known as postindustrial or digital societies, are a recent development. Unlike **industrial societies** that are rooted in the production of

material goods, information societies are based on the production of information and services.

Digital technology is the steam engine of information societies, and computer moguls such as Steve Jobs and Bill Gates are its John D. Rockefellers and Cornelius Vanderbilts. Since the economy of information societies is driven by knowledge and not material goods, power lies with those in charge of storing and distributing information. Members of a postindustrial society are likely to be employed as sellers of services—software programmers or business consultants, for example—instead of producers of goods. Social classes are divided by access to education, since without technical skills, people in an information society lack the means for success.

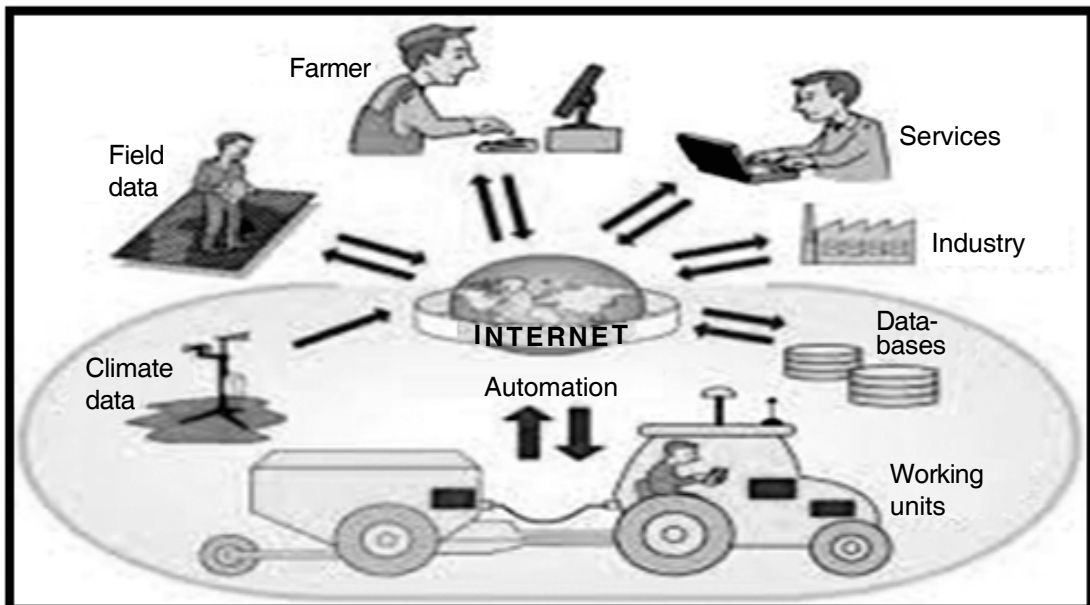
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#### 4.4 Defining a complex society

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Technological advances from the stage of hunting and gathering to landing on the moon have given birth to a technologically advanced complex society in modern times. Described as ‘complex societies’, modern industrial nation-states are contrasted with the simple societies in various important ways:

1. larger territory and population membership;
2. greater occupational differentiation, and specialisation of work and social groups;



3. advanced technology for production of consumer items, building of houses, work places, etc;
4. greater co-ordination in the management of the complex society;
5. quick rate of change in terms of consumer goods, forms of education, and so on;
6. Faster modes of mass communication, such as, radio, TV, computers internet etc.
7. Initially it was technological advances that ushered in change. Huge markets sprang up, occupational opportunities and population increase created the nation-state. This is far more inclusive in organisation than anything in simple societies.

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## 4.5 Social Work with Rural Communities

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### Features of the Rural Community

- In majority of the villages, the economy is based on agriculture. The life-cycle of a village community would centre on the specific nature of agriculture. Indian Agriculture is dependent on monsoons for most parts of the country, leading to a great degree of uncertainty. The labourers do not have work throughout the year, while the farmers are unsure of a good crop. This uncertainty would be reflected in the life of the people – long term planning to spend and save becomes difficult, affecting children's education, health and other long-term expenditures.
- The main occupations are cultivation and labour work. With the onset of monsoons, for tilling and ploughing the land, and during the harvesting season, the demand for labour goes up pushing up the wages. During the off- season, not only would the wages come down, but the families may also have to migrate in search of jobs. The cultivator, who is dependent on market prices, gains if the prices are high and vice-versa; with falling prices, he tends to loose.
- Compared to an urban community, the population of a village would be much smaller. Occupationally, and in terms of residence, people would be less mobile. In a rural community, occupations tend to be inherited—a cultivator's son would turn to farming, while children from a landless household would turn to labour work. Occupational changes are easier when a person migrates to an urban centre. Members of a rural community share similar cultural patterns, such as, the same language, religion, food habits, etc. Overall, a village has a great degree of homogeneity.

- The social structure of the village is based on the caste system and the traditional family structure. The primary ties would be important with a strong sense of belonging. A person's role and perceptions would emerge as an outcome of his position in the local society. There would be a fundamental acceptance of the normative and perceptual values of the group. Members of the same caste tend to stay close to each other in the village.

### **Institutional Structures in a Rural Community**

Institutional structures refer to organisations with policies, programmes, finances and administrative hierarchy; and in the last fifty years, a number of them emerged undertaking different functions. Powerful castes and economic categories control them. They affect the life of the local community in various ways and it is necessary to understand how they work. They can be of three types:

a) ***Governmental Organisations***

A number of departments of the state Government affect the life of the local community, such as the Revenue, Forest, Irrigation, Health, General Administration, Public Works Department, etc. The Government exercises direct control and takes all decision related to recruitment, working conditions, payment of salary, work allotment, supervision, etc. Then, there are autonomous organisations like the State Electricity Boards and the Police Department.

b) ***Non-Governmental Organisations***

Local communities have a number of formal and informal organisations. They could be of different types—social, political, religious, etc., undertaking different functions in the community. Most villages may have one or two Mahila Mandals and a committee managing the affairs of the local shrine. Members of political parties tend to be more active than members of other organisations and could be mobilised for some of the social work issues. A major characteristic of NGOs is that the Government does not exercise direct control over them.

c) ***Statutory and Public Institutions***

In the last half a century of development, a number of statutory organisations have emerged, such as, Panchayati Raj Institutions and co-operative organisations in the area of credit, agriculture processing and marketing, supply of agriculture inputs,

etc. Milk co-operatives have been set in many rural areas. They are public bodies reflecting local interests with political overtones. Since the leadership emerges after fighting elections, these bodies have strong local roots. The most widespread of such organisation is the Panchayati Raj Institution, which works at the District (Zilla Parishad), Block (Panchayat Samiti) and the Village (Gram Panchayat and Gram Sabha) level. Each state has passed its own legislation for the implementation of Panchayati Raj. In the area of rural banking, the National Bank for Agriculture and Rural Development has been set up under the NABARD Act, 1981, which is a Central legislation.

### **Problems in a Rural Community**

The problems in a rural community can be understood in the following manner :

a) ***Problems at the level of Individuals***

Family conflicts of various types will come under this category. The most common would be conflicts between the spouses or conflicts between two generations of the family members. These conflicts are more in the nature of value-conflicts, centered on one or two individuals in which the role of the human personality is important.

b) ***Problems at the level of Groups***

The problems at the group level could be more in the nature of socio-economic conditions. These could be the problems of the aged, single parents, marginal farmers, landless households, illiterates, school drop-outs, teenagers, etc.

c) ***Problems at the level of Communities***

The defining element here would be a section of population larger than a group being affected. This could be a large segment of the community or the whole community. At this level, there are implications on policies affecting the village community and the working of the local institutional structures. In terms of issues, it could be that of alcoholism, sanitation, health, violence, environmental degradation, drinking water, matters related to land and forest, problem of wages, infrastructural problems, problem of exploitation and oppression, below poverty line families etc. An important area of work could be the functioning of the Gram Panchayat and Gram Sabha. The Gram Sabha is supposed to be the base of the Panchayat Raj System and, in principle, exercises the maximum powers at the village level. All adult villagers constitute the Gram

Sabha and are supposed to meet four times a year to review the work done by the Gram Panchayat and make new plans to be implemented by the Gram Panchayat. In practice, this never happens and a small group controls and monopolises both the Gram Panchayat and the Gram Sabha.

The identified problems have to be developed in the format of an 'Issue'. To implement this process, the following steps should be undertaken :

1. Identify the problem to be worked upon;
2. Decide on the target group – the quantitative dimension;
3. Operationalise the objectives, which could have both quantitative and qualitative dimensions;
4. Identify local institutional structures for collaborative work;
5. Decide on a line of action;
6. List out a few qualitative and quantitative indicators to evaluate the work done.

Once these steps are undertaken, then the broad outline of the intervention measure is ready. Now, specific steps have to be decided upon, for which the following details of the proposed line of action would be helpful :

- What specific steps have to be taken?
- What resources are required for the proposed steps?
- From where the resources are to be obtained?
- Discussion with the personnel of the institutional structures on the nature of collaboration to be undertaken.

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## **4.6 Social Work with Urban Communities**

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### **Features of an Urban Community**

- The occupational pattern of an urban community would be dominated by non-agricultural occupations. The working hours would be regulated and monetary compensation would be in the form of wages and salaries. A segment of the population would be linked to the formal economy where rules and regulations operate, and a greater element of economic security operates. There would also



be provisions for social security measures in the form of old age pensions, savings schemes and provisions for taking loans.

- Low-Income households would be tied to the urban informal economy where economic insecurity is higher and the scope of rules and regulation is lower. The provision for social security measures is very poor in the urban informal economy. Generally, low-income households stay in slums, which are of two types. Those slums recognised by the municipal
- Authorities not only get civic facilities, but the residents become owner of their plot of land/house and become taxpayers. But non-recognised slums suffer from a double disability. Since they are not recognised by the municipal authorities, they are not eligible for civic amenities and could, at any time, be removed from their houses/sites. In addition, they cannot create an asset by improving the house-site.
- A portion of the urban community would be migrants. In smaller towns, the migration would be from the nearby villages, while in bigger towns and industrial cities, the migrants could be from far off places. The migrants would be coming with their own culture and, possibly, could be from a different linguistic group, caste group or religion.
- The population of urban communities would be large in size and also exhibit a great deal of heterogeneity.
- The social structure would see greater influence of secondary ties and the nuclear family. Geographic and occupational mobility in an urban community would be greater than in a rural community.
- Owing to influences from a variety of sources, a member of an urban community need not share the normative and perceptual values of his/her group of origin in its totality, and also, his sense of belonging to the group need not be very strong.

### **Institutional Structures in an Urban Community**

Urban communities will see a wide variety of organisations as compared to rural communities. Part of the variety will be due to the heterogeneous nature of urban communities and partly because urban areas tend to be centres of industries and local administration. They impinge on the life of the local community in various ways and it is necessary to understand how they work. They can be of three types:

- a) *Governmental Structures*

A number of governmental departments undertake their functions, which are important in an urban community. The Department of Revenue, the General Administration Department, the Town Planning authorities, the Rationing Department, Department of Industries, etc., are some of the examples of government departments.

b) ***Non-Governmental Structures***

Urban communities have a number of Non- Governmental organisations. Educational bodies, starting from the primary level till the highest level, would be seen in urban areas. The Chambers of Commerce, Merchant's Associations, religious bodies, social organisations, student organisations, women's group, etc. are some of the other common organisations. Commercial Institutions, such as industries and banks play an important role in urban setting. Political parties and social work organisations are other notable organisations in the urban communities.

c) ***Statutory and Public Structures***

The most prominent public structure would be the municipality. In the field of cooperatives, many organisations are to be found – the most common would be co-operative housing societies and credit co-operative bodies. In many states, town planning is entrusted to statutory bodies.

**Problems in an Urban Community**

a) ***Problems at the Level of Individuals***

Family conflicts of various types will come under this category. The most common would be conflicts between the spouses or conflicts between two generations of the family members. These conflicts are more in the nature of value-conflicts and the focus is on one or two individuals, in which the human personality plays a role. Problems of children could become a separate area of work. Inter-generational conflicts are likely to be more common in urban families.

b) ***Problems at the Level of Groups***

The problems at the group level could be more in the nature of socio-economic conditions. This could be the problems of the aged, single parents, unemployed, beggars, school drop-outs, destitute, orphans, victims of crime, juvenile delinquents, AIDS affected group, mentally ill patients, differently-able, etc.

c) ***Problems at the Level of Communities***

The defining element here would be a section of population larger than a group being affected. This could be a large segment of the community or the whole

community. In terms of issues, it could be that of alcoholism, sanitation, health, violence, environmental degradation, drinking water, problem of wages, infrastructural problems, problem of exploitation and oppression, etc. The other issues could be of poverty and employment; getting the names of poor people included in the BPL list.

The identified problems have to be developed in the format of an 'Issue'. To fulfill this process, the following steps should be undertaken :

1. Identify the problem to be worked upon;
2. Decide on the target group – the quantitative dimension;
3. Operationalise the objectives, which could have both quantitative and qualitative objectives;
4. Identify local Institutional structures for collaborative work;
5. Decide on a line of action;
6. List out a few qualitative and quantitative indicators to evaluate the work done.

Once these steps are undertaken, then the broad outline of the intervention measure is ready. Now specific steps have to be decided upon, for which the following details of the proposed line of action would be helpful.

1. What specific steps have to be taken?
2. What resources are required for the proposed steps?
3. From where are the resources to be obtained?
4. Discussion with the personnel of the institutional structures on the nature of collaboration to be undertaken.

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## **4.7 Social Work with Tribal Communities**

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### **Features of a Tribal Community**

- The problem of defining a tribe has long defied administrators, anthropologists and sociologists, all of whom have given different definitions. The International Labour Organisation (ILO) in its report of 1953 stated that, “there can be no standard, which can apply to all indigenous or aboriginal groups throughout the world” (Deogaonkar, 1994).

However, any group displaying the following characteristics can be treated as a tribe :

- a) A definite habitat and area.
  - b) A unified social organisation based primarily on blood relationship (Consanguinity).
  - c) A cultural homogeneity.
  - d) A common scheme of deities and common ancestors.
  - e) A common dialect with a shared folk-lore.
- Under Article 366 of the Indian Constitution, the tribal community has been declared as Scheduled Tribes and it includes 212 tribes from 14 states. The President of India is empowered by Article 342
    - (i) To notify and specify any tribe/tribal community from any area as a ‘Scheduled Tribe’. On such notification, the tribe so specified is added to the list of Scheduled Tribes in the Fifth Schedule and is, thus, entitled to all the Constitutional Safeguards and Protection.
  - The constitution of India contains many provisions for the protection and welfare of the tribal population. Article 46 mentions that the state is committed to the welfare of the scheduled castes and Scheduled Tribes and their protection from all types of socio-economic exploitation. Article 275 provides for special grants for tribal welfare from the Government of India to some states and forms part of the Sixth Schedule. Article 164 makes it obligatory to appoint a Minister-in-Charge of Tribal Welfare in the states of Bihar, Madhya Pradesh and Orissa. Article 244 makes applicable the provisions of the Fifth Schedule to the administration and control of the Scheduled Areas and Scheduled Tribes. Jharkhand, Chhatisgarh and Orissa have the largest scheduled tribe population in our union followed by Maharashtra and Rajasthan. As per the 1991 Census, the scheduled tribes constitute 8.01 per cent of the total population of the country.
  - According to Verrier Elwin, tribals can be classified into four categories. First, those still residing in forests and following old life-styles. Secondly, those staying in rural areas and dependent on agriculture. Thirdly, those who have migrated to urban areas and have taken up modern industrial occupations.

Fourthly, those who have been completely absorbed and become a part of the Indian mainstream. The well-known Indian sociologist Ghurye has a different scheme of classification. The first category comprises those who have struggled and attained a high position in Hindu society, such as Rajgond. Secondly, those who have become partially Hindu and thirdly, those who reside in forests and are opposed to outside culture.

- In terms of size, tribal communities are small. Traditionally, tribals were land-owners and in spite of the problem of landlessness, large sections of them still own land.
- Traditionally, tribal's were governed by notions of collective ownership of property including land and meeting many of their needs from the forest. Even today, tribals are less integrated with the market structures as compared to members of other communities.
- The status of women in tribal communities is better and they enjoy more decision-making powers. This is indicated from the fact that in olden times, a 'bride-price' had to be paid rather than 'dowry', as the case is with mainstream society.

In the pre-British period, the tribals had an autonomous culture and were a nature loving community. Starting with the British period onwards, the tribal community is getting assimilated into the mainstream Indian society, but at the lower end of the society. This process is called acculturation, which "is the process by which a whole way of life is in a process of change under the influence of another culture. This cultural change may be slow or rapid, and in due course, it may lead to partial or even total assimilation with other cultures. Each tribal group may be at a different level" (Deogaonkar, 1994 ).

### **Institutional Structures in a Tribal Community**

Traditional Institutions like the Ghotul, which helped in the socialisation of youth, is weakening, while modern structures are emerging. The Panchayati Raj System, Co-operative bodies, educational institutions and market structures are now slowly being formed in tribal areas. Many government departments, some of which have specialised in tribal affairs, are functioning among tribal communities. In many tribal areas, social work organisations, mostly NGOs, have made important contributions in the field of education and health.

## **Problems in a Tribal Community**

### ***Land Alienation***

A large section of tribals own land, which is cultivable. Starting from the British period, tradesmen, moneylenders and hardy farmers have entered tribal areas and unscrupulously grabbed the tribal lands. Thus, the tribals, who were traditional farmers became farm servants and in many cases bonded labour in their own land. Later on, legislation was passed to prohibit any land transaction between a tribal, and a non-tribal monetary or otherwise, which, to an extent, has checked the process.

### ***Forest and Tribals***

Since time immemorial, tribals have cohabited with nature and depended upon the forests for fuel, fodder and other necessities of life. By collecting minor forest produce, they could sell it to itinerant tradesmen or in nearby markets to buy necessary things from the market. Right from the British regime, these traditional rights, known as nistar rights, were accepted and given official recognition by the Government. The tribal use of the forest was purely for home-based consumption and the forest cover was preserved. The British period saw the beginning of commercial exploitation of forest, which continued in the post-Independence period as well. This process led not only to the abridgment of tribal rights over forest, but unscrupulous contractors, in nexus with bureaucrats, cut vast stretches of forest. The tribal access to forest was reduced and a right for limited use was granted, requiring permission from local forest officials necessitating bribes and harassment. Currently, there has been some change in the forest policy and moves have been taken to entrust the management of forest to local communities under the Joint-Forestry Management Schemes.

### ***Displacement***

A major problem which the tribal community is facing is of them staying in remote areas, and the problem of displacement. In the post-Independence period, a number of projects were set up, which took away tribal lands and the forest where they were staying. The social movements from 1980s onwards have focussed on this problem and now a rehabilitation package is included, while implementing any big project.

Apart from the difficulty of an adequate rehabilitation package and problems of proper implementation; there is the larger problem where a tribal loses land and is awarded a

monetary compensation. She/He has problems in investing the compensation in a secure way or in buying an equivalent piece of land. When entire tribal communities are uprooted, then the loss is of a way of life for which no monetary compensation can suffice.

### ***Poverty and Unemployment***

The tribal way of life was based on 'use' and on a subsistence mode. Ownership of property, increasing production, saving and dealing with market forces was relatively unknown. The onset of modernization can be traced back to the British period. The growth of urbanization and industrialization, the emergence of modern education and new skills left the tribal community at a disadvantage. While the Old World was disintegrating, they were ill-equipped to deal with the demands of a modern age. Poverty and unemployment is rampant among the tribal community.

In the last two decades, a small section of tribals has emerged, who are educated and have got good jobs. The socio-economic policies of the last few decades have led to the setting up of schools, hostels, scholarships being awarded, developmental projects, and a small stratum of tribals have taken the benefits of these programmes – they are educated and have got stable jobs in the public sector. But these changes have not taken place among a large number of tribals. A majority of poor tribals are either landless or are subsistence farmers. Owing to the poor spread of irrigation, farming in India is dependent on monsoons. Growing a single crop leaves the tribal farmer no surplus to build up some savings, while for half of the year, there are no jobs for the landless tribals.

### ***Language and Identity***

A majority of tribals are spread throughout the country, and in most places, do not enjoy a numerical majority. Perforce, they have to learn the language of the state to which they belong in addition to Hindi and English and in the process, the tribal language and scripts are dying. Along with the loss of their language is the loss of their way of life and the question of identity crisis. In some places, tribal movements have taken place to protest against their exploitation by outside forces and also to assert their tribal identity. One outcome of these processes has been the creation of the state of Jharkhand carved out of Bihar. Apart from the North- Eastern states, Jharkhand is the only state where the tribals form a numerical majority.

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## 4.8 Conclusion

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Traditionally, community was the context in which people lived, learnt about their own culture and related to other human beings. The modern world based on industrialisation and urbanisation is eroding the concept of community. In India, the word community could also mean a caste, religion or language based group. In this unit, we have examined one area of social work practice, that is, 'social work with community' with reference to rural, urban and tribal communities. To develop an understanding of the various dimensions of community, a framework of three subsystems has been presented. The economic subsystem deals with occupation, income, etc., while the political subsystem discusses the distribution of power in the community. The social subsystem studies the social and cultural life of the community. The three sub-systems are inter-related to each other. Political matters will have roots in economic issues and vice versa. All matters have a social context.

The definitions, characteristics and the subsystems enable the learner to grasp the conceptual nature of the community, preparing them for the next stage, that is, the methodology of social work intervention. The intervention has been discussed in the context of urban, rural and tribal communities. Prior to the intervention measures information has to be gathered and an understanding has to be developed of each of the setting. To do this, we examine the main features, the institutional structures and the problems, which the community faces. An understanding of these three aspects would help us to go to the third stage, that is, to design effective and relevant intervention measures. To further the understanding, a few examples have been cited.

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## 4.9 Exercise

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1. What is a social structure?

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2. What are different types of society?

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3. What are the features of urban community?

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4. What are the features of tribal community?

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5. What are the features of rural community?

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## 4.10 Reference

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## **Unit 5 □ Economic Systems : Capitalism, Socialism, Mixed Economy and Welfare States**

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### *Structure*

#### **5.0 Objective**

#### **5.1 Introduction**

#### **5.2 Capitalism**

##### **5.2.1 Merits of Capitalistic System**

##### **5.2.2 Demerits of Capitalistic System**

#### **5.3 Socialism and its features**

##### **5.3.1 Merits of Socialism**

##### **5.3.2 Demerits of Socialism**

#### **5.4 Mixed economy and its features**

#### **5.5 Welfare State**

##### **5.5.1 Features of Welfare State**

##### **5.5.2 Functions of Welfare State**

##### **5.5.3 Criticism of Welfare State**

##### **5.5.4 Is the concept of welfare states implemented effectively?**

#### **5.6 Conclusion**

#### **5.7 Exercise**

#### **5.8 Reference**

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### **5.0 Objective**

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The learner would develop a clear concept about the various economic system. i.e. capitalism, socialism, mixed country & welfare states from this unit.

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### **5.1 Introduction**

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Our discussion in the first module of this course was too general and broad in nature to allow us understand the concept called economy. Therefore our task in the present module would be to look at the basics of economic systems in its ramification and

applicability. An economic system is a system of production, resource allocation, exchange, and distribution of goods and services in a society or a given geographic area. It includes the combination of the various institutions, agencies, entities, decision-making processes, and patterns of consumption that comprise the economic structure of a given community. As such, an economic system is a type of social system. For the above reasons, we shall familiarize ourselves with the classifications of the economy based on the ownership of resources, decision making and then make comparisons of the economic system. It is therefore intended to pay proper attention to the explanations and discussions in this module and this unit.

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## 5.2 Capitalism

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Capitalism is often defined as an economic system where private actors are allowed to own and control the use of property in accord with their own interests, and where the invisible hand of the pricing mechanism coordinates supply and demand in markets in a way that is automatically in the best interests of society. Government, in this perspective, is often described as responsible for peace, justice, and tolerable taxes. Capitalism is a system of governance for economic affairs that has emerged in different settings and continues to evolve over time. As a consequence it evades simple definition. The Macmillan Dictionary of Modern Economics defines capitalism as a: Political, social, and economic system in which property, including capital assets, is owned and controlled for the most part by private persons. Capitalism contrasts with an earlier economic system, feudalism, in that it is characterized by the purchase of labor for money wages as opposed to the direct labor obtained through custom, duty or command in feudalism. Under capitalism, the price mechanism is used as a signaling system which allocates resources between uses. The extent to which the price mechanism is used, the degree of competitiveness in markets, and the level of government intervention distinguish exact forms of capitalism.

Capitalism is the private controlled and ownership of factors of production. It is an economic system where private individuals controls the economic resources of the economy. It stands in direct contrast to government-controlled economies, where production and prices are set by a central decision-making body. Economist Adam Smith famously compared free markets to an invisible hand pushing producers toward goods and services for which there is greatest need. In a capitalist market economy, decision-making and

investment is determined by the owners of the factors of production in financial and capital markets, and prices and the distribution of goods are mainly determined by competition in the market.

Economists, political economists, and historians have adopted different perspectives in their analyses of capitalism and have recognized various forms of it in practice. These include laissez-faire or free market capitalism, welfare capitalism, and state capitalism. Capitalism has existed under many forms of government, in many different times, places, and cultures. Following the decline of mercantilism, mixed capitalist systems became dominant in the Western world and continue to spread. The question now is how does capitalism emerged?

However, history tells us that early Islam promulgated capitalist economic policies, which migrated to Europe through trade partners from cities such as Venice. The 16th, 17th and 18th centuries witness the era of feudalism that is economic system of land ownership, mercantilism that is trade profits economic system and industrial revolution era which culminated into people owning and determining their production by themselves in England and later spread to some part of Europe and the USA.

### **5.2.1 Merits of Capitalistic System :**

**The main merits of this system are :**

**(i) Economic Freedom :**

The foremost advantage of this system is that everybody enjoys' economic freedom as one can spend one's income according to one's wishes. Producers have complete freedom to invest in any business or trade.

**(ii) Automatic Working :**

Another advantage according to classical economists is an automatic system. Equilibrium point is automatically come with the forces of demand and supply.

**(iii) Variety of Goods and Services :**

All the basic decisions of what to produce, how to produce and for whom to produce are taken by producers. Every producer gives attention to consumers' taste and preferences. Hence, there are large variety of goods and services; produced in the economy.

**(iv) Optimum Use of Resources :**

All natural resources are used to their optimum level as production is undertaken with a sole purpose: of earning profit and no scope for wastages at all.

**(v) Efficient Producer :**

There is very tough I competition among entrepreneurs. They always encouraged to produce best quality of products. Thus, technical development will lead to increase in higher productivity as well as efficiency.

**(vi) Higher Standard of Living :**

Varieties of goods at cheap rates make it easy to be within the; reach of poor and weaker sections of society. This results in rise in their standard of living.

**(vii) Incentive to efficient :**

In this system, incentives are given to the efficient workers in cash or kind. This means every worker should get reward according to his ability. Hence, workers will try to work more and more, therefore, total output will also increase.

**(viii) New Inventions :**

In this type of economy, there is ample scope of new invention. To get more profit every producer takes initiative to develop new techniques in production.

**5.2.2 Demerits of Capitalistic System :**

According to Karl Marx, "Capitalism contains the seeds of its own destruction."

**The main demerits of this system are given below :**

**(i) Labour Exploitation :**

The main defect of capitalism is the exploitation of labour. Labourers get less wages in comparison to their working hours. The wages less than their marginal productivity are not sufficient for their livelihood.

**(ii) Class Struggle :**

A lion's share of income and resources is controlled by the upper sections of the society, while others remain deprived of the basic amenities of life. Thus, the entire society is divided between 'haves and 'have not's. Hence, the continuous class struggle spoils the health environment of the economy.

**(iii) Wasteful Competition :**

Capitalism is a wasteful competition. A lot of money is spent on advertisement and

publicity for pushing the sale of the commodity. Its burden ultimately is borne by the poor consumers in the form of increased price.

**(iv) Threat of Over-Production :**

The production is made on a large scale which cannot be changed in a short period. Therefore, under capitalism, fear of over-production always exists. The Great Depression of 1930s in USA is an example of it.

**(v) Economic Fluctuations :**

Being automatic in nature, capitalist economy always faces the problem of economic fluctuations and unemployment. This means the state of instability and uncertainty,

**(vi) Unbalanced Growth :**

All the resources are put only to those channels where there is maximum profit. Other sectors of the economy are neglected. As there is no check on the economic system, the growth is unbalanced in nature.

**(vii) No Welfare Activities :**

In capitalism, the sole motive is maximum profit, but not the public welfare. Variety of goods are produced according to market demand, not for any welfare activity.

**(viii) Monopoly Practices :**

This economic system has been criticized on the fact that it develops monopoly activities within the country.

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## 5.3 Socialism and its features

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Socialism is an economic and political system based on public or collective ownership of the means of production. Socialism emphasizes equality rather than achievement, and values workers by the amount of time they put in rather than by the amount of value they produce. The decisions as to how much to produce, which methods of production to employ and for whom to produce are taken by the planning authority. That is why a socialist economy is also called a planned economy. It also makes individuals dependent on the state for everything from food to health care. A socialist economy is an economic organization in which the means of production are owned and regulated by the state. The

production and distribution of goods and factors of production are done by the state under the direction of the planning commission. China, Vietnam, North Korea and Cuba are examples of modern-day socialist societies. Twentieth-century socialist governments were overthrown in Czechoslovakia, East Germany and the U.S.S.R.

We shall now examine the features of socialism. The main features of this system are detailed below.

- (1) **Public Ownership** : A socialist economy is characterized by public ownership of the means of production and distribution. There is collective ownership whereby all mines, farms, factories, financial institutions, distributing agencies (internal and external trade, shops, stores, etc.), means of transport and communications, etc. are owned, controlled, and regulated by government departments and state corporations. A small private sector also exists in the form of small business units which are carried on in the villages by local artisans for local consumption.
- (2) **Central Planning** : A socialist economy is centrally planned which functions under the direction of a central planning authority. It lays down the various objectives and targets to be achieved during the plan period. Central economic planning means the making of major economic decisions of what and how much is to be produced, how, when and where it is to be produced, and to whom it is to be allocated for by the conscious decision of a determinate authority, on the basis of a comprehensive survey of the economic system as a whole. And the central planning authority organizes and utilizes the economic resources by deliberate direction and control of the economy for the purpose of achieving definite objectives and targets laid down in the plan during a specified period of time.
- (3) **Definite Objectives** : A socialist economy operates within definite socio-economic objectives. These objectives may concern aggregate demand, full employment, satisfaction of communal demand, allocation of factors of production, distribution of the national income, the amount of capital accumulation, economic development...and so forth. For achieving the various objectives laid down in the plan, priorities and bold targets are fixed covering all aspects of the economy.
- (4) **Freedom of Consumption** : Under socialism, consumers 'sovereignty implies that production in state owned industries is generally governed by the preferences of consumers, and the available commodities are distributed to the consumers at



fixed prices through the state-run department stores. Consumers 'sovereignty under socialism is confined to the choice of socially useful commodities.

- (5) **Equality of Income Distribution :** In a socialist economy, there is great equality of income distribution as compared with a free market economy. The elimination of private ownership in the means of production, private capital accumulation, and profit motive under socialism prevent the amassing of large wealth in the hands of a few rich persons. The unearned incomes in the form of rent, interest and profit go to the state which utilizes them in providing free education, public health facilities, and social security to the masses. As far as wages and salaries are concerned, most modern socialists do not aim at complete and rigid equality. It is now generally understood that the maintenance offered choice of occupation implies wage differentials.
- (6) **Planning and the Pricing Process :** The pricing process under socialism does not operate freely but works under the control and regulation of the central planning authority. There are administered prices which are fixed by the central planning authority. There are also the market prices at which consumer goods are sold. There are also the accountings prices on the basis of which the managers decide about the production of consumer goods and investment goods, and also about the choice of production methods. In view of the above features, there is need for us to also look at the merits and demerits of socialism. The following are the advantages of socialism as advanced by Prof, Schumpeter.

### 5.3.1 Merits of Socialism :

- (1) **Greater Economic Efficiency :** Economic efficiency under socialism is greater than under capitalism. The means of production are controlled and regulated by the central planning authority towards chosen ends. The central planning authority makes an exhaustive survey of resources and utilizes them in the most efficient manner. Economic efficiency is also achieved by utilizing resources in producing socially useful goods and services which satisfy the basic wants of the people, like cheap food, cloth, and housing.
- (2) **Greater Welfare due to Less Inequality of Income :** In a socialist economy there is less inequality of income as compared with a capitalist economy because of the absence of private ownership of the means of production, private capital

accumulation, and private profit. All citizens work for the welfare of the state and each is paid his remuneration according to his ability, education and training. All rents, interests and profits from various sources go to the state which spends them for public welfare in providing free education, cheap and congenial housing, free public health amenities, and social security to the people.

- (3) **Absence of Monopolistic Practices :** Another advantage of socialism is that it is free from monopolistic practices to be found in a capitalist society. Since under socialism all means of production are owned by the state, both competition and monopoly are eliminated. The exploitation by the monopolistic is absent. Instead of private monopoly, there is the state monopoly of the productive system but this is operated for the welfare of the people. In the state-owned factories, socially useful commodities are produced which are of high quality and are also reasonably priced.
- (4) **Absence of Business Fluctuations :** A socialist economy is free from business fluctuations. There is economic stability because production and consumption of goods and services are regulated by the central planning authority in accordance with the objectives, targets and priorities of the plan. Thus there is neither overproduction nor unemployment.

### 5.3.2 Demerits of Socialism :

A socialist economy has also certain disadvantages :

1. **Loss of Consumers' Sovereignty :** There is loss of consumers 'sovereignty in a socialist economy. Consumers do not have the freedom to buy whatever commodities they want. They can consume only those commodities which are available in department stores. Often the quantities which they can buy are fixed by the state.
2. **No Freedom of Occupation :** There is also no freedom of occupation in such a society. Every person is provided job by the state. But he cannot leave or change it. Even the place of work is allotted by the state. All occupational movements are sanctioned by the state.
3. **Misallocation of Resources :** Under socialism, there is arbitrary allocation of resources. The central planning authority often commits mistakes in resource allocation because the entire work is done on trial and error basis.

4. **Bureaucracy** : A socialist economy is said to be a bureaucratic economy. It is operated like a machine. So it does not provide the necessary initiative to the people to work hard. People work due to the fear of higher authorities and not for any personal gain or self-interest. There is no doubt that a socialist economy is better than a capitalist economy because of its overwhelming merits. But it is disliked for the loss of political, economic and personal freedoms.

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## 5.4 Mixed economy and its features

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A mixed economy is variously defined as an economic system consisting of a mixture of Markets and economic planning, public ownership and private ownership, or free markets and economic interventionism. However, in most cases, “mixed economy” refers to market economies with strong regulatory oversight and governmental provision of public goods, although some mixed economies also feature a number of state-run enterprises. In general the mixed economy is characterized by the private ownership of the means of production, the dominance of markets for economic coordination, with profit-seeking enterprise and the accumulation of capital remaining the fundamental driving force behind economic activity. But unlike a free-market economy, the government would wield indirect macroeconomic influence over the economy through fiscal and monetary policies designed to counteract economic downturns and capitalism’s tendency toward financial crises, unemployment, and growing income and wealth disparities, along with playing a role in interventions that promote social welfare. Subsequently, some mixed economies have expanded in scope to include a role for indicative economic planning and or large public enterprise sectors. There is mixture of private and public ownership of the means of production and distribution. Some decisions are taken by households and firms and some by the planning authority. All developing countries like India and Nigeria are mixed economies. We shall now look at the features of mixed economy :

1. **Public Sector** : The public sector is under the control and direction of the state. All decisions regarding what, how and for whom to produce are taken by the state. Public utilities, such as rail construction, road building, canals, power supply, means of communication, etc., are included in the public sector projects. They are operated for public welfare and not for profit motive. The public sector also operates basic, heavy, and strategic and defense production industries which

require large investment and have long gestation period. But they earn profits like private industries which are utilized for capital formation.

2. **Private Sector :** There is a private sector in which production and distribution of goods and services are done by private enterprises. This sector operates in farming, plantations, mines, internal and external trade, and in the manufacture of consumer goods and some capital goods. This sector operates under state regulations in the interest of public welfare. In certain fields of production, both public and private sectors operate in a competitive spirit. This is again in the interest of the society.
3. **Joint Sector :** A mixed economy also has a joint sector which is run jointly by the state i.e public and private enterprises. It is organized on the basis of a joint stock company where the majority shares are held by the state.
4. **Cooperative Sector :** Under a mixed economy, a sector is formed on cooperative principles. The state provides financial assistance to the people for organizing cooperative societies, usually in dairying, storage, processing, farming, and purchase of consumer goods.
5. **Freedom and Control :** A mixed economy possesses the freedom to hold private property, to earn profit, to consume, produce and distribute, and to have any occupation. But if these freedoms adversely affect public welfare, they are regulated and controlled by the state.
6. **Economic Planning :** There is a central planning authority in a mixed economy. A mixed economy operates on the basis of some economic plan. All sectors of the economy function according to the objectives, priorities and targets laid down in the plan. In order to fulfill them, the state regulates the economy through various monetary, fiscal and direct control measures. The aim is to check the evils of the price mechanism.
7. **Social Welfare :** The principal aim of a mixed economy is to maximize social welfare. This feature incorporates the merits of socialism and avoids the demerits of capitalism. To remove inequalities of income and wealth, and unemployment and poverty, such socially useful measures as social security, public works, etc. are adopted to help the poor. On the other hand, restrictions are placed on the concentration of monopoly and economic power in the hands of the rich through various fiscal and direct control measures.

We shall again consider the merits and demerits of mixed economic system. Merits of Mixed Economy are : (1) It has best allocation of resources (2) There is a general balance between the public sector and the private sector (3) There is presence of Social security (4) There is freedom of criticism by the citizen. Demerits of Mixed Economy are : (1) Non-Cooperation between the Two Sectors (2) Inefficient Public Sector (3) Economic Fluctuations is inevitable (4) Decision making can be hampered or delayed (5) Resources may not be evenly distributed. Therefore, let it be known to you that a mixed economy contains all the features of a welfare state. There is no exploitation either by the capitalists as under a free enterprise economy or by the state as under a socialist economy. The United States, Nigeria and India are said to have a mixed economic system because privately owned businesses and government both play important roles in the economy.

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## 5.5 Welfare State

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A welfare state is a state that is committed to providing basic economic security for its citizens by protecting them from market risks associated with old age, unemployment, accidents, and sickness. The term 'welfare state' first emerged in the UK during World War II. It has since been used much more broadly to describe systems of social welfare that have developed since the nineteenth century. Welfare state studies have sought to create typologies that group countries into categories based on variations in the role that state, market, and family play in ensuring well-being. A second line of research has sought to account for welfare state development and variation, by examining economic, political, institutional, and ideological factors. These studies are broadly cross-disciplinary. Contemporary research examines welfare state restructuring as economic globalization, and changes in the family and gender roles have placed new pressures on welfare states.

Welfare state, concept of government in which the state or a well-established network of social institutions plays a key role in the protection and promotion of the economic and social well-being of citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life. The general term may cover a variety of forms of economic and social organization.

A fundamental feature of the welfare state is social insurance, a provision common to most advanced industrialized countries (e.g., National Insurance in the United Kingdom and Social Security in the United States). Such insurance is usually financed by compulsory contributions and is intended to provide benefits to persons and families during periods of greatest need. It is widely recognized, however, that in practice the cash benefits fall considerably short of the levels intended by the designers of the plans.

The welfare state also usually includes public provision of basic education, health services, and housing (in some cases at low cost or without charge). In these respects the welfare state is considerably more extensive in western European countries than in the United States, featuring in many cases comprehensive health coverage and provision of state-subsidized tertiary education.

Antipoverty programs and the system of personal taxation may also be regarded as aspects of the welfare state. Personal taxation falls into this category insofar as its progressivity is used to achieve greater justice in income distribution (rather than merely to raise revenue) and also insofar as it is used to finance social insurance payments and other benefits not completely financed by compulsory contributions. In socialist countries the welfare state also covers employment and administration of consumer prices.

### **5.5.1 Features of Welfare State :**

The following are the basic features of the Welfare State :

1. A welfare state ensures social security. In a welfare state of economy, though the traits of capitalism are also seen, it is mainly a mixed economy. Even when a combination of capitalistic and socialistic features exists, the government plays a dominant role in controlling the economic activities and in the social welfare of the people.
2. A welfare state is socialistic in nature. It is based on the principles of equality and is keen to provide equal opportunity to all. It also aims to ensure equitable distribution of wealth.
3. It exercises control over all the economic activities. In a welfare state, all the private enterprises are regulated by the government.
4. It provides even the basic facilities to its citizens. Furnishing services to each and every individual is its duty. A welfare government is keen in providing economic

and social services such as general education, public health, public transport, housing, and other financial assistance to its people.

5. It undertakes and runs various enterprises. Ownership and operation of industrial enterprises, business and other commercial activities are also done by welfare governments.
6. It ensures justice to all. In a welfare state, common man has to deal with the authorities for many of their needs. For example; administrative officers, controlling officers, sanctioning authorities, officers of social services, executives of public sector undertakings etc. In all such dealings, a welfare state has the responsibility to ensure justice and fulfillment of their requirements.
7. Planning of activities : Economic activities include production and distribution. It is the duty of the welfare state to formulate national policies and to plan every economic activity in a balanced manner. Industrial policy, trade policy, commercial and banking policy etc are framed in order to control those activities.
8. It is the function of a welfare state to regulate and control all private enterprises engaged in economic activities. Such control includes registration, licensing, taxation etc.
9. Welfare of labourers also comes under the purview of the duties of welfare state. They are bound to make legislations to prevent exploitation of workers, and to ensure the security and welfare of those who work in industrial enterprises, factories, companies and all other sectors of employment.
10. Emphasises the worth of man  
Welfare State emphasises the worth and dignity of the individual and helps and assist him to lead a respectable life in the society. It regards all individuals on an equal footing irrespective of their social and economic status.
11. Undertakes progressive measures  
Welfare State tries to implement progressive measures like land reforms, agricultural development, price control, public distribution system of essential commodities, provision of health, education, sanitation, communications etc.
12. Undertakes wide-range of Social Services  
Welfare State undertakes wide-range of social services for the betterment of its citizens. They include measures like eradication of untouchability, dowry, child

marriage, sati, etc. It takes steps to abolish illiteracy, poverty and unemployment. It established schools, hospitals and other institutions to meet the needs of the people. It provides unemployment relief, maternity benefit, old-age and other social benefits.

### 5.5.2 Functions of Welfare State

Welfare State undertakes numerous functions which are divided into

- A. Regulative
- B. Protective and
- C. Welfare functions

#### A. Regulative Functions

These include : (i) maintaining law and order, (ii) promoting peace (iii) curbing anti-social elements and their activities, (iv) putting down communal, caste and class clashes, (v) checking exploitation of labourers by passing necessary legislation etc.

#### B. Protective Functions

These include : (i) maintenance of internal order, (ii) protecting territorial integrity, (iii) maintenance of basic institutions, (iv) maintenance of sound net-work of postal system, transport and communication systems (v) regulation of trade, markets, weights and measures, (vi) prevention of theft, decoity and other criminal activities, (vii) conducting foreign relations with other countries, (viii) administering justice and punishing criminals, and (ix) safeguarding the country's territories sovereignty and independence against external attacks and invasions etc.

#### C. Welfare Functions

These include : (i) eradicating the spread of contagious diseases like malaria, cholera etc. (ii) eradicating illiteracy by establishing educational institutions (iii) reducing the economic inequalities by taking steps for distribution of national income, (iv) providing employment opportunities to all qualified persons (v) improving the working conditions of the workers by fixing hours of work, compensation etc. (vi) creating healthy atmosphere in and outside industries. (vii) providing adequate social services such as unemployment benefits, disability benefits, maternity benefits etc. (viii) introducing jail reforms for speedy disposal of cases and reducing the cost of judicial litigation, (ix) introducing land reforms, (x) encouraging cottage and small-scale industries, (xi) undertaking Community Development Programmes, and (xii) checking social evils etc. In brief Welfare State provides full employment, social security, housing, health and education for all people.



### 5.5.3 Criticism of Welfare State

The principal problems in the administration of a welfare state are: determining the desirable level of provision of services by the state; ensuring that the system of personal benefits and contributions meets the needs of individuals and families while at the same time offering sufficient incentives for productive work; ensuring efficiency in the operation of state monopolies and bureaucracies; and the equitable provision of resources to finance the services over and above the contributions of direct beneficiaries.

There are a few writers who criticized the idea of Welfare State on the following grounds :

1. Very expensive

Welfare State, is an expensive state and is beyond the reach of poorer nations. Providing a wide range of social services involves a lot of expenditure.

2. Kills individual initiative and freedom

It is said that Welfare State curbs the individual freedom, initiative and self-help. It retards moral development because it makes a man inferior and dependent on charity. It develops in him proper mentality.

3. Undue importance to Bureaucracy

It is also argued that Welfare State gives undue importance to bureaucracy because it is bureaucracy which makes policies and implements them.

4. Leads to inefficiency

It is pointed out that Welfare State undertakes too many functions which in turn results in administrative inefficiency and mismanagement of human and natural resources.

5. Retards the work of Association

Finally, it is said that Welfare State regulates the work of voluntary organizations in the society. They are pushed back and the willingness to undertake social service activities on the part of the associations are undermined.

#### Importance

Most of the criticisms given above, are not correct. In order to make the Welfare State an ideal system, some steps have to be taken. They are : (1) Defining the objectives and laying down the means to achieve them; (2) Avoiding red-tapism (3) Periodic evolution of Welfare Schemes (4) Checking totalitarianism and (5) Encouraging voluntary associations etc.,

If the above measures are adopted the Welfare State may certainly become heaven of peace because it reconciles individual freedom with the authority of the state, brings

about a fair degree of equality of income among all people and recognizes the dignity and worth of the human beings.

#### **5.5.4 Is the concept of welfare states implemented effectively?**

To a great extent, the concept of welfare states is effectively implemented by our democracies and this has helped governments in improving the scope for betterment of the citizens. But as in any other political policy, the concept of 'welfare states' too has loopholes and is contaminated by improper management and corruption. From the grass roots levels to the highest levels of the political system, the common man is compelled to bribe the officers in order to get his work done. From the critics' point of view, the functions of welfare states have made the citizens more lethargic and less hard working. Even then, in the present context, welfare states are effective in our democracies and it functions as a protector, dispenser of social services, industrial manager, economic controller and an arbitrator.

From our discussion so far on the classification of the economy according to ownership of resources, we can conclude as follows :

- That capitalism is an economic system based on private ownership of the means of production and their operation for profit. It is an economic system in which the free market alone controls the production of goods and services.
- That socialism is an economic and political system based on public or collective ownership of the means of production. It emphasizes the steps as to how much to produce, which methods of production to employ and for whom to produce are taken by the planning authority. That communism, also known as a command system, is an economic system where the government owns most of the factors of production and decides the allocation of resources and what products and services will be provided. It is a political and economic ideology based on communal ownership and the absence of class.
- That mixed economy refers to market economies with strong regulatory oversight and governmental provision of public goods, although some mixed economies also feature a number of state run enterprises.

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## **5.6 Conclusion**

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In this unit, we have attempted to show the classification of the economy according to ownership of resources, covering Capitalism and its features, Socialism and its features,

Communism and its features and mixed economy and its features, showing their contributions to resources ownership in the economy and the countries that practice them. You have learnt that an economic system consists of the institutions and the method by which resources are allocated and products and services are distributed. Economic systems differ primarily in who owns the factors of production, how the allocation of resources is directed and the method used to direct economic activity and how the government participates in the economy. Your understanding of this unit should encourage you to be familiar more with the topics in this module as you read ahead against the next unit.

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## 5.7 Exercise

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1. Briefly explain your understanding of capitalism as an economic system.
2. Explain the term socialism. Write down its salient feature.
3. What are the merits & demerits of Socialism.
4. What are the functions of a welfare state.
5. Is the concept of welfare state implemented effectively. Give your reassurance.
6. Give the Merit & demerit of capitalism.

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## **Unit 6 □ Factors & Models of Economic Growth**

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### *Structure*

#### **6.0 Objective**

#### **6.1 Introduction**

##### **6.1.2 Comparing Recent Growth Rates**

##### **6.1.3 Growth Calculation**

#### **6.2 Growth Rates**

##### **6.2.1 Factors of Economic Growth**

##### **6.2.2 Explaining Growth in Productivity**

#### **6.3 What about Natural Resources?**

#### **6.4 Institutions**

#### **6.5 Models of Economic growth**

##### **6.5.1 Beyond Harrod–Domar : Other considerations**

##### **6.5.2 The Solow model**

#### **6.6 Conclusion**

#### **6.7 Exercise**

#### **6.8 Reference**

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### **6.0 Objective**

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The learner would understand the term Economic Growth. They will also get to know about the various factors which leads to Economic growth and also learn about the Models Economic growth.

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### **6.1 Introduction**

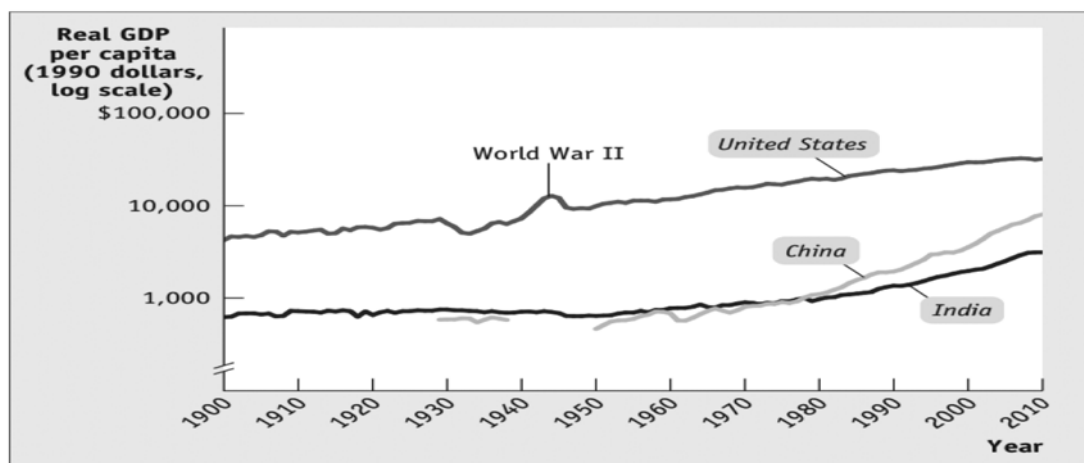
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The key statistic used to track economic growth is real GDP per capita—real GDP divided by the population size. GDP measures the total value of an economy’s production of final goods and services as well as the income earned in that economy in a given year. Gross Domestic Product measures the monetary value of final goods & service, that is bought by the final users.

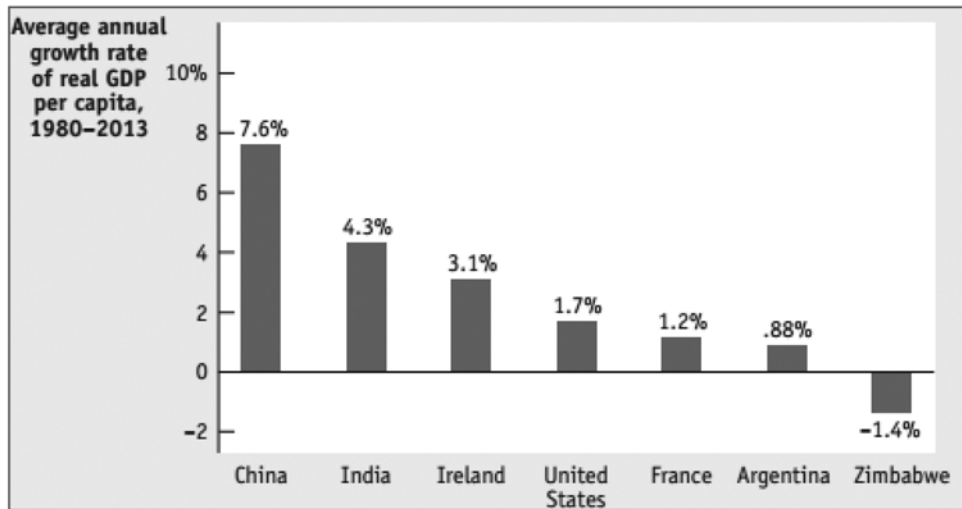
We use real GDP because we want to separate changes in the quantity of goods and services from the effects of a rising price level. We focus on real GDP per capita because we want to isolate the effect of changes in the population. For example, other things equal, an increase in the population lowers the standard of living for the average person—there are now more people to share a given amount of real GDP. An increase in real GDP that only matches an increase in population leaves the average standard of living unchanged.

Although growth in real GDP per capita should not be a policy goal in and of itself, it does serve as a very useful summary measure of a country's economic progress over time. Figure 1 shows real GDP per capita for the United States, India, and China, measured in 1990 dollars, from 1900 to 2010. The vertical axis is drawn on a logarithmic scale so that equal percent changes in real GDP per capita across countries are the same size in the graph.

India achieved independence from Great Britain in 1947, becoming the world's most populous democracy—a status it has maintained to this day. For more than three decades after independence, however, this happy political story was partly overshadowed by economic disappointment. Despite ambitious economic development plans, India's performance was consistently sluggish. In 1980, India's real GDP per capita was only about 50% higher than it had been in 1947. The gap between Indian living standards and those in wealthy countries like the United States had been growing rather than shrinking.



Since then, however, India has done much better. As Figure 2 shows, real GDP per capita has grown at an average rate of 4.3% a year, more than tripling between 1980 and 2013. India now has a large and rapidly growing middle class.



### 6.1.2 Comparing Recent Growth Rates

The average annual rate of growth of real GDP per capita from 1980 to 2013 is shown here for selected countries. China and, to a lesser extent, India and Ireland achieved impressive growth. The United States and France had moderate growth. Once considered an economically advanced country, Argentina had more sluggish growth. Still others, such as Zimbabwe, slid backward.

What went right in India after 1980? Many economists point to policy reforms. For decades after independence, India had a tightly controlled, highly regulated economy. Today, things are very different: a series of reforms opened the economy to international trade and freed up domestic competition. Some economists, however, argue that this can't be the main story because the big policy reforms weren't adopted until 1991, yet growth accelerated around 1980.

Regardless of the explanation, India's economic rise has transformed it into a major new economic power—and allowed hundreds of millions of people to have a much better life, better than their grandparents could have dreamed.

The big question now is whether this growth can continue. Skeptics argue that there are important bottlenecks in the Indian economy that may constrain future growth. They point in particular to the still low education level of much of India's population and inadequate infrastructure—that is, the poor quality and limited capacity of the country's roads, railroads, power supplies, and health and sanitation infrastructure. Pollution is a

severe and growing problem as well. But India's economy has defied the skeptics for several decades and the hope is that it can continue doing so.

### 6.1.3 Growth Calculation

Let us first specify the measurement of growth in a little more detail. A growth rate is defined as the change in a quantity—here, GDP per capita—between two dates, relative to the baseline (beginning of period) quantity. Let's choose two dates, say  $t$  and  $t + 1$ , and denote GDP per capita in these two dates by  $\gamma_t$  and  $\gamma_{t+1}$ , respectively. Then the growth rate of GDP per capita between these two dates is defined as

$$\text{Growth } t, t + 1 = (\gamma_{t+1} - \gamma_t) / \gamma_t$$

Let us focus on annual differences, so that, for example,  $t$  and  $t + 1$  correspond to the years 2005 and 2006, respectively. The Indian economy had GDP per capita of Rs. 42,482 in 2005 and Rs. 43,215 in 2006, so the growth rate between 2005 and 2006 can be computed as

$$\text{Growth } 2005, 2006 = (\text{Rs. } 43,215 - \text{Rs. } 42,482) / \text{Rs. } 42,482 = 0.017$$

(Or equivalently,  $0.017 \times 100 = 1.7\%$ ). Using this formula, we can compute growth rates of GDP for any country.

Thus, the growth rate is the change in a quantity, for example, GDP per capita, between two dates, relative to the baseline (beginning of period) quantity.

How did the United States manage to produce over eight times as much per person in 2013 than in 1900? A little bit at a time. Long-run economic growth is normally a gradual process in which real GDP per capita grows at most a few percent per year. From 1900 to 2013, real GDP per capita in the United States increased an average of 1.9% each year.

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## 6.2 Growth Rates

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To have a sense of the relationship between the annual growth rate of real GDP per capita and the long-run change in real GDP per capita, it's helpful to keep in mind the Rule of 70, a mathematical formula that tells us how long it takes real GDP per capita, or any other variable that grows gradually over time, to double. The approximate answer is :

$$\text{Number of years for variable to double} = 70 / \text{Annual growth rate of variable}$$

(Note that the Rule of 70 can only be applied to a positive growth rate.) So if real GDP per capita grows at 1% per year, it will take 70 years to double. If it grows at 2% per

year, it will take only 35 years to double. In fact, U.S. real GDP per capita rose on average 1.9% per year over the last century.

Applying the Rule of 70 to this information implies that it should have taken 37 years for real GDP per capita to double; it would have taken 111 years—three periods of 37 years each—for U.S. real GDP per capita to double three times.

That is, the Rule of 70 implies that over the course of 111 years, U.S. real GDP per capita should have increased by a factor of  $2 \times 2 \times 2 = 8$ . And this does turn out to be a pretty good approximation of reality. Between 1899 and 2010—a period of 111 years—real GDP per capita rose just about eightfold.

### 6.2.1 Factors of Economic Growth

Long-run economic growth depends almost entirely on one ingredient: rising productivity. However, a number of factors affect the growth of productivity. Let's look first at why productivity is the key ingredient and then examine what affects it.

#### **The Crucial Importance of Productivity :**

Sustained economic growth occurs only when the amount of output produced by the average worker increases steadily. The term labor productivity, or productivity for short, is used to refer either to output per worker or, in some cases, to output per hour. (The number of hours worked by an average worker differs to some extent across countries, although this isn't an important factor in the difference between living standards in, say, India and the United States.)

Labor productivity, often referred to simply as productivity, is output per worker. You might wonder why we say that higher productivity is the only source of long-run growth. Can't an economy also increase its real GDP per capita by putting more of the population to work? The answer is, yes, but ....

For short periods of time, an economy can experience a burst of growth in output per capita by putting a higher percentage of the population to work. That happened in the United States during World War II, when millions of women who previously worked only in the home entered the paid workforce. The percentage of adult civilians employed outside the home rose from 50% in 1941 to 58% in 1944, and you can see the resulting bump in real GDP per capita during those years in Figure 1.



Over the longer run, however, the rate of employment growth is never very different from the rate of population growth. Over the course of the twentieth century, for example, the population of the United States rose at an average rate of 1.3% per year and employment rose 1.5% per year. Real GDP per capita rose 1.9% per year; of that, 1.7%—that is, almost 90% of the total—was the result of rising productivity. In general, overall real GDP can grow because overpopulation growth, but any large increase in real GDP per capita must be the result of increased output per worker. That is, it must be due to higher productivity.

So increased productivity is the key to long-run economic growth. But what leads to higher productivity?

## 6.2.2 Explaining Growth in Productivity

There are three main reasons why the average U.S. worker today produces far more than his or her counterpart a century ago. First, the modern worker has far more physical capital, such as machinery and office space, to work with. Second, the modern worker is much better educated and so possesses much more human capital. Finally, modern firms have the advantage of a century's accumulation of technical advancements reflecting a great deal of technological progress.

Let's look at each of these factors in turn.

### **Increase in Physical Capital**

Economists define physical capital as manufactured resources such as buildings and machines. Physical capital makes workers more productive. For example, a worker operating a backhoe can dig a lot more feet of trench per day than one equipped only with a shovel.

The average U.S. private-sector worker today is backed up by more than \$350,000 worth of physical capital—far more than a U.S. worker had 100 years ago and far more than the average worker in most other countries has today.

Physical capital consists of human-made resources such as buildings and machines.

### **Increase in Human Capital**

It's not enough for a worker to have good equipment—he or she must also know what to do with it. Human capital refers to the improvement in labor created by the education and knowledge embodied in the workforce.

Human capital is the improvement in labor created by the education and knowledge embodied in the workforce.

The human capital of the United States has increased dramatically over the past century. A century ago, although most Americans were able to read and write, very few had an extensive education. In 1910, only 13.5% of Americans over 25 had graduated from high school and only 3% had four-year college degrees. By 2015, the percentages were 88% and 33%, respectively. It would be impossible to run today's economy with a population as poorly educated as that of a century ago.

Analyses based on growth accounting, suggest that education—and its effect on productivity—is an even more important determinant of growth than increases in physical capital.

### **Technological Progress**

Probably the most important driver of productivity growth is technological progress, which is broadly defined as an advance in the technical means of the production of goods and services. We'll see shortly how economists measure the impact of technology on growth.

Technological progress is an advance in the technical means of the production of goods and services.

Workers today are able to produce more than those in the past, even with the same amount of physical and human capital, because technology has advanced over time. It's important to realize that economically important technological progress need not be flashy or rely on cutting-edge science.

Historians have noted that past economic growth has been driven not only by major inventions, such as the railroad or the semiconductor chip, but also by thousands of modest innovations, such as the flat-bottomed paper bag, patented in 1870, which made packing groceries and many other goods much easier, and the Post-it® note, introduced in 1981, which has had surprisingly large benefits for office productivity.

Experts attribute much of the productivity surge that took place in the United States late in the twentieth century to new technology adopted by service-producing companies like Walmart rather than to high-technology companies.

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## 6.3 What about Natural Resources?

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In our discussion so far, we haven't mentioned natural resources, which certainly have an effect on productivity. Other things equal, countries that are abundant in valuable natural resources, such as highly fertile land or rich mineral deposits, have higher real GDP per capita than less fortunate countries.

The most obvious modern example is the Middle East, where enormous oil deposits have made a few sparsely populated countries very rich. For example, Kuwait has about the same level of real GDP per capita as Germany, but Kuwait's wealth is based on oil, not manufacturing, the source of Germany's high output per worker.

But other things are often not equal. In the modern world, natural resources are a much less important determinant of productivity than human or physical capital for the great majority of countries. For example, some nations with very high real GDP per capita, such as Japan, have very few natural resources. Some resource-rich nations, such as Nigeria (which has sizable oil deposits), are very poor.

Historically, natural resources played a much more prominent role in determining productivity. In the nineteenth century, the countries with the highest real GDP per capita were those abundant in rich farmland and mineral deposits: the United States, Canada, Argentina, and Australia. As a consequence, natural resources figured prominently in the development of economic thought.

In a famous book published in 1798, *An Essay on the Principle of Population*, the English economist Thomas Malthus made the fixed quantity of land in the world the basis of a pessimistic prediction about future productivity. As population grew, he pointed out, the amount of land per worker would decline. And this, other things equal, would cause productivity to fall.

His view, in fact, was that improvements in technology or increases in physical capital would lead only to temporary improvements in productivity because they would always be offset by the pressure of rising population and more workers on the supply of land. In the long run, he concluded, the great majority of people were condemned to living on the edge of starvation.

Only then would death rates be high enough and birth rates low enough to prevent rapid population growth from outstripping productivity growth.

It hasn't turned out that way, although many historians believe that Malthus's prediction of falling or stagnant productivity was valid for much of human history. Population pressure probably did prevent large productivity increases until the eighteenth century. But in the time since Malthus wrote his book, any negative effects on productivity from population growth have been far outweighed by other, positive factors—advances in technology, increases in human and physical capital, and the opening up of enormous amounts of cultivable land in the New World.

It remains true, however, that we live on a finite planet, with limited supplies of resources such as oil and limited ability to absorb environmental damage.

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## 6.4 Institutions

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Rich countries may be rich because of their physical capital, human capital, and state-of-the-art technologies, but we still need to ask: Why do they have these advantages? What keeps poor countries from enjoying similar high levels of capital and technology?

Differences in institutions may be an important part of the answer. Mancur Olson, in a lecture published in the *Journal of Economic Perspectives* in 1996, provided one of the most compelling demonstrations of the importance of institutions. Olson observed that accidents of history, especially wars, provide us with interesting “natural experiments” relating to institutions and government policies. For example, consider North and South Korea, East and West Germany, and Hong Kong and mainland China. Historically, each pair was once a single country (and, in the case of Germany, is today). The people in each region share similar cultures, and there are no obvious advantages in geography on one side or the other. Moreover, these neighbors had relatively similar incomes. At the end of various wars, though, the regions were separated into distinct countries with different governments and institutions.

What explains these sharp differences in economic performance? The obvious answer—obvious largely because this is the only clear difference between the neighboring countries—is the differences in government policies and in the rules and regulations that economists call “institutions.”

To see the importance of institutions, imagine that you set up two computer companies, one in a rich country and the other in a poor country. In a typical rich country, there is a

well-defend set of laws you have to follow to establish your business, and the rules are the same for everyone. You may have to pay license fees and taxes, but these are long-standing and explicit. To a great extent, your company succeeds or fails on its own merit, and you profit directly from your own success.

In contrast, you may run into numerous obstacles in the poor country. Corruption and bribes may make it difficult to set up the business in the first place. Importing the computer components may be a challenge—once the parts have arrived into port, they may be held hostage for additional “fees.” Profits that you earn may not be secure: they may be taxed away or even stolen because of insufficient property rights. If your company succeeds, it may even be taken over by the government—as Bolivia did to foreign firms when it nationalized the oil and gas industries in 2006. Finally, even if your profits are secure for several years, a coup or war could change the environment overnight. Not only your profits but even your life may be at risk.

Thus, economic growth results from an economy increasing its physical capital, raising the human capital of its workers (so that it has greater efficiency units of labor for a given size of the workforce), and improving its technology. Because of the diminishing marginal product of physical capital and limits to how much each worker can invest in his or her human capital before joining the workforce, sustained growth is generally impossible to achieve just by building up physical and human capital. Rather, the most plausible driver of sustained growth is technological progress. Empirical evidence also suggests that technological progress accounts for the bulk of the increase in GDP per capita (or per hour worked) in the United States.

Property rights, the rule of law, contract enforcement, and the separation of powers are essential for economic success. In their absence, the costs of investing in physical capital, human capital, and technology may exceed the benefit, and as a result the investments may not be made. These institutional differences appear to be an important part of the explanation for differences in TFP and capital across countries.

The study of the relationship between institutions and economic performance is at the frontier of current research in economics. At the moment, elegant and quantifiable models like our production model do not exist in the study of institutions. It’s to be hoped that this research will reach a point in the near future where its insights can be gleaned as easily as those of the production model (or the growth models in the next two chapters). But unfortunately, we are not there yet.

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## 6.5 Models of Economic growth

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### The Harrod–Domar model :

In its simplest terms, economic growth is the result of abstention from current consumption. An economy produces a variety of commodities. The act of production generates income. The very same income is used to buy these commodities. Exactly which commodities are produced depends on individual preferences and the distribution of income, but as a broad first pass, the following statement is true: commodity production creates income, which creates the demand for those very same commodities.

Let's go a step further and broadly classify commodities into two groups. We may think of the first group as consumption goods, which are produced for the express purpose of satisfying human wants and preferences. The mangos you buy at the market, or a fountain pen, or a pair of trousers all come under this category. The second group of commodities consists of what we might call capital goods, which we may think of as commodities that are produced for the purpose of producing other commodities. A blast furnace, a conveyor belt, or a screwdriver might come under the second category.

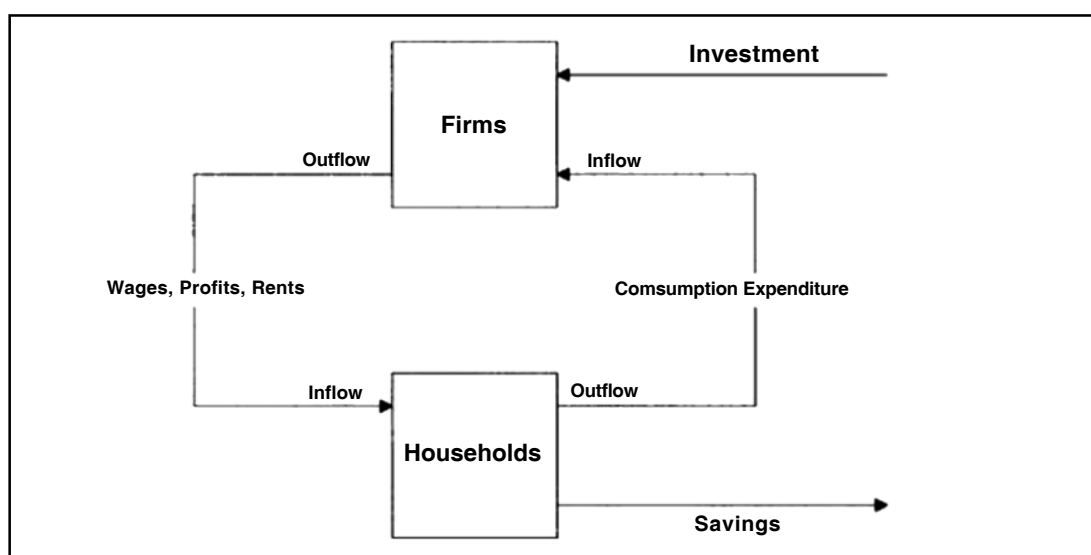
Looking around us, it is obvious that the income generated from the production of all goods is spent on both consumer goods and capital goods. Typically, households buy consumer goods, whereas firms buy capital goods to expand their production or to replace worn-out machinery. This generalization immediately raises a question: if all income is paid out to households, and if households spend their income on consumption goods, where does the market for capital goods come from? How does it all add up?

The answer to this question is simple, although in many senses that we ignore for now, deceptively so: households save. No doubt some borrow too, to finance current consumption, but on the whole, national savings is generally positive. All income is not spent on current consumption. By abstaining from consumption, households make available a pool of funds that firms use to buy capital goods. This is the act of investment. Buying power is channeled from savers to investors through banks, individual loans, governments, and stock markets. How these transfers are actually carried out is a story in itself. Later chapters will tell some of this story.

By entering a new business, by expanding a current business, or by replacing worn-out capital, investment creates a market demand for capital goods. These goods add to the

stock of capital in the economy and endow it, in the future, with an even larger capacity for production, and so an economy grows. Note, however, that without the initial availability of savings, it would not be possible to invest and there would be no expansion. This is the simple starting point of all of the theory of economic growth.

Implicit in this story is the idea of macroeconomic balance. If you think of a circuit diagram with income flowing “out” of firms as they produce and income flowing back “into” firms as they sell, you can visualize savings as a leakage from the system: the demand for consumption goods alone falls short of the income that created this demand. Investors fill this gap by stepping in with their demand for capital goods. Macroeconomic balance is achieved when this investment demand is at a level that exactly counterbalances the savings leakage.



If you understand the basic concept of macroeconomic balance, you understand the foundations of all models of economic growth. Economic growth is positive when investment exceeds the amount necessary to replace depreciated capital, thereby allowing the next period’s cycle to recur on a larger scale. The economy expands in this case; otherwise it is stagnant or even shrinks. This is why the volume of savings and investment is an important determinant of the growth rate of an economy.

It is easy to see that our simplified concepts hide important elements of reality. For instance, we have neglected, for now, the deeper question of which factors govern the amount of savings and investment. Nevertheless, the story so far does illuminate some

aspects of reality in a stark way, and therein lies its value. For now, let us see where it takes us, and then we will expand the analysis once we feel comfortable with the basics.

A little algebra at this stage will make our lives simpler. It will also enable us to include some more features with a minimum of fuss. Divide time into periods  $t = 0, 1, 2, 3 \dots$ . We will keep track of dates by tagging the appropriate variable with the date. Here is standard economic notation:  $Y$  denotes total output,  $C$  denotes total consumption, and  $S$  denotes total savings. Remember that these variables are aggregates over the population. In particular,  $S$  nets out those who are borrowing for current consumption. Then the following equation must be true as a matter of accounting :

$$\gamma(t) = C(t) + S(t) \dots\dots\dots(1)$$

for all dates  $t$ . In words, national income is divided between consumption and savings. The other side of the coin is that the value of produced output (also equal to  $Y$ , please note) must be matched to goods produced for consumption plus those needed by investors; that is,

$$\gamma(t) = C(t) + I(t) \dots\dots\dots(2)$$

where  $I$  denotes investment. Equations (1) and (2) are one step away from the famous macroeconomic balance equation

$$S(t) = I(t) \dots\dots\dots(3)$$

or “savings equals investment,” which you must have seen in an introductory macroeconomics course. We can use this equation to complete our basic argument. Investment augments the national capital stock  $K$  and replaces that part of it which is wearing out. Suppose that a fraction  $\delta$  of the capital stock depreciates. Then, of course,

$$K(t + 1) = (1 - \delta) K(t) + I(t) \dots\dots\dots(4)$$

which tells us how the capital stock must change over time.

Now we introduce two important concepts. The savings rate is just savings divided by income:  $S(t)/\gamma(t)$  in our model. Call this  $s$ . The savings rate depends on a multitude of characteristics in the economy. Our second concept is also a ratio: the capital–output ratio, which we call  $\theta$ . It is the amount of capital required to produce a single unit of output in the economy, and it is represented by the ratio  $K(t)/\gamma(t)$ .

Combining (3) and (4), using these new concepts, and moving terms around a bit (, we arrive at a very influential equation indeed :



$$s/\theta = g + \delta \dots\dots\dots(5)$$

where  $g$  is the overall rate of growth that is defined by the value  $[\gamma(t + 1) - \gamma(t)]/\gamma(t)$ . This is the Harrod–Domar equation, named after Roy Harrod and Evsey Domar, who wrote well-known papers on the subject in 1939 and 1946, respectively.

It isn't difficult to see why the Harrod–Domar equation was influential. It has the air of a recipe. It firmly links the growth rate of the economy to two fundamental variables: the ability of the economy to save and the capital–output ratio. By pushing up the rate of savings, it would be possible to accelerate the rate of growth. Likewise, by increasing the rate at which capital produces output (a lower  $\theta$ ), growth would be enhanced. Central planning in countries such as India and the erstwhile Soviet Union was deeply influenced by the Harrod–Domar equation.

A small amendment to the Harrod–Domar model allows us to incorporate the effects of population growth. It should be clear that as the equation currently stands, it is a statement regarding the rate of growth of total gross national product (GNP), not GNP per capita. To talk about per capita growth, we must net out the effects of population growth. This is easy enough to do. If population ( $P$ ) grows at rate  $n$ , so that  $P(t + 1) = P(t)(1 + n)$  for all  $t$ , we can convert our equations into per capita magnitudes. (The chapter appendix records the simple algebra involved.) Instead of (5), we now get

$$s/\theta = (1 + g^*)(1 + n) - (1 - \delta) \dots\dots\dots(6)$$

where  $g^*$  is now the rate of per capita growth.

This is an expression that combines some of the fundamental features underlying growth: the ability to save and invest (captured by  $s$ ), the ability to convert capital into output (which depends inversely on  $\theta$ ), the rate at which capital depreciates ( $\delta$ ), and, last but not least, and the rate of population growth ( $n$ ).

Actually, equation (6) looks a little complicated. There is an approximation that makes quick estimates far easier. To see this, expand the right-hand side of (3.6) to get  $s/\theta = g^* + n + \delta - g^*n$ . Now both  $g^*$  and  $n$  are small numbers, such as 0.05 or 0.02, so their product is very small relative to the other terms and can be ignored as an approximation. This gives us the approximate equation

$$s/\theta = (\text{APPROXIMATELY}) g^* + n + \delta \dots\dots\dots(7)$$

which goes well with (5) and can be used in place of (6) without much loss of accuracy.

### 6.5.1 Beyond Harrod–Domar : Other considerations

The story of the Soviet experiment with growth (see box) brings home the message that investment and savings are not just aggregate objects, but themselves have important components that may need to be controlled separately. Some key sectors may need more investment than others, and these may well spark a growth spurt in other sectors. Of special importance is the balance between urban and rural sectors, or more narrowly, between agriculture and industry. The question of sectoral balance is complicated enough to merit separate inquiry.

Even at the level of the aggregative simplicity of the Harrod–Domar model, there remains much to understand. Take another look at the basic Harrod–Domar model, captured by equation (6). It tells us that if savings rates, capital–output ratios, population growth rates, and depreciation rates are such and such, then the resulting growth rate is so many percentage points. We are, of course, entitled to make such “if–then” statements and in many cases, they make good sense, but in many cases they do not. The reason they may not always be useful is that the very parameters (savings rates, capital–output ratios) that are used to predict growth rates may themselves be affected by the growth process. Put another way, such variables may not be exogenous to economic growth, but may be themselves be endogenously determined.

Our study of growth theory began with the fundamental notion of macroeconomic balance. Savings equals investment: abstention from current consumption paves the way for increases in capital equipment. More capital creates more output. Thus two parameters are immediately relevant: the savings rate, which tells us how much an economy “abstains,” and the capital–output ratio, which tells us how the resulting increase in capital translates into output. This allows us to derive an equation that relates the savings rate and the capital–output ratio to the rate of growth, which is the basic feature of the Harrod–Domar model. The Harrod–Domar equation can be extended to include depreciation of capital and to allow for a growing population. In the Harrod–Domar model, population growth unambiguously eats into per capita growth, because the role of labor as a factor of production is not captured adequately by a fixed capital–output ratio. This leads us to consider more seriously the possible endogeneity of parameters such as the savings rate, the population growth rate, and (of course) the capital–output ratio itself.

Both the savings rate and the rate of population growth vary with different levels of per capita income. This introduces the possibility that the rate of per capita growth may

itself vary depending on the current level of per capita income. In extreme cases, these considerations lead to development traps and thresholds. Per capita income may be stuck (or spend very long periods of time) in traps, but there may be critical thresholds as well, beyond which sustained growth occurs. This is the first demonstration of the possibility that initial conditions may drive long-run outcomes.

### 6.5.2 The Solow model

Solow's twist on the Harrod–Domar story is based on the law of diminishing returns to individual factors of production. Capital and labor work together to produce output. If there is plenty of labor relative to capital, a little bit of capital will go a long way. Conversely, if there is a shortage of labor, capital-intensive methods are used at the margin and the incremental capital–output ratio rises. This is exactly in line with our previous discussion: according to the Solow thesis, the capital–output ratio, is endogenous. In particular,  $\sigma$  might depend on the economy wide relative endowments of capital and labor.

#### The Solow equations

To understand the implications of this modification, it will help to go through a set of derivations very similar to those we used for the Harrod–Domar model. We may retain equations (3) (savings equal investment) and (3.4) (capital accumulation) without any difficulty. Retaining, too, the assumption that total savings  $S(t)$  is a constant fraction  $s$  of total income  $Y(t)$ , we may combine (3) and (4) to get

$$k(t+1) = (1 - \delta)k(t) + sy(t) \dots\dots\dots(8)$$

If we divide through by population ( $P_t$ ) and assume that population grows at a constant rate, so that  $P(t + 1) = (1 + n)P_t$ , (8) changes to

$$(1 + n) K(t + 1) = (1 - \delta) k(t) + sy(t) \dots\dots\dots(9)$$

where the lowercase  $k$ s and  $y$ s represent per capita magnitudes ( $K/P$  and  $Y/P$ , respectively).

Before going on, make sure you understand the economic intuition underlying the algebra of (9). It is really very simple. The right-hand side has two parts, depreciated per capita capital [which is  $(1 - \delta)k(t)$ ] and current per capita savings [which is  $sy(t)$ ]. Added together, this should give us the new per capita capital stock  $k(t + 1)$ , except for one complication: population is growing, which exerts a downward drag on per capita capital stocks. This is why the left-hand side of (9) has the rate of growth of population ( $n$ ) in it. Note that the larger the rate of population growth, the lower is per capita capital stock in the next period.

To complete our understanding of the Solow model, we must relate per capita output at each date to the per capita capital stock, using the production function. The production function, as you know, represents the technical knowledge of the economy. In this model, capital and labor work together to produce total output. With constant returns to scale, we may use the production function to relate per capita output to per capita input.

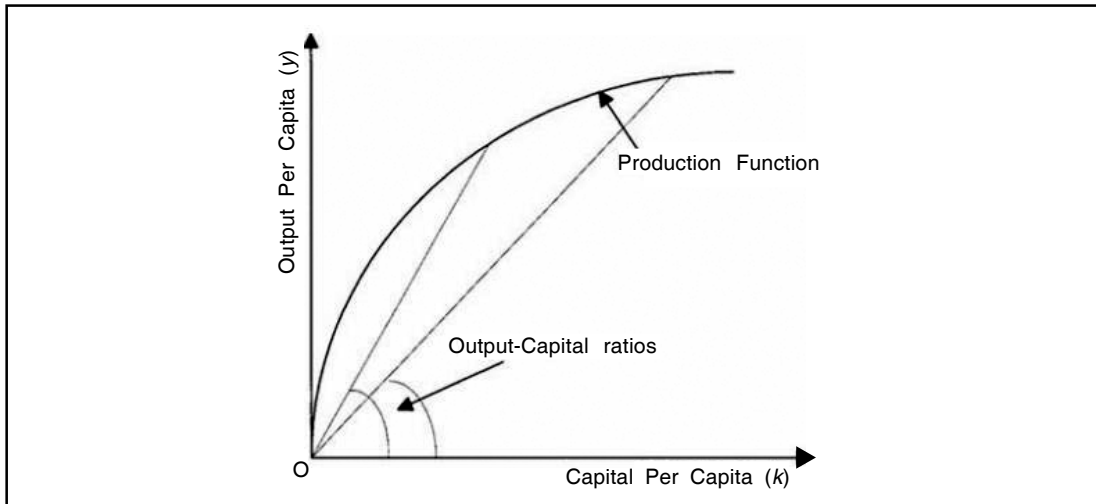


Figure-1

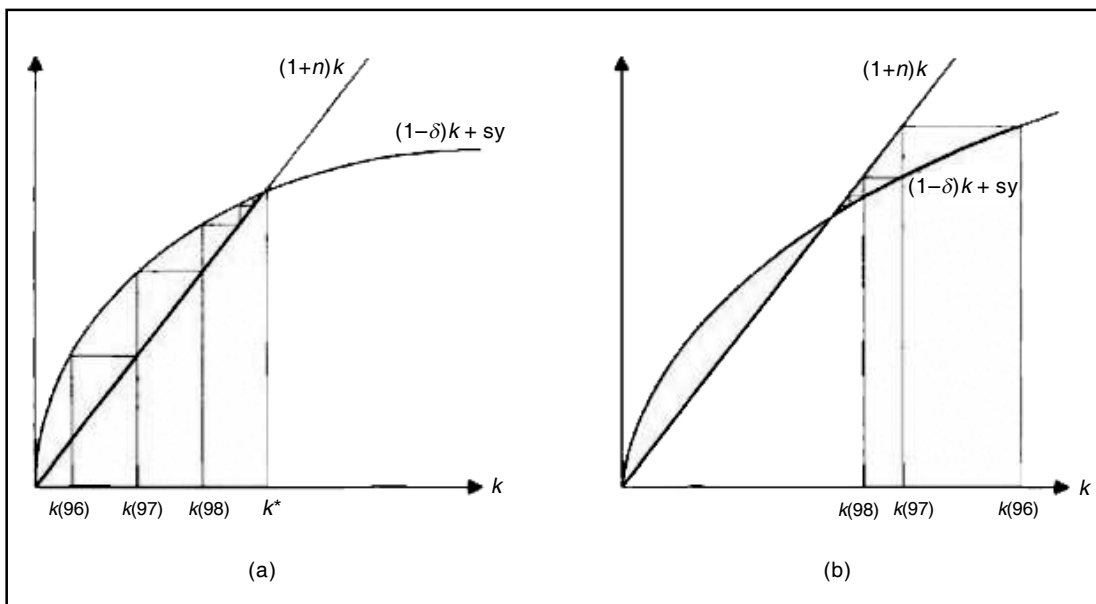


Figure 2(a and b)

Figure 1 shows a typical production function with diminishing returns to per capita capital. Notice that as per capita capital increases, the output–capital ratio falls because of a relative shortage of labor. Note that output per person continues to rise, of course. It is just that with a relative shortage of labor, the ratio of output to capital used in production falls. In Figure 2, we use this production function to determine what the per capita capital stock must be at date  $t + 1$  if the current per capita stock is  $k$ . Simply translate equation (9) into the diagram. To do so, multiply the output from any given capital stock by  $s$ , which gives us fresh investment, and add the result to the depreciated capital stock. The end product is the curved line in Figure 2, which looks very much like the production function itself (and indeed, is closely related), but has been transformed in the way we just described. Figure 2 also plots the left-hand side of (9), the straight line  $(1 + n)k$  as  $k$  changes. Observe that because of diminishing returns, the curved line initially lies above this straight line and then falls below.

### The steady state

Armed with this diagram, we can make some very strong predictions about growth rates. Figure 2 shows us two initial historical levels of the per capita capital stock—one “low” (Figure 2) and one “high” (Figure 2b)—starting in the year 1996. With the low stock, the output–capital ratio is very high and so the per capita capital stock can expand quite rapidly. How do we see this in Figure 2? Well, we know from (9) that the supply of per capita capital is read off by traveling up to the point on the curved line corresponding to the initial stock  $k(1996)$ . However, some of this supply is eroded by population growth. To find  $k(1997)$ , we simply travel horizontally until the line  $(1 + n)k$  is touched; the capital stock corresponding to this point is 1997’s per capita capital stock. Now just repeat the process. We obtain the zigzag path in Figure (2a). Note that the growth of per capita capital slows down and that per capita capital finally settles close to  $k^*$ , which is a distinguished capital stock level where the curved and straight lines meet.

Likewise, you may trace the argument for a high initial capital stock, as in Figure 2b. Here, there is an erosion of the per capita stock as time passes, with convergence occurring over time to the same per capita stock,  $k^*$ , as in Figure 2a.. The idea here is exactly the opposite of that in the previous paragraph: the output–capital ratio is low, so the rate of expansion of aggregate capital is low. Therefore, population growth outstrips the rate of growth of capital, thus eroding the per capita capital stock.

We can think of  $k^*$  as a steady-state level of the per capita capital stock, to which the per capita capital stock, starting from any initial level, must converge.

In other words, growth in the Solow model loses its momentum if capital is growing too fast relative to labor, which is precisely what happens to the left of  $k^*$  in Figure 2a. The reason is diminishing returns to capital, which creates a downward movement in the capital–output ratio as capital is accumulated faster than labor. The lower output–capital ratio then brings down the growth of capital in line with the growth of labor. This means that the long-run capital–labor ratio must be constant (and this is captured by the ratio  $k^*$ ).

However, if the per capita capital stock settles down to some “steady-state” level, then so must per capita income! Thus in this version of the Solow model, there is no long-run growth of per capita output, and total output grows precisely at the rate of growth of the population. In particular, the savings rate has no long-run effect on the rate of growth, in sharp contrast to the prediction of the Harrod–Domar model.

Matters seem confusing at this point. We just studied the Harrod–Domar model, where the rate of savings most certainly affected the growth rate, and now the Solow model tells us that there is no such effect, at least in the long run. Yet these confusing discrepancies melt away once we recall that the Solow model brings in a feature that the Harrod–Domar model did not possess : diminishing returns to capital, which create endogenous changes in the capital–output ratio. This is the feature that chokes off growth in the Solow model. Look again at Figure 2 and observe that the smaller the degree of diminishing returns, the closer is the curve in that diagram to a straight line and the longer it will take for the per capita stock of capital to settle down— $k^*$  becomes larger. The Harrod–Domar model studies the limiting case of this process where there is no diminishing returns at all and consequently no such steady state  $k^*$  : in that case, the per capita capital stock can grow indefinitely. Therefore, whether the Solow model or the Harrod–Domar model is more relevant is ultimately an empirical question and, as we shall soon see, the jury is still out on the issue. In any case, as long as we appreciate that the different predictions are driven by different assumptions (in this case, with regard to the nature of technology), there is absolutely no reason to be confused.

The Solow model studies a situation where the capital–output ratio changes with the per capita availability of capital in the economy. The change is driven by the postulate of diminishing returns, so that a higher per capita stock raises the capital–output ratio. This

contrasts with the Harrod–Domar model, where the assumption of a constant capital–output ratio essentially rules out diminishing returns.

The relative validity of these two models is open to empirical scrutiny and the theoretical predictions are very different. In particular, the Solow model tells us that parameters such as the savings rate have only level effects, in contrast to the growth effects of savings in the Harrod–Domar model. Indeed, in the simple version of the Solow model studied so far (but soon to be extended), there is a steady-state level of per capita income to which the economy must converge, irrespective of its historical starting point. More dramatically, the Solow model infers that regardless of the initial per capita capital stock, two countries with similar savings rates, depreciation rates, and population growth rates will converge to similar standards of living “in the long run”! This is the hypothesis of international convergence, and it has led to a large literature, which we will come to in due course.

The endogeneity of the capital–output ratio led us to a classical theory: the Solow model. In Solow’s twist on the Harrod–Domar story, the capital–output ratio adjusts with the relative availability of capital and labor. This adjustment occurs because of diminishing returns to each of these inputs, and we can use production functions to capture such effects. To continue, if capital grows faster than the labor force, then each unit of capital has less labor to man it, so that output divided by capital falls. Thus savings fall relative to the capital stock, and this slows down the rate of growth of capital. Exactly the opposite happens if capital is growing too slowly relative to labor. This mechanism ensures that in the long run, capital and working population grow exactly at the same rate, and per capita growth ultimately vanishes. Capital and labor maintain a constant long-run balance that is known as the steady-state capital stock (per capita). We showed how different parameters affect the steady-state level of the capital stock and (thus) the steady-state level of per capita income. We drew a distinction between level effects and growth effects.

Growth dies out in the simple Solow model because there is no technical progress. If you think of technical progress as a steady growth in knowledge that continually increases the productivity of labor, it becomes important to distinguish between the working population and effective labor, which is the working population multiplied by (the changing level of) individual productivity. Thus effective labor grows as the sum of population growth and technical progress. With this amendment, the Solow arguments apply exactly as before, with all per capita magnitudes reexpressed per units of effective labor. This means, for

instance, that while the long-run capital stock, relative to effective labor, settles down to a steady-state ratio, the capital stock per person keeps growing and it does so at the rate of technical progress. Likewise, per capita income keeps increasing in the long run precisely at the rate of technical progress.

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## 6.6 Conclusion

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Dear learner thus you got a detailed understanding about the Economic growth and factors affecting the Economic growth. You also developed an idea about the models of Economic growth. This unit will thus help you to know the issues which reduce or accelerate the Economic growth & affect the society as a whole.

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## 6.7 Exercise

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1. Explain the term Growth rate. Discuss the factors responsible for Economic growth rate.
2. Discuss the Harrod-Domar model of Economic growth.
3. Differentiate between the Solow model & Harrod-Domer model of Economic growth.

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## 6.8 Reference

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## **Unit 7 □ Changing Pattern of Economic Planning in India after 1990**

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### *Structure*

#### **7.0 Objective**

#### **7.1 Introduction**

#### **7.2 Institutional Structure of Planning in India**

#### **7.3 Early Experience with Five Year Plans**

#### **7.4 Economic Policy in the 1980s**

#### **7.5 Economic Reforms after 1991**

#### **7.6 Conclusion**

#### **7.7 Exercise**

#### **7.8 Reference**

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### **7.0 Objective**

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Our learner will get an overview about the changing Pattern of Economic planning in Indian since 1990.

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### **7.1 Introduction**

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Most developing countries emerging from colonial rule in the middle of the last century adopted some form of economic planning reflecting a conviction, common even among non-communist countries that the state had to intervene actively to promote economic development. India was no exception to this trend—indeed it was in many ways a forerunner. The Indian National Congress, as early as 1938, although fully engaged in the struggle for Independence, had set up a National Planning Committee under Jawaharlal Nehru (later to become India's first Prime Minister) to work out concrete programmes of development covering the major segments of the economy. The belief that planning and state intervention were necessary for development was shared even by the private sector at the time as evidenced by the fact that in 1944 some of India's leading businessmen produced the so called 'Bombay Plan', outlining a programme of economic development in which the state and the public sector were expected to play an important role.

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## 7.2 Institutional Structure of Planning in India

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Planning was institutionalized as a part of normal government activity when the Government of India, shortly after Independence in 1947, established the Planning Commission in March 1950 under the Chairmanship of the Prime Minister. This was followed by the establishment of the National Development Council (NDC) consisting of all Chief Ministers of the states and members of the Union Cabinet and full-time members of the Planning Commission, and chaired by the Prime Minister. The NDC is a forum that allows state governments to be consulted on the process of formulating plan objectives and strategies.

The nature of planning in India and the role of the Planning Commission have changed considerably over time. In earlier decades, planning relied on establishing quantitative targets for individual sectors derived from multi-sectoral planning models with a variety of instruments of control being deployed by the government to ensure that targets were achieved. In subsequent decades, planning became much more indicative, reflecting the growing recognition that investment should respond to market forces and entrepreneurs must have freedom to determine expansion plans, and technology choices. While the practice of preparing Five Year Plans continued, the Plans increasingly focused on broad national targets for growth, poverty alleviation, and social-sector development. Sectoral investment decisions were left largely to the private sector, although the investment requirements of critical infrastructure sectors such as energy received special attention. The role of public investment in these sectors remained important since these sectors were dominated by public sector enterprises.

Changes in the political environment over the years that also had an impact on planning are the emergence of regional parties and the associated phenomenon of state governments being run by a variety of regional political parties with the central government in the hands of a coalition. This has led to a loosening of the control that can be exercised by the central government on state governments and has also generated pressures for greater financial devolution. As a result, state governments today have greater freedom of maneuver relative to the centre. A more recent development is the pressure for further decentralization to local governments, which are the most important level of government for delivering essential services in health and education. Since government is increasingly focusing on these

activities as the critical activities for public intervention, implementation of devolution to the local level has become an important issue in Plan implementation.

The Planning Commission after 1990s performed several different functions, operating much like a Ministry in some respects, but with some important differences. It is responsible for preparing Five Year Plans that outline broad economic and social targets and indicate the requirements of public-sector expenditure on plan programmes in individual sectors for both the centre and states. Since the role to be played by the private sector has increased, recent Plans have also focused attention on the policy environment needed for the private sector to perform its expected role. The Plans also indicate the manner in which public-sector expenditures are to be financed, including the extent of assistance from the centre to the states.

The Five Year Plans are implemented year by year through the annual budgets of the central government and the budgets of the governments of states and union territories. The Planning Commission negotiates with the Finance Ministry the total volume of financial resources to be provided in the central budget to support plan programmes of the central government and transfers to the state governments. Once the budgetary provision is finalized, the Planning Commission is responsible for dividing this total between the centre and the states, reflecting the broad pattern approved in the Five Year Plan, and also for the division of the central share among the central ministries. The Commission also holds discussions annually with the states, when it reviews states' performance and approves the level and sectoral composition of state Plans. In practice this role is more akin to advising the states.

The Commission acts as a think tank for the government proposing policy initiatives that are necessary to achieve Plan targets and providing advice and critical evaluation of the effectiveness of policies in all sectors. This aspect of its role has also evolved considerably. In the early years, it was the only forum, other than the Finance Ministry, for articulating economic strategy and policy. Over the years, other economic ministries have become much more active in determining sectoral policies. Most policy decisions today are evolved through inter-ministerial groups in which the Planning Commission also participates. Unlike other ministries that typically take a sectoral view, the Planning Commission is expected to inject a broader cross-sectoral perspective on policy formulation, viewing policies in individual sectors in the light of other sectoral policies also in a longer-term time frame.

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### 7.3 Early Experience with Five Year Plans

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**The First Five Year Plan (1951–2 to 1955–6)** was little more than a collection of ongoing public investment projects, most of which were taken from the post-War reconstruction programme evolved before Independence. The Plan aimed at a general increase in the standard of living and also emphasized wider objectives such as full employment and removal of inequalities, but there was no specific analytically directed strategy for development.

**The Second Five Year Plan (1956–7 to 1960–1)** first articulated a strategy for development based on analytical work by Professor P.C. Mahalanobis using a two-sector model that distinguished between the capital-goods producing sector and the consumer-goods-producing sector.

Economic growth was viewed as a function of investment, and investment was seen to be constrained by the availability of capital goods. Since it was assumed that India could not expect to import capital goods freely because of limits on its ability to earn foreign exchange—an assumption which reflected export pessimism that was fairly common at the time—the availability of capital goods depended on domestic capacity to manufacture capital goods. On these assumptions, accelerated growth could be best achieved if as much investment as possible was devoted to creating capacity in the capital goods sector (and the associated metals-producing sectors) as this would enable higher levels of investment to be sustained.

Since these sectors were both capital and technology intensive, and since private-sector entrepreneurial capacity was limited and in any case was more likely to be directed to the production of consumer goods, it was felt that public-sector units should be set up in the capital goods and metals-producing sectors. Political developments at the time also favoured expansion of the public sector. The Congress Party in 1955 adopted a resolution in favour of the socialist pattern of society which was later also adopted by Parliament. It was also felt that the strategy of expanding the public sector would have the advantage that surpluses generated by the public sector would be directed entirely to raising the rate of investment whereas profits in the private sector would partly lead to higher consumption.

The Second Plan strategy ran into difficulties in the late 1950s because of severe balance-of-payments problems and food shortages, both of which were arguably linked to

the neglect of export possibilities and of agriculture. Inflationary pressures intensified. Population growth also turned out to be a larger problem than was originally anticipated.

The Third Plan (1961–2 to 1965–6) sought to address these problems, but without changing the basic strategy of industrialization based on promoting the so called ‘heavy industries’ with a strong emphasis on the public sector, while providing protection from import competition through quantitative restrictions on imports.

Planning methodology in the 1960s was dominated by two considerations. The first was the perception that certain sectors were of strategic importance and investment resources must be consciously directed towards expanding capacity in these sectors instead of responding to market forces, which were more likely to draw investment into ‘non-priority sectors’ such as consumer goods. The desire to achieve quantitative targets for individual sectors led to a progressive expansion in sectoral detail in planning models from 4 sectors in the Second Plan to 60 in the Third Plan and 186 later. Sectoral expansion targets in turn provided the intellectual basis for the system of investment licensing, which was designed to direct resources towards expansion in strategic areas. In practice, the system proved to be highly inefficient, often leading to suboptimal scales of production, and forced adoption of suboptimal technology. It also served to protect existing private-sector investors who, having obtained permission to create capacity, were then able to argue against licensing additional capacity to others on the grounds that this would promote wasteful competition.

The second consideration dominating Indian planning methodology was the perceived need to deal with the scarcity of foreign exchange. Export pessimism led to unwillingness to deal with foreign exchange scarcity by depreciating the exchange rate. Instead, a twofold approach was adopted of mobilizing external assistance to meet foreign exchange needs and rationing scarce foreign exchange by restricting import demand through import licensing. Since import licenses were typically not given if domestic production capacity had been set up, it gave tailor-made protection to domestic industry. Not surprisingly, the industrial structure that emerged was high cost and highly inefficient.

Although the controls over investment and imports that evolved in the 1960s and 1970s were intellectually justified by planning models used by the Planning Commission, they were administered not by the Planning Commission but by the Ministries concerned. In practice, the linkage of these controls to Plan targets was tenuous at best, since the latter were in any case much more aggregative than the level at which controls were operated.

In the early 1960s Indian planning came in for criticism on the grounds that the benefits of development had not accrued to the masses whose essential needs remained unmet. Responding to this criticism, the Perspective Planning Division of the Planning Commission produced an influential paper in 1962 outlining a strategy for guaranteeing a minimum level of living to everyone by 1975 (Planning Commission 1962). Recognizing that income distribution tended to be relatively stable, the paper argued that rapid growth of GDP would have to be the major part of the solution. Accordingly, it suggested a GDP growth target of 6 per cent per year which, with a relatively stable distribution, would lead to a broad-based improvement in living standards. The paper recognized that growth would not be a sufficient condition because many groups were likely to be left out from the growth process and it would be necessary therefore to have special programmes of employment generation and income support for these groups. This strategy of ‘growth plus distribution and poverty alleviation’ was subsequently adopted by the World Bank and other multilateral development banks in the 1970s.

While India’s planning strategy in the 1960s clearly emphasized rapid growth, it did not succeed in generating growth at the level targeted. It can also be argued that it did not pay sufficient attention to examining why growth targets were not being achieved and whether changes in economic policies were needed to achieve the stated objectives. There was constant focus on the need for higher levels of investment, especially in the public sector, but not enough attention was paid to factors affecting the efficiency of investment.

The war with Pakistan in 1965 was followed by two severe droughts which delayed the formulation of the Fourth Plan. However, this period saw a major restructuring of policies in agriculture triggered largely by political developments. In 1966, India was highly dependent on imports of food grains from the United States under PL 480 and the US Administration, irritated by India’s criticism of the US position on Vietnam, imposed a strict policy under which each shipload of food shipment required separate Presidential approval. Determined to overcome vulnerability on this score, Prime Minister Indira Gandhi gave top priority to achieving food self-sufficiency, and authorized the import of Mexican high-yielding wheat seeds, a controversial decision at the time because it reversed the traditional preference for technological self-sufficiency. The high yielding wheat was successfully adapted to Indian conditions by Indian agricultural research universities and together with supportive market support policies led to the Green Revolution in wheat in the early 1970s.

An important episode in industrial and trade policy in the second half of the 1960s was the devaluation of the rupee in 1966 combined with measures of import liberalization as part of an agreement with the World Bank and the IMF aimed at mobilizing a much needed external assistance from the international donor community. As it happened, the additional assistance promised did not materialize, leading to considerable resentment at being forced to devalue. The import liberalization was reversed and the resentment at being forced to devalue lingered for many years, and contributed to a prolonged suspicion of all advice on liberalization.

The problems of managing foreign exchange scarcity dominated the policy agenda in the 1970s. The denial of external assistance promised as part of the devaluation package, led predictably to the Fourth Plan (1969–70 to 1974–5) emphasizing self-reliance and reduced dependence on external aid, which in practice meant a tightening of import controls and increased inward orientation. However, performance in the Fourth Plan period was again disappointing and this also meant little progress in achievement of the minimum needs objectives laid down ten years earlier.

The inability to reduce poverty was obviously linked to the failure to achieve rapid growth and should have led to a re-examination of the growth strategy itself. Instead, it led many participants in the public debate to argue that rather than push for elusive targets of growth, greater attention should be paid to implementing a direct attack on poverty through targeted schemes to help the poor. A number of targeted anti-poverty schemes were evolved in this period, including especially programmes for rural employment and small and marginal farmers, and these were incorporated into the Fifth Plan (1975–6 to 1979–80). As it happened, this Plan was terminated after the third year as there was a change of government when Mrs. Indira Gandhi lost the election in 1977. This was followed by two years of Annual Plans in 1978–9 and 1979–80.

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## **7.4 Economic Policy in the 1980s**

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The 1980s saw the beginning of changes in economic policy, prompted by the recognition that the East Asian countries which followed somewhat different policies with greater outward orientation were performing much better. This led to some important modifications in policy, giving greater flexibility to the private sector and freer access to

imports for exporters, combined with a conscious effort at managing the exchange rate to avoid exchange rate appreciation in real terms. These changes were reflected in the Sixth Plan (1980–1 to 1984–5) but it is important to note that the planning process had changed significantly by this time. Policy formulation was no longer the outcome of a planning process centralized in the Planning Commission. Instead, it came from multiple inter-ministerial committees that also took into account the views of ministries and non-government experts. The Planning Commission was actively involved in all these deliberations, but it was not the principal policymaking body.

The policy changes introduced in the Sixth Plan were associated with a markedly improved performance in the Sixth Plan period and the growth rate of the economy exceeded the target for the first time. These policy changes were further intensified in the Seventh Plan period (1985–6 to 1989–90). Import licensing was eliminated in a growing range of areas where domestic protection concerns were not significant. More importantly, import licenses were also much more freely granted in areas where import licensing remained in place. Import availability to exporters was liberalized significantly and the exchange rate was managed in a way that brought about a significant but gradual real depreciation. This helped exporters and also made import licensing restrictions less binding. The overt commitment to a strong public sector remained unchanged, but there was a distinct shift away from the earlier policy of nationalizing loss-making private sector units to protect employment, and there was much less pressure to expand public-sector investment in areas where private investment was forthcoming. The Seventh Plan period saw continued strong economic growth, further reinforcing confidence in the new approach to policy. However, an important weakness in performance in this period was the steady increase in the fiscal deficit accompanied by unsustainable short-term external borrowing in an environment where export performance remained weak. These weaknesses led to a balance-of payments crisis in 1991.

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## **7.5 Economic Reforms after 1991**

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### **Planning and Integration after economic liberalization**

What have been the consequences of economic liberalization for economic planning? The liberalization of 1991 did mark a rupture with the earlier economic regime insofar as



the hallmark of the regime of economic planning was the subordination of the market to the state whereas economic liberalization was intended to liberate the market from the control of the state. In most eyes, the target of economic liberalization was precisely the earlier regime of economic planning, that is, the aim was to release the market from the grip of economic planning, from the hegemony of the public sector, and from the system of discretionary controls over the economy.

In actuality, despite the appearance of a sudden rupture, considerable ambivalence and ambiguity surrounded the turn to liberalization, principally because of the high moral value placed on the earlier economic strategy. This is apparent in the stance of the then Prime Minister, P.V. Narasimha Rao, who favored both economic liberalization and economic planning. Rao, undoubtedly, wanted removal of unnecessary controls and regulations in many areas for the sake of national advance, but he also believed that “the growth and development of the country cannot be left entirely to the market mechanism” since the market basically responded to existing purchasing power, and not need. Consequently, for him “Planning is necessary to overcome such limitations of the market mechanism. Planning is essential for macro-economic management, for taking care of the poor and the downtrodden, who are mostly outside the market system and have little asset endowment.” He therefore opted for both the market mechanism and planning, asking in effect that the two be dovetailed. The break with the previous economic regime was therefore not as comprehensive and thoroughgoing as it appeared at the time or as its opponents painted it to be. The state with its particular leadership was thus critical to the kind of economic liberalization that was acceptable. There are therefore elements of both continuity and discontinuity with the previous regime after economic liberalization. Those who had favored Nehru’s socialist project thought that the reforms of 1991, with their sharp turn to the market, would mean the end of economic planning. In fact, however, the entire apparatus of planning that had existed before liberalization has continued to be an essential part of the government and has operated, in functional terms, pretty much as it did before. The two decades after liberalization have seen the launching and completion of four Five Year Plans (Eighth, Ninth, Tenth and Eleventh), while formulation of the Twelfth Plan (2012–17) commenced in 2011. The fact that the planning structure has persisted so far suggests that there is no inevitability to liberalization’s consequences; instead, public policy is key.

India’s economy had earlier been proclaimed to be a “mixed economy,” and it is still so regarded—or can be so regarded—even after liberalization. On the other hand, there

has occurred little privatization after liberalization, while there continues to exist a vast public sector. In that light, India's economy was and continues to be a mixed one.

At that level of generality, then, not much appears to have changed. The mixed economy continues, and so does economic planning. Continuity with the past is therefore one aspect that is apparent in respect of the question of the impact of liberalization. At the same time, there can be no denying that economic liberalization did mark a sharp shift in the relations between the state and market, and could not leave planning unaffected. The pertinent issue, then, is: what has changed and how much has changed in respect of economic planning?

At base, economic planning is a political and administrative mechanism of the nation-state to develop a consensus over the essential economic tasks for the center, the states, and the market for a finite period of time (say, five or fifteen years), and it is equally also a site where these three forces intersect and interact. Four changes are striking in planning as regards the relationship between the center, the states, and the market.

#### **From Comprehensive Planning to Indicative Planning**

Economic planning in India may not have been as thoroughgoing as it was in the Soviet Union, but it was comprehensive insofar as it covered the entire economy and its various sectors. It was detailed, with meticulous multi-sector models employed to work out input-output balances with some degree of internal consistency for a largely closed economy. It was prescriptive also, particularly for the public sector, with the plans serving as an allocation mechanism. In great measure, it was prescriptive for the private sector, too, with the state using policy instruments like licensing and controls to implement plans. Occupying "the commanding heights" of the economy, the state was able to exert control over the entire economy through its vast and far-flung public sector, its regulatory framework for the private sector, and its hold over private sector savings in the nationalized banking and insurance industry.

With the dismantling of a substantial part of the licensing and controls system and the opening up of vast areas of the economy to the private sector after economic liberalization, economic planning could no longer be comprehensive. Nor, with the opening up of the economy internationally, were input-output balances of much relevance any more since foreign trade could serve as a balancing mechanism. Detailed planning could, however, continue for the non-tradable sector, primarily in the area of infrastructure, largely the responsibility of the public sector. On the other hand, with the increased empowerment of

the private sector, planning could no longer be prescriptive for much of that sector. In this fashion, comprehensive planning was transformed into indicative planning, particularly in relation to the private sector.

However, economic planning as a focused activity of the state has continued into the post-liberalization period, and it is not limited to the public sector alone, contrary to popular perception. Planning encompasses, as it did earlier, the entire economy within its scope, determining the overall strategy, the desired or acceptable rate of growth, and the thrust areas and priorities. The PC establishes and approves allocations for the public sector, while it expects policy to provide the enabling environment or incentives to accomplish what is desired in the private sector. But, that is precisely what it did before liberalization. The decisive difference with the period prior to economic liberalization is that the state no longer wields discretionary controls in most areas of concern to the private sector. Rather, the state is now conceptualized, ideally at least, as a facilitator, while the market is the arena where the private sector competes and carries the national economy forward. In practice, however, besides its influence through the regulatory agencies headed by bureaucrats or former bureaucrats, the state continues to exercise considerable discretionary controls over the private sector in certain areas, such as approval of telecommunications licenses, space allocations in special export zones, land acquisition for entrepreneurs, mining licenses, and especially environmental clearances. Not surprisingly, in all these areas there is an abundance of rent-seeking behavior.

The change from comprehensive planning to indicative planning was heralded by the Eighth Plan (1992–97), which saw itself as marking and facilitating the transition from the former to the latter. Declaring that it had redefined PC's role, the Plan announced, "From a highly centralized planning system, we are gradually moving towards indicative planning." It is arguable whether the Eighth Plan itself was, indeed, indicative. If one sets aside the household sector, the public sector's investment was projected at over 70 percent of total "planned" investment and, since planning had to be detailed for this sector, the plan was heavily weighted toward the comprehensive side. However, public sector investment did not live up to the expectations of the Eighth Plan, and that by a wide margin. In any case, the Eighth Plan saw itself as being a transitional plan, and subsequent plans have been more in accord with the indicative variety.

The shift to indicative planning did not, however, mean an end to the use of formal economic modeling for planning. Indeed, in place of the traditional single in-house model,

the Eleventh Plan (2007–12), employed five models based on different analytical approaches, four of them having been farmed out to economic think-tanks, in order to determine the possibilities and feasibility of different rates of economic growth and the consequent sectoral composition so as to develop a coherent and consistent overall planning framework. Similarly, the Approach Paper to the Twelfth Plan relied on several macroeconomic models in figuring out alternative growth scenarios. The particular merit of formal modeling is that it serves as “an effective disciplining device in the exercise of choice of policy-makers and users.’ Indeed, the Planning Commission has been using the plan model to enforce discipline on the central and state governments, their ministries, departments, and undertakings.

Detailed planning in the Eleventh Plan, however, was limited to the infrastructure sector while aggregate “indicative projections” were worked out for the sectors of agriculture, industry, and services.<sup>24</sup> As a PC member at the time, Kirith Parikh, claimed, PC “no longer sets sector-wise targets as it used to.” Nonetheless, “it does provide a broad picture of the economy, its likely direction and pace, a consistent macro-picture, the plans for the development of infrastructure and the provision of public goods and services. All these help private entrepreneurs in their decisions.” He further justified the continuing need for planning: “Even in a market economy governments continue to spend substantial amounts, and inclusive development requires government programs and projects to deliver public goods and services to all peoples and regions. This calls for allocating public investment, designing implementation strategies to see that outcomes are realized cost-effectively and monitoring them to see that targeted outcomes are in fact realized.

In sum, then, PC continues to perform its role of articulating an economic vision for the country, developing the overall economic strategy for a period of five years at a time (against the canvas of a perspective plan for a fifteen-year time span), charting out the thrust areas over that period, laying out the roles of the public sector and private sector, and specifying the policy instruments to accomplish the goals of a given five year plan. To the extent that there is thus a substantial continuity in economic planning into the post-liberalization period, it follows that the integrative implications of such planning continue also to hold in substantial measure after liberalization. The future role of planning, however, undoubtedly remains a strongly contested terrain.

India ran into a severe balance-of-payments crisis in 1991 triggered by the sharp, though temporary, rise in oil prices on account of the Gulf War in 1990. There was a loss of confidence leading to a reversal of external flows reflecting the winding down of short-

term external debt which had built up in earlier years. The crisis became an opportunity for unveiling more systemic economic reforms by Dr Manmohan Singh, then Finance Minister, who later became Prime Minister in 2004. The reforms introduced in 1991 were initially led by the Finance Ministry, but in due course they became a broader government initiative in which other ministries, including the Planning Commission, were intimately involved.

The reforms were broadly similar to those attempted by most developing countries, but with some important differences. The thrust of the reforms was

- (a) to place greater reliance upon the role of the private sector building on India's considerable entrepreneurial tradition,
- (b) open the economy to foreign trade and foreign direct investment,
- (c) restructure the role of the government to concentrate on functions not likely to be performed by the market (for example expanding supply of public goods such as primary health services and education and also developing infrastructure) and also to regulate markets where necessary to ensure competition, and
- (d) to ensure that macroeconomic parameters remain in balance and the financial sector is well run.

However, while these features are common to reform efforts elsewhere, there were also important differences.

First, India's reforms were much more gradualist than in other countries reflecting the compulsions of India's highly pluralist and participative democratic policy. The resulting slow pace of change has also meant that benefits have been derived more slowly.

Second, privatization of existing public-sector enterprises has not been a major feature of the reform effort which has focused instead on selling only minority stakes in profit-making public enterprises while trying to close down chronic loss makers.

Economic performance in the post reforms period has been mixed. The balance-of-payments crisis of 1991 which led to the reforms was quickly overcome and economic growth resumed after 1992 yielding an average growth rate of 6.7 per cent for the Eighth Plan period (1992–3 to 1996–7). The economy slowed down thereafter partly because of a global slowdown following the East Asian crisis of 1997 combined with a string of poor monsoons which depressed agricultural performance, and partly also because of a slowing down in the pace of reforms. As a result, the growth rate dipped to 5.7 per cent in the Ninth Plan period (1997–8 to 2001–2).

The Tenth Plan called for a renewed effort at pushing economic reforms to achieve a growth rate of 8 per cent. After an initially weak start, the economy accelerated significantly and the growth rate in the Tenth Plan period (2002–3 to 2006–7) is expected to be a little over 7 per cent. The improvement in economic performance reflects the gradual maturation of the economy in response to economic reforms. The investment rate in the economy has increased to 28 per cent in 2004–5. The gradual opening of the economy to trade and foreign investment has improved the competitiveness of Indian industry. Foreign direct investment has increased from virtually nothing to US\$ 6 billion in 2001–1. The Planning Commission has proposed a target of 8.5 per cent growth in the Eleventh Plan period (2007–8 to 2011–12).

#### **Eighth Five Year Plan (1992-97) :**

The eighth five year plan was for the period of April 1992 to March 1997.

The political changes at the centre thwarted the commencement of the Eighth Plan. In line with the changed international and domestic circumstances, the role of the Planning Commission was redefined from a highly centralized planning system to gradually moving towards 'indicative planning'. Indicative planning attempts to combine the advantages of decentralization and central planning. It is an attempt to promote economic growth by influencing expectations. Indicative planning is a form of central economic planning implemented by a state in an effort to solve the problem of imperfect information in economies, and thus increase economic performance.

#### **Objectives :**

Based on the approach, the following objectives were accorded priority in Eighth Plan period :

- (i) Generating adequate employment to achieve near full employment level by the turn of the century.
- (ii) Containing population growth through active people's cooperation and an effective scheme of incentives and disincentives.
- (iii) Universalization of elementary education and complete eradication of illiteracy among the people in the age group of 15 to 35 years.
- (iv) Provision of safe drinking water and primary health facilities including immunization for all villages and entire population and complete elimination of scavenging.

- (v) Growth and diversification of agriculture to achieve self-sufficient in food and generate surpluses for exports.
- (vi) Strengthening the infrastructure (energy, transport, and communication, irrigation) in order to support the growth processes on a sustainable basis.
- (vii) The withdrawal of the state from these industrial activities where its presence is not essential and encouraging private sector initiative to fill the vacuum.
- (viii) Encouraging all-round productivity and efficiency in the public sector enterprises compelling them to rely on internally generated resources rather than on budgetary support.

**Growth Rate :**

The Eighth Plan had set a target of 5.6 per cent but it revealed from Economic Survey of 1998-99 that the growth rate, which was only 0.5 per cent in 1991-92 gradually increased to 5.2 per cent in 1992-93 and then increased to 6.2 per cent provisional in 1993-94. In 1994-95, the CSO estimates show that the growth rate of GDP would be around 6.8 per cent.

Again, in 1995-96, the CSO estimate shows that the growth rate of GDP would be around 6.8 per cent. Again, in 1995-96, the CSO estimate shows that the growth rate of GDP at factor cost would be around 7.3 per cent. Moreover, in 1996-97, the same growth rate of GDP was around 7.8 per cent. Thus the Eighth Plan is likely to end with an average growth rate of 6.8 per cent per annum.

**Gross Domestic Savings and Investment :**

Gross domestic savings as per cent of GDP at current prices, during the first four years of the Eighth Plan has increased from 22.1 per cent in 1992-93, to 24.9 per cent in 1994-95 and then to new peak of 26.1 per cent in 1996-97.

The average gross domestic savings (GDS) as per cent of GDP during the Eighth Plan is estimated at 24.3 per cent and these surpassed the target of 21.6 per cent. The rise in domestic savings in 1996-97 to a peak level of 26.1 per cent of GDP was primarily due to rise in private savings to 24.2 per cent of GDP.

The gross domestic investment as per cent of GDP at current prices has also increased from 23.9 per cent in 1992-93 to 25.7 per cent in 1996-97. The average gross domestic investment as per cent of GDP during the Eighth Plan reached the level of 25.7 per cent.

The average of saving-investment gap during the first four years of the Eighth Plan (1992-96) stood at (—) 1.4 per cent.

The Eighth Plan recognized the essential need to involve people in the process of development. The attitude of passive observance and total dependence on the government for developmental activities had become all-pervasive. It needed to be altered to a pro-active attitude of people taking initiative themselves. In the process of development, people must operate and government must cooperate. In this Plan, therefore, for the first time a new direction was given to achieve these objectives by adoption of an institutional approach.

### **India's Ninth Five-Year Plan (1997-2002)**

The Eighth plan period ended in 1997. Implementation of the Ninth plan was to begin from the same year. But a series of political crises in the country delayed the formulation and approval of the plan by two years. The NDC finally approved the plan in February 1999, envisaging a GDP growth rate of 6.5 percent per annum. Though delayed by two years in approval, the plan was to run its period through to 2002. The ninth plan aimed at growth with social justice and equity.

#### **Objectives :**

- (i) Priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty;
- (ii) Accelerating the growth rate of the economy with stable prices;
- (iii) Ensuring food and nutritional security for all, particularly the vulnerable sections of the society;
- (iv) Providing basic minimum services of safe drinking water, primary healthcare facilities, universal primary education, shelter and connectivity to all in a time-bound manner,
- (v) Containing the growth of populations;
- (vi) Ensuring environmental sustainability of the development process through social mobilization and participation of people at all levels;
- (vii) Empowerment of women and society's dis-advantaged groups such as the scheduled castes, scheduled tribes and other backward classes and minorities as agents of Socio-economic change and development;



- (viii) Promoting and developing people's participatory institutions like Panchayati Raj Institutions, Co-operatives and self-help groups.
- (ix) Strengthening efforts to build self-reliance;

The special feature of the Ninth Plan was the priority set out by the Prime Minister in the list titled 'Special Action Plan' (SAP). It concentrated on five areas: food and agriculture; physical infrastructure; health, education and drinking water; information technology and water resources.

### **Outlay :**

The size of the plan was estimated to be Rs. 8,59,000 crore at 1996-97 prices. This included plans of the Centre, States and public sector undertakings. The gross budgetary support to the plan from the Centre was fixed at Rs. 3,74,000 crore. Resources from public sector undertakings and states were estimated to be Rs. 2,90,000 crore and Rs. 1,95,000 crore respectively.

### **Assessment :**

The rate of growth of GDP during the ninth plan dropped to 5.3 percent from 6.7 percent during the Eighth plan. This was against the target of 6.5 percent. The rate of growth declined particularly in the agriculture and manufacturing sectors, whereas in the services sector there was a marginal increase in the growth rate. In the agriculture three of the five years of the Ninth Plan witnessed poor performance due to weather-related shocks.

The Asian crisis in 1997 and slowdown in the world economy, coupled with poor performance of agriculture during 1997-2000, led to a reduced demand for industrial goods and consequent reduction in the growth rate in the industrial sector.

Some other development during the ninth plan, such as cyclone in Orissa, earthquake in Gujarat, Kargil war etc. also resulted in diversion of resources from investment and consequent decline in the growth rates.

The rate of investment was 24.2 percent of GDP at market prices. The rate of saving has been worked out to 23.3 percent of GDP. The bulk of the savings was accounted for by the private sector. The excess of investment over savings resulted in a current account deficit of 0.9 percent for the Ninth Plan.

In the Ninth Plan, the importance of public participation was highlighted, and it was argued that the process of social mobilization and development of peoples' initiatives cannot be achieved without the active support and involvement of the political system at all levels. It was clearly stated that the Panchayati Raj bodies in rural areas and Nagar Palikas in urban areas will have to be directly involved in the developmental process, and therefore people's involvement via their elected representatives will be realized through genuine democratic decentralization. However, it was argued, other forms of people's participation also need to be strengthened.

**Tenth Five Year Plan (2002-2007) :**

The Tenth Five Year Plan (2002-2007) aimed at an indicative target of 8% GDP growth for the plan period. It covered the issue related to growth, investment and employment, and certain general observations on institutional design, governance and implementation methodologies. The Tenth Plan set before itself the annual growth rate of 8%, which was much higher than 5.5% achieved during the Ninth Plan. Since economic growth was not the only objective, the plan aims at harnessing the benefits of growth to improve the quality of life of the people by setting the following key objectives :

- i. Reduction in poverty ratio;
- ii. Providing gainful high quality employment to the additional labour force over the tenth plan period;
- iii. All children to be enrolled in schools and complete 5 years of schooling;
- iv. Reduction of gender gaps in literacy and wage rates by at least 50%;
- v. Reduction in decadal rate of population growth between 2001 and 2011 to 16.2%;
- vi. Increase in literacy rate to 75% within the plan period;
- vii. All villages to have sustained access to potable drinking water within the plan period;
- viii. Cleaning of major polluted rivers and other notified stretches;
- ix. Reduction in Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR);
- x. Around Rs.800 billion of disinvestment over 5 years and increasing FDI inflows annually to at least \$7.5 billion; and
- xi. All main rivers should be cleaned up between 2007 and 2012.

In the Tenth Five Year Plan, the importance of accountability was highlighted. The then Prime Minister, Atal Bihari Vajpayee pointed out in the Forward of the Tenth Five Year Plan document that effective delivery of basic social services to our people cannot be ensured unless the institutions that are charged with these functions are made accountable to the people themselves and for this it is necessary to empower the Panchayati Raj Institutions by transferring to them both functions and resources. He believed that the PRIs must become the cutting edge of our three-tier political structure and the focal point of democratic decentralization.

### **Eleventh Five Year Plan (2007-12) :**

The National Development Council approved the Eleventh Five Year Plan setting 'a faster more broad based and inclusive' growth at the average annual rate of 9 per cent. The Plan points out, it requires a substantial increase in the allocation of public resources for plan programmes in critical areas' including education, health, agriculture and infrastructure.

The central vision of the Eleventh Plan is to improve the quality of life of the people, especially the poor, SCs and STs, OBCs, minorities and women.

The Plan can be broadly divided into the following components :

- Reduction of poverty and creation of employment opportunities;
- Providing access to essential services like health and education, especially for poor;
- Providing equal opportunity to all, empowerment through education and skill development;
- Ensuring environmental sustainability;
- Good governance.

As many as 27 detailed national targets have been set in the Plan ranging from enhancing income and reducing poverty, to education, literacy, health, infant mortality, maternal mortality and child development. These can be classified into the following six categories :

- a) Income and poverty
  - Average GDP growth of 9 percent
  - Agricultural growth rate of 4 per cent.

- Generation of 58 million new work opportunities
  - Reduction of unemployment among the educated to less than 5 per cent;
  - 20 per cent rise in the real wage rate of unskilled workers
  - 10 percent reduction in the head-count ration of consumption poverty
- b) Education
- Reduction of dropout rates of children at the elementary level from 52.2 per cent in 2003-04 to 20 per cent by 2011-12
  - Ensuring minimum standard of education in elementary schools;
  - Increasing the literacy rate to 85% for people of the age seven years or more
  - Reduction of gender gap in literacy to 10% by 2011-12;
  - Increasing the percentage of each cohort going to higher education to 15 per cent by 2011-12.
- c) Health
- Reduction of infant Mortality Rate(IMR) to 28% and Maternal Mortality Rate(MMR) to 1 percent per 1000 live births by the end of the Eleventh Plan
  - Total Fertility Rate(TFR) to be reduced to 2.1
  - Providing clean drinking water to all by 2009
  - Reduce by half malnutrition among children of age group 0-3
  - Reduce by half anemia among women and children
- d) Women and Children
- Rising the sex ratio to 935 for the age group 0-6 years by 2011-12 and to 950 by 2016-17
  - To ensure that at least 33 per cent of the beneficiaries of all government schemes are women and children.
  - To ensure that all children enjoy a safe childhood, without any compulsion to work
- e) Infrastructure
- Electricity connection to all villages and BPL households by 2009

- Road connection to all habitation with a population 1000 and above (500 and above in hilly and tribal areas) by 2009, and all significant habitations by 2015
  - Connect every village by telephone and provide broadband connectivity to all villages by 2012
  - Provide homestead sites to all by 2012 and step up the pace of the construction of houses for rural poor.
- f) Environment
- Increase forest and tree cover by 5 per cent.
  - Attain WHO standards of air quality in all major cities by 2011-12
  - Treat all urban waste water by 2011-12 to clean river waters
  - Increase energy efficiency by 20 per cent by 2016-17.

A key feature of the inclusive growth strategy in the Eleventh Plan is that growth should not be treated as an end in itself, but only as a means to an end. This is best done by adopting monitorable targets, which would reflect the multi-dimensional economic and social objectives of inclusive growth.

One of the basic objectives of the Eleventh Plan is to use Panchayati Raj Institutions (PRI) as the primary means of delivery of the essential services that are critical to inclusive growth. The 73rd and 74th Amendments to the Constitution have led to the establishment of about 2.5 lakh elected institutions of local self-government (about 2.38 lakh in rural areas and rest in urban areas). It is absolutely critical for the inclusiveness of our growth process that these large numbers of elected representatives in our PRIs are fully involved in planning, implementing and supervising the delivery of the essential public services.

The Eleventh Plan recognizes the need to build incentives that may help in encouraging the states to devolve functions, funds and functionaries to the PRIs. In order to capture the extent to which this process and empowerment of PRIs has actually progressed in each state, a suitable Devolution Index will be developed and will be called PRI-empowerment Index.

The plan promises to create productive employment at a faster pace than before, and targets agricultural growth at 4 per cent per year. It seeks to reduce disparities across regions and communities by ensuring access to basic physical infrastructure as well as health and education services to all. It recognizes gender as a cross-cutting theme across all sectors and commits to respect and promote the rights of the common person.

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## 7.6 Conclusion

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The unit thus gave us a clear idea about the objectives & overview about the various plan period in India since 1990.

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## 7.7 Exercise

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1. Give a brief account of Institutional structure of planning in India.
  2. Write about the Economic Reform after 1991.
  3. Write about the Eight five year plane.
  4. Discuss about the Eleventh five year plane.
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## 7.8 Reference

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## Unit 8 □ Concept of National Income and Inequalities in Distribution of National Income

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### *Structure*

- 8.0 Objective
- 8.1 Introduction
- 8.2 Leakages and injections
- 8.3 How is national income measured?
- 8.4 Definition of GDP
- 8.5 Inequality around the World
- 8.6 Conclusion
- 8.7 Exercise
- 8.8 Reference

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### 8.0 Objective

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The learner would learn about the concept of National income & other factors which influences the National economy.

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### 8.1 Introduction

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To start, we look at the very simple model of the nation's economy. In this model there are two sectors. Households are the people who buy the nation's output of goods and services and the owners of all of the economy's factors of production. They supply these factors of production to the firms and, in turn, they receive payment for their factors. The firms hire the factors of production from households and use these factors to produce the nation's output of goods and services. The factors of production provided and income received are shown in a simplified form in Table 1.

Payment to the factors of production

Factors of Production (Provided by Firms)	Payment to the Factor (Provided by Households)
Labour	Wages
Land	Rent
Capital	Interest
Entrepreneurship	Profit

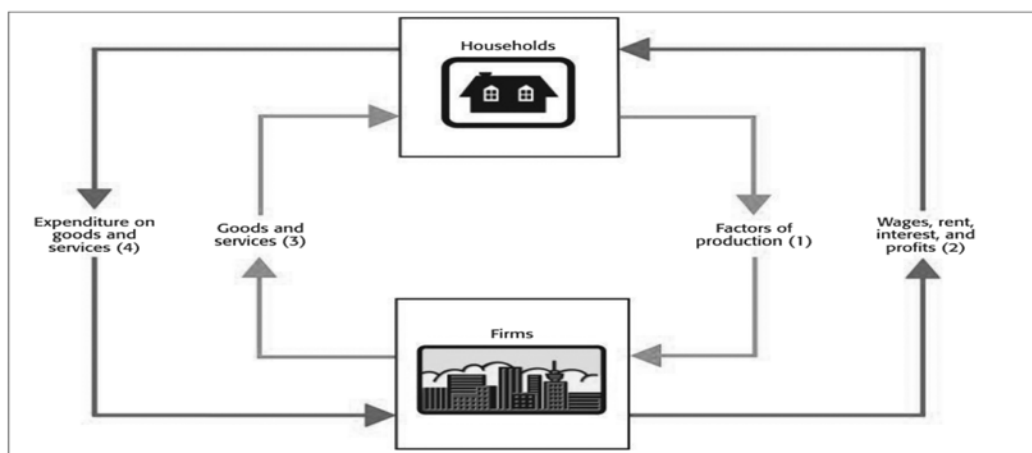


Figure 1 : Two-sector circular flow of income model

This is the basis for the circular flow of income two-sector model shown in Figure 1. Households provide the factors of production (1) and receive income (2). They buy the goods and services (3) produced by the firms by using the income received (4), and in this way the income circulates throughout the economy.

## 8.2 Leakages and injections

The two-sector model described is very much a simplified model of the economy. Common sense is likely to tell you that households do not behave in this very simple way—that is, they do not spend all of the money that they receive in income as suggested by the model. Households can save some of their income. By definition, saving means foregoing current consumption to allow for consumption in the future. People can save by putting money in banks or other financial institutions. Saving is known as a leakage from the circular flow, as it is income received but not used to finance expenditure on goods and services. If households do not buy all the output that is produced by the firms then firms will have unsold stocks of goods and, as a result, they will reduce their output. To reduce output the firms will use fewer factors of production and thus pay less income. This shows how saving will cause the amount of income circulating in the economy to fall.

However, firms will have access to the savings of households by borrowing money from financial institutions such as banks or pension funds. They can use the money to increase their stock of capital and expand their output. This is known as investment and



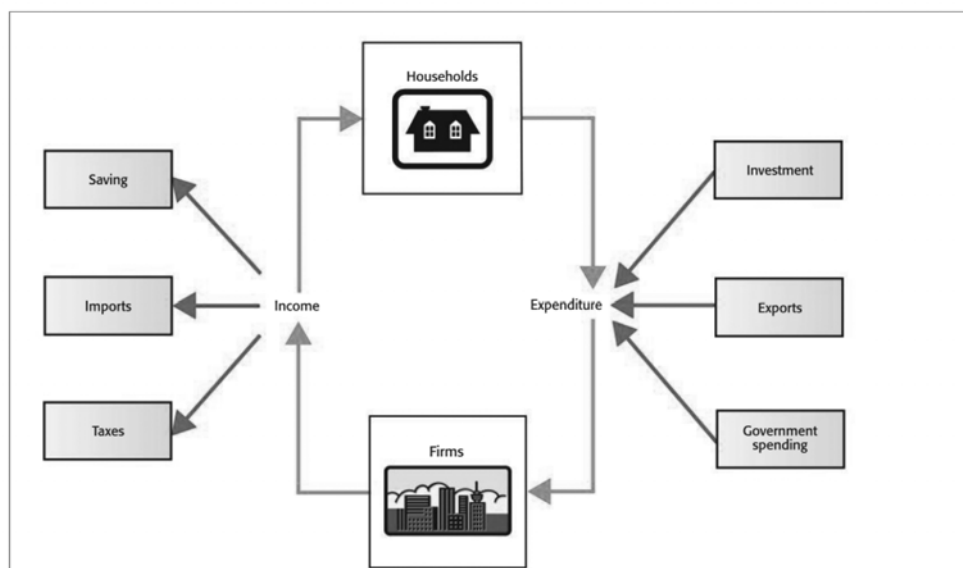
is an injection into the circular flow of income, as it involves income that does not come straight from the households through their spending on goods and services. Investment allows the amount of income circulating in the economy to rise.

Even though we have made the model slightly more realistic by adding saving and investment into the circular flow, the model is still limited by the fact that there are only two sectors. In reality, of course, there are other sources of income flow in an economy.

If households buy goods and services from other countries, then some of their income flows out of the economy's circular flow. Thus imports are also known as a leakage because they represent expenditure of income not returning to the firms. People in foreign countries buy the country's exports of goods and services. Exports are an injection into the circular flow because they represent a source of income not coming directly from the households. There is no reason to assume that exports will be equal to imports. Countries usually have trade imbalances.

Clearly, households and firms are not the only two sectors acting in an economy. We now introduce the government sector. Some of the income earned by households must be paid to the government in the form of taxes. Thus, taxes are a leakage from the circular flow. Governments spend money in the economy on a wide range of things—schools, roads, campaigns to reduce smoking, and hospitals, to name a few examples. Government spending on goods and services represents an injection into the circular flow. There is no reason to assume that government spending will be equal to tax revenues. It should be noted here that governments are able to spend more than they earn in order to deliberately influence the level of leakages and injections in an economy and thereby affect the level of national income.

It is important to point out that there is a category of government spending known as transfer payments that are not included as an injection into the circular flow. Transfer payments are payments to individuals that are not the result of an increase in output. Examples of transfer payments are pensions, unemployment benefits, and child allowance payments. Governments tax the income of some households and transfer this income to others through the payments. As it is a transfer of income, rather than income in exchange for output, this spending does not represent an injection. Figure 2 shows the circular flow of income model with the four sectors—households, firms, the foreign sector, and the government sector—taking into account the leakages and injections.



*Figure 2 : Four-sector circular flow with leakages and injections*

Even the four-sector model remains a simplification of a complex economy, but it serves to illustrate some important conclusions. The economy is in equilibrium where leakages are equal to injections. If leakages rise, without a corresponding increase in injections, then national output will fall to a new equilibrium, as there will be less income circulating. If injections rise with no corresponding rise in leakages, then the economy will move to a new equilibrium.

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### 8.3 How is national income measured?

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The most commonly used measure of a country's national income is gross domestic product (GDP). There are three different methods that are all used to calculate this figure.

1. **The output method** : This measures the actual value of the goods and services produced. This is calculated by summing all of the value added by all the firms in an economy. When we say value added it means that at each stage of a production process we deduct the costs of inputs, so as not to “double count” the inputs. The data is usually grouped according to the different production sectors in the economy: agriculture and mining (primary sector), manufacturing (secondary sector), and services (tertiary sector). The output method measures the value of the arrow marked as number (3) in Figure 1.

2. **The income method :** This measures the value of all the incomes earned in the economy. This method measures the value of the arrow marked as number (2) in Figure 1.
3. **The expenditure method :** This measures the value of all spending on goods and services in the economy. This is calculated by summing up the spending by all the different sectors in the economy. These include:
  - spending by households, known as consumption (C)
  - spending by firms, known as investment (I)
  - spending by governments (G)
  - spending by foreigners on exports minus spending on imports. This is known as net exports (X-M).
  - The expenditure method measures the value of the arrow marked as number (4) in Figure 1.
  - Each approach measures the value of a nation's output differently by looking at different sets of data. Nonetheless, since they are measuring the same thing, their values are necessarily an equal amount. One common and highly acceptable definition of GDP is that it is the total value of all final goods and services produced in an economy in a year. This clearly reflects the output method of calculation. Another widely used definition is that GDP is the total value of all spending in the economy, algebraically expressed as  $GDP = C + I + G + (X-M)$ . This reflects the expenditure method.
  - Thus, regardless of the method chosen, in theory, accounting will result in the same final figure, whether we call it national output, national income, or national expenditure.
  - In practice, however, the data that are collected to calculate each of the three values come from many different and varied sources, and inevitably there will be inaccuracies in the data, leading to imbalances among the final values. Some of these inaccuracies are the result of the timing of the data gathering; often figures have to be revised at later dates when full information is collected.

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## 8.4 Definition of GDP

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National output = National income = National expenditure

### **Gross domestic product (GDP) and gross national product (GNP)/gross national income (GNI) :**

Two definitions for gross domestic product (GDP) were given above. A third is useful to be able to make a comparison between GDP and gross national product (GNP) /gross national income (GNI). GDP may be defined as the total of all economic activity in a country, regardless of who owns the productive assets. For example, if an Indian multinational company (MNC) is operating in Canada and earning profits, then this income is included in the Canadian GDP and not in the Indian GDP. If the production takes place on Canadian land then it is recorded on the Canadian GDP.

Gross national product (GNP)/gross national income (GNI) is the total income that is earned by a country's factors of production regardless of where the assets are located.

In the example above, the profits earned by the Indian MNC would be included in Canada's GDP but not Canada's GNI because Canada does not own the assets. Similarly, Canada's GDP would not include profits earned by a Canadian MNC operating in Brazil but its GNI would include such profits. Thus, GNI is equal to GDP plus income earned from assets abroad minus income paid to foreign assets operating domestically. The income earned by assets held in foreign countries is known as property income from abroad and the difference between incomes earned from assets abroad minus income paid to foreign assets operating domestically is known as net property income from abroad.

$$\text{GNI} = \text{GDP} + \text{net property income from abroad}$$

### **Gross national income (GNI) and net national income (NNI)**

Throughout the course of a year a country's capital stock will lose some of its value. This is known as depreciation of capital or capital consumption. This is due to several factors. It may simply be due to wear and tear as machinery is used, there may be damage to capital equipment, or technology might make machinery obsolete. In effect, capital gets "used up" and the GDP does not take into account this depreciation of capital. The measure that does take this into account is called net national income (NNI), which is simply gross national income minus depreciation (capital consumption). While NNI gives

a more realistic view of the real economic activity of a country, in practice it is very difficult to account for depreciation. Thus gross figures are the more widely used measures.

$$\text{NNI} = \text{GNI} - \text{depreciation}$$

### **Nominal GDP and real GDP**

If we were to compare the GDP of a country from one year to another we would have to take into account the fact that prices in the economy are likely to have risen. If prices of goods and services rise (inflation) then this will overstate the value of GDP. That is, GDP will rise, even if there hasn't actually been an increase in economic activity. In order to get a true picture of the change in economic activity we take the nominal GDP, which is the value at current prices, and adjust it for inflation to get the GDP at constant prices. This is done through the use of a "GDP deflator" and the value is known as real GDP. To compare GDP data over time it is necessary to use the real value so that price changes cannot distort the information.

$$\text{Real GDP} = \text{Nominal GDP adjusted for inflation}$$

Note : Whenever you see the adjective "real" in front of an economic variable, it means that the variable has been adjusted for inflation. This makes it possible to compare data over time.

### **GDP per capita**

This is the easiest of the national income statistics to measure. It is simply the total GDP divided by the size of the population. While the total economic activity of a country is appropriately measured using the GDP figure, if one is to make any judgment about the progress of a country in comparison with other countries in terms of raising living standards then the GDP per capita figure is much more appropriate.

For example, the GDP of China is US\$ 5,365 billion, significantly higher than that of Canada, with a GDP of US\$ 1,556 billion. This says that the output of China is approximately three and a half times larger than that of Canada. However, when we take the population into account we find that China's GDP per capita is US\$ 3,678, while the GDP per capita of Canada is US\$ 45,658. Thus the output per person in Canada is almost twelve and a half times that of China's output per person.

### **Why are national income statistics gathered?**

Definitions of national income are fairly straightforward, but the job of compiling accurate accounts is extremely complicated and necessarily expensive. Every country has

an organization that is responsible for calculating and reporting on the country's national accounts. The United Nations provides guidelines for such work in the System of National Accounts (SNA). The data gathered are used in myriad ways.

- National income statistics can be seen as a “report card” for a country. Economic growth is a stated objective of governments. Economic growth is an increase in a country's national income over time. Therefore, people use the statistics to judge whether or not a government has been successful in achieving its macroeconomic objective of increased growth.
- Governments use the statistics to develop policies.
- Economists use the statistics to develop models of the economy and make forecasts about the future.
- Businesses use statistics to make forecasts about future demand.
- The performance of an economy over time can be analyzed (as long as real data are used).
- Because rising national income is often equated with rising living standards, people often use national income accounts as a basis for evaluating the standard of living or quality of life of a country's population.
- National income statistics are often used as a basis for comparing different countries.

### **Limitations of the data**

Given the importance of national income statistics and their wide use, it is important to be aware of possible limitations of the data, both in terms of the accuracy of the data, in terms of their uses for making comparisons, and in terms of their appropriateness in making conclusions about living standards.

- **Inaccuracies** : As noted above, the data that are used to calculate the various measures of national income come from a vastly wide range of sources, including tax claims by households and firms, output data, and sales data. Figures tend to become more accurate after a lag time as they are revised when additional data are included. Statisticians in national statistics agencies make every effort to make their data as reliable as possible and in the more developed countries they can be assumed to be fairly reliable. The United Nations SNA works with all countries to improve the methods of gathering data. This improves the validity of comparisons.

- **Unrecorded or under-recorded economic activity—informal markets :** It is important to note that national income accounts can only record economic activity that has been officially recorded. They therefore don't include any do-it-yourself work or other work done at home. If you paint your own home, your work will not be included in the country's GDP, but if you pay a house-painting company to do so the activity will be recorded, and GDP will rise, even though the output is identical. This is perhaps most significant for developing countries, where much of the output does not make it to any recorded market. For example, much of the food consumed in developing countries may be produced by subsistence farmers. These are people who grow their own food. Although estimates of the value of this are made, it is likely that GDP figures are undervalued. Comparisons may be difficult.

Apart from the do-it-yourself work and subsistence farming, there is another category of economic activity that goes unrecorded or under-recorded. This may be referred to as the hidden economy. This includes activity that is unrecorded because the actual work is illegal, such as drug trafficking. It also includes unrecorded activity that is legal, but the people are doing it illegally. For example, if foreign workers do not have the appropriate work permits to do work such as cleaning, building, or working in restaurants, then their work will go unrecorded. It also includes work that is not recorded because people want to evade paying taxes. For example, when governments impose high taxes on cigarettes, this provides smokers with additional incentive to buy their cigarettes illegally to avoid paying the taxes. High indirect and direct taxes, along with government health and safety regulations, give employers the incentive to avoid the "official" economy and hire workers unofficially. High income taxes give people the incentive to understate their full income. For example, a lawyer will have to declare some official income, but may then pursue work that she does not declare. If she accepts cash for the extra work, then she can avoid officially claiming the income. Statisticians try to estimate the extent of the hidden economy from country to country.

- **External costs:** GDP figures do not take into account the costs of resource depletion. Cutting down trees leads to an increase in GDP, but there is no measure to account for the loss of these trees. GDP figures do not make deductions for the negative consequences of air and water pollution and traffic congestion, as

these are external costs. Such external costs are almost certain to compromise the quality of life, even as GDP increases.

- Other quality of life concerns: GDP may grow because people are working longer hours, or taking fewer holidays. While people may earn higher incomes as a result, they might not actually enjoy higher standards of living. GDP accounting does not include free activities such as volunteer work or people caring for the elderly and children at home. These are all activities that can lead to a better society, but might even be discouraged in the pursuit of economic growth.
- Composition of output: It is possible that a large part of a country's output is in goods that do not benefit consumers, such as defense goods or capital goods. If this is the case, then it would be hard to argue that a higher GDP will raise living standards.

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## 8.5 Inequality around the World

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Before we can understand the variation of income across the world, our first step is to define our measurements. How do we quantify the differences in standards of living and economic conditions across countries? Income per capita is one robust measure.

### Measuring Differences in Income per Capita

We learned in the last section how to measure aggregate income or GDP. We can do so by approaching it from the production side, from the expenditure side, or from the income side. From the national income accounting identity, all three give exactly the same answer: gross domestic product, or GDP for short. Dividing GDP by the total population in the country gives us income per capita (per person) or GDP per capita.

We use the two terms interchangeably in this textbook because they represent the same number. (Often we use income per capita when we wish to emphasize that the number is the average income of the citizens of a country and GDP per capita when we wish to emphasize that the number is what the economy produces per person.)

More formally, we have :

$$\text{Income per capita} = \text{GDP per capita} = \text{GDP/Total population}$$

For example, the United States in 2010 had GDP equal to about \$14.45 trillion. With a total population of approximately 310 million, income per capita was approximately \$46,613.



How does this compare to the income per capita of other countries? Let us look to a neighboring country : Mexico. Income in Mexico is, of course, not calculated in U.S. dollars but in pesos. Thus with a similar computation, we find income per capita in Mexico in the same year, 2010, to be approximately 116,036 pesos. This number is not directly comparable to the \$46,613 for the United States because it is expressed in different units. But we can convert it to the same units by using the exchange rate. For example, on January 1, 2010 one U.S. dollar was worth 12.9 pesos, or one peso was worth  $1/12.9 = 0.078$  dollars. Using this ratio, we can convert the average income in Mexico into dollars as follows (where p.c. stands for “per capita”) :

$$\begin{aligned}\text{Mexican income p.c. in \$} &= \text{Mexican income p.c. in pesos} * \text{\$/peso exchange rate} \\ &= 116,036 * 0.078 \\ &= \$9,051\end{aligned}$$

So the average Mexican had an income per capita of approximately \$9,051. This number would be useful if you wanted to think about how much an individual with the average Mexican income per capita, all of which was earned in Mexico, would be able to consume in the United States.

Using this exchange-rate-based measure, we can compute income per capita in every country for which we have data on GDP and population. For example, in 2010, income per capita in Sweden was \$50,549 and in Switzerland it was \$69,167. While income per capita in Sweden and Switzerland is similar to that in the United States, large disparities emerge when we compare the United States to several other countries. For example, we have already seen that the U.S. income per capita is about 5 times that of Mexico. It is also 30 times greater than income per capita in India, 43 times greater than income per capita in Senegal, and approximately 155 times greater than income per capita in Ethiopia.

Exchange rates allow us to compare GDP across countries using the same units, but we favor a tool that provides even better comparisons of income per capita across countries: purchasing power parity (PPP). Exchange rates convert currencies into the same units but fail to account for the fact that the prices of many goods and services will differ across countries. For example, some things—like phone calls—are cheaper in the United States than in Mexico because better technology is available in the United States and because there is a telecommunications monopoly in Mexico, keeping prices relatively high. But other goods—like guacamole and haircuts—are cheaper in Mexico, often because labor and other inputs are cheaper.

We saw in the previous chapter how to adjust economic variables like GDP to correct for changes in prices over time (which led to the notion of real GDP). We should make a similar adjustment when comparing GDP between countries. But the exchange rate between dollars and pesos doesn't do this. To see why, recall that the exchange rate between the peso and the dollar was 12.9 on January 1, 2010. If instead we had used the exchange rate on January 1, 2009, which was 13.8 pesos per dollar, the average income in Mexico would have been \$8,408 rather than \$9,051. But this fluctuation has little to do with changes in prices households face in Mexico or the United States. Rather, it is just a consequence of converting Mexican income into dollars using the current exchange rate, which fluctuates for a variety of reasons unrelated to differences in the cost of living.

Purchasing power parity provides a better way to convert GDP in domestic currencies into common units. The idea here is very similar to the adjustment we developed for converting nominal GDP into real GDP in the previous chapter. Specifically, the purchasing power parity (PPP) constructs the cost of a representative bundle of commodities in each country and adjusts GDP so that a dollar in each country can purchase this representative bundle. The resulting measure is a country's GDP in PPP-adjusted U.S. dollars. For example, this representative bundle cost \$1 in the United States and 8.64 pesos in Mexico in 2010. On this basis, the PPP factor between U.S. dollars and pesos is \$1 for 8.64 pesos or 1 peso for  $0.116 = 1/8.64$  U.S. dollars.

Using this procedure, income per capita in Mexico in PPP would be :

$$\begin{aligned}\text{Mexican income p.c. in PPP \$} &= \text{Mexican income p.c. in pesos} * \$/\text{peso PPP} \\ &= 116,036 * 0.116 \\ &= \$13,460\end{aligned}$$

Comparing this result for Mexico with the \$9,051 obtained using the peso/\$ exchange rate, we see that there is often a significant difference between exchange-rate-based measures and PPP-based measures of income per capita, with the gap between the United States economy and poorer economies generally being smaller when we use PPP-based measures.

This pattern reflects the lower cost of living in countries with lower income per capita—that is, the fact that exchange-rate-based measures of GDP ignore the fact that many commodities are cheaper in poorer countries.

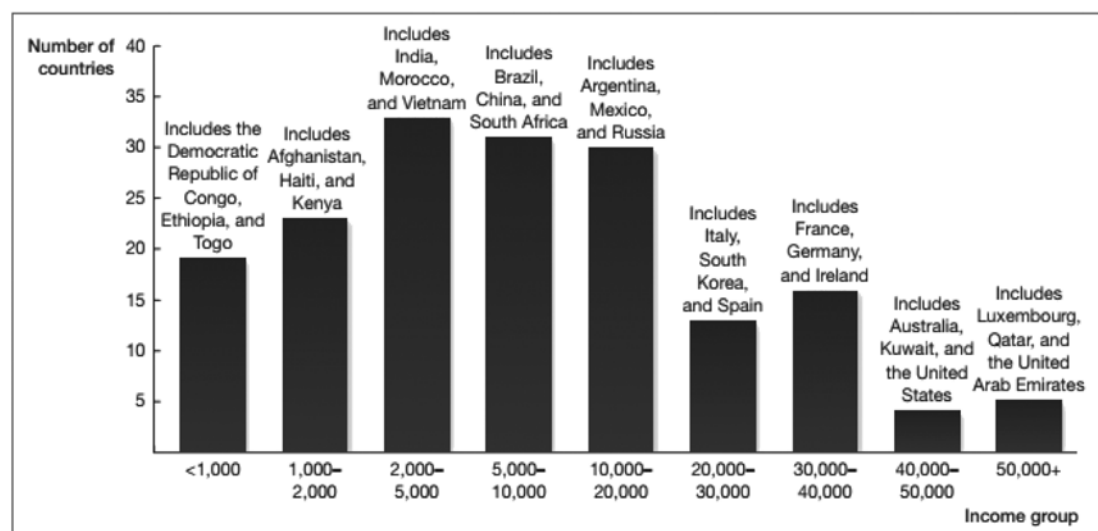
### Inequality in Income per Capita

There are still very large disparities across countries when we use PPP-based measures. Exhibit 1 shows a graph of PPP-adjusted income per capita across countries in 2010 (expressed in terms of 2005 constant dollars, where the notion of constant dollars was defined in the previous chapter). Note that there are 19 countries with less than \$1,000 per capita, including the Democratic Republic of Congo, Ethiopia, Liberia, Madagascar, and Togo, and another 23 with incomes of between \$1,000 and \$2,000, including Afghanistan, Haiti, Kenya, Tajikistan, Uganda, and Zambia. These measures contrast sharply with those of the United States (\$41,365), France (\$31,299), and Germany (\$34,089) in the same year.

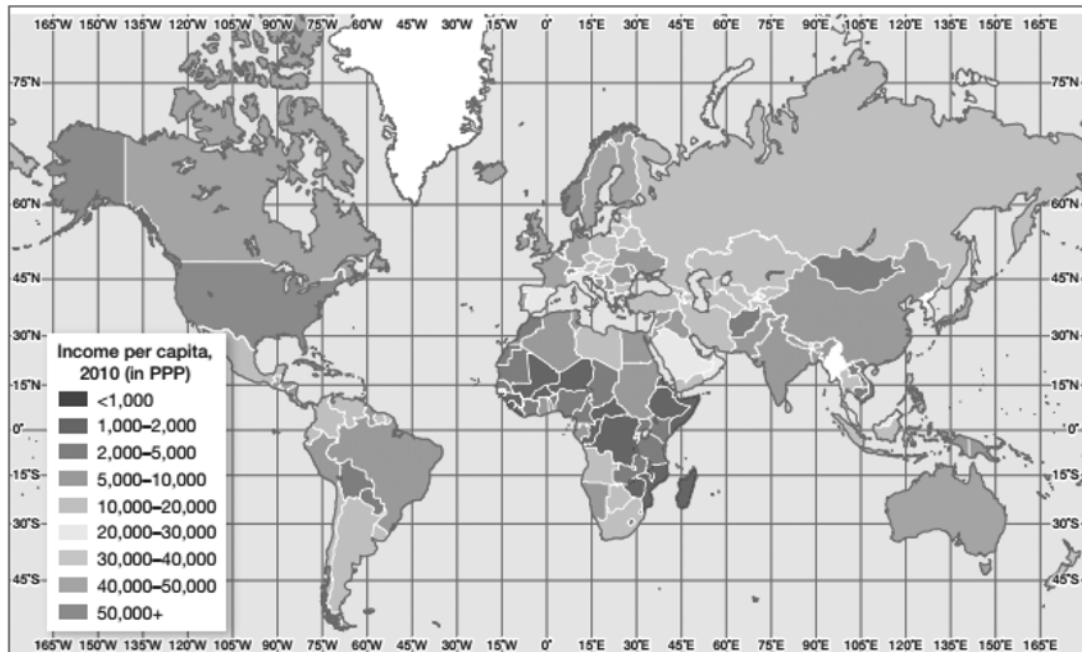
There are wide disparities in income per capita across countries. Nineteen countries had income per capita less than \$1,000 in 2010 (in PPP-adjusted 2005 constant dollars) while only a few countries had income per capita above \$40,000.

The large disparities in income per capita across countries are easily visible on this map, which also shows that the poorest countries are concentrated in Africa, parts of Asia, Central America, and the Caribbean.

Exhibit 2 complements Exhibit 1 by showing a map of the world with different ranges of income per capita shaded in different colors. Reds, oranges, and yellows correspond to



*Exhibit 1 : Income per Capita around the World in 2010 (PPP-adjusted 2005 Constant Dollars)*



*Exhibit 2 : A Map of Income per Capita across the World*

lower income per capita, and greens correspond to relatively high income per capita. The overall picture is similar to that shown in Exhibit 1, yet we can now more easily identify where the rich and the poor countries are. There are some striking patterns to the differences in incomes. For example, the African continent appears to be uniformly poorer, except for a few spots. Much of South Asia and Latin America is also quite poor. In contrast, North America and Western Europe are relatively prosperous. This map makes it clear that there are indeed major economic disparities throughout the world, and one of our purposes in this chapter is to understand the causes behind them.

### **Equity in the distribution of income**

One of the characteristics associated with free market economies is an unequal distribution of income. For example, the principal of a school is likely to earn a greater income than a cafeteria worker. Inequality obviously occurs to different extents in different countries. The reasons for difference in income and the consequences of inequality are many and complex. They can form the basis of massive debate among economists, politicians, sociologists, colleagues, parents and children, friends, and even classmates in an economics lesson!

There is one argument that suggests that huge inequalities in income are unfair. People with low incomes will experience relatively low living standards and fewer opportunities than people with high incomes. They may live in a state of absolute poverty, whereby they do not have access to the basic necessities needed to sustain life. Or they may live in relative poverty, whereby their living standards are well below an observed “average” in an economy.

There are a number of reasons why incomes may be low and so people live in poverty :

- they may have been born into a household where incomes were low
- they may have received poor, or no, education
- they may have suffered in terms of poor health care and malnutrition
- they may have found it necessary to find work before completing an education

The consequences of poverty include :

- low living standards
- lack of access to sufficient health care
- low levels of education

The consequences lead to low levels of human capital and that in turn makes it likely that people will continue to be poor, so the situation tends to be cyclical. People are poor and so have low levels of education and health care. Because they have low levels of education and health care, they are unlikely to find work or may only have access to low paid jobs. Because of this they remain poor. These are some of the issues that result in fierce debate.

Even if it is perceived that an unequal distribution of income is unfair, economic reasoning will show that higher incomes act as an incentive for people to work harder. If people did not believe that their hard work in school or at work would allow them to raise their human capital and provide them with the opportunity to earn higher incomes, then this would have huge implications for the supply side of an economy, resulting in a lower overall level of economic activity.

Purely economic analysis will not lead to an answer as to exactly how much inequality is acceptable or appropriate. This is very much a normative issue. What can be agreed

upon is that fact that market economies do result in inequality of income. In this chapter, we will look at the ways in which governments use their policies on taxation and government spending to affect the distribution of income in an economy.

It is important that you understand the difference between equity and equality from the outset. Equity means fairness. Governments attempt to redistribute income to make the distribution more fair. They are not aiming for equality, where everyone would receive the same income, since, as we noted earlier, this would destroy the incentive to work harder for many people.

### **Lorenz curve and Gini index**

Income inequality in an economy can be measured. The most common representation of inequality comes in the form of a Lorenz curve. This takes data about household income gathered in national surveys and presents them graphically. Consider the following data :

Table-1

<b>Country</b>	<b>Survey year</b>	<b>Lowest 20%</b>	<b>2nd 20%</b>	<b>3rd 20%</b>	<b>4th 20%</b>	<b>Highest 20%</b>	<b>Gini index (2002-2007)</b>
Bolivia	2007	2.7	6.5	11.0	18.6	61.2	58.2
Brazil	2007	3.0	6.9	11.8	19.6	58.7	55.0
Croatia	2005	8.8	13.3	17.3	22.7	37.9	29.0
Madagascar	2005	6.2	9.6	13.1	17.7	53.5	47.2

**Sources :** World Bank & UN Human Development Report 2009

Households are ranked in ascending order of income levels and the share of total income going to groups of households is calculated. For example, if we look at Brazil, we see that the poorest 20% of households receive only 3.0% of total household income while the richest 20% of the households receive 58.7%. This contrasts with Croatia, where the data suggest more equality in distribution, with the poorest 20% receiving 8.8% of total household income, and the richest 20% receiving 37.9%.

The information can be graphed using Lorenz curves shown in Figure 1. The x-axis shows the cumulative percentage of the total population divided up in the quintiles shown in Table 1. The y-axis shows the cumulative percentage of total income earned by the quintiles. The line of absolute equality indicates a perfectly equal distribution of income

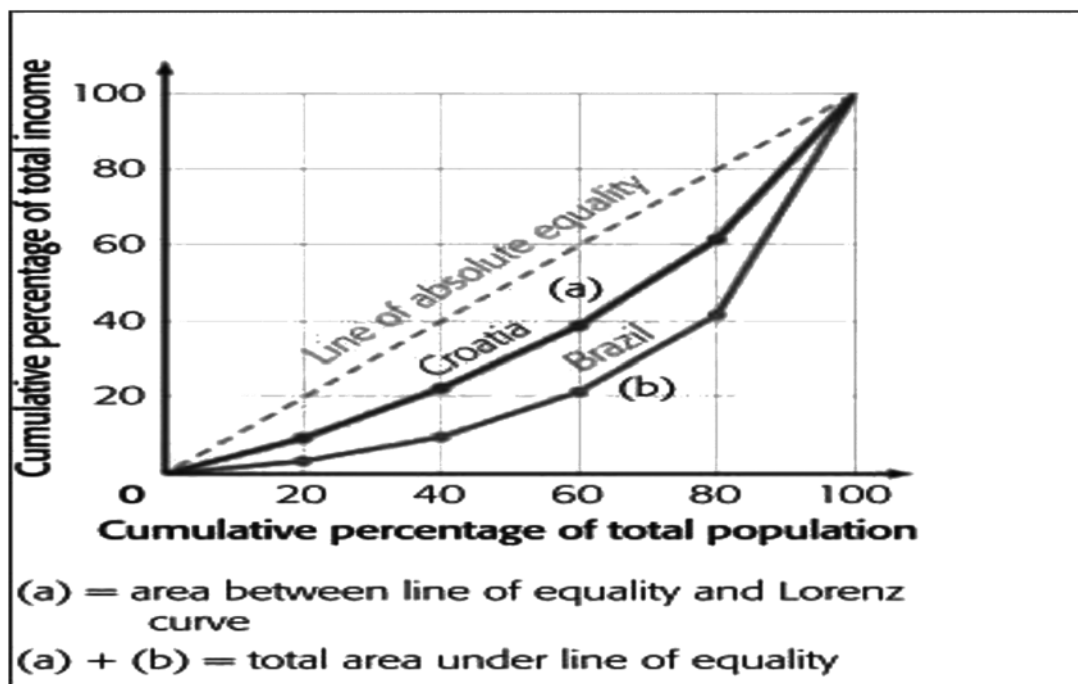


Figure 1 : Lorenz curves for Brazil and Croatia

where, for example, 10% of the population earns 10% of the income, and 90% of the population earns 90% of the income. Each country has its own Lorenz curve based on the income data. The farther away a country's curve is from the line of absolute equality, the more unequal is the distribution of income. In our example, the curve drawn for Brazil is farther away than that of Croatia. We can quickly observe from the diagram that income is less equally distributed in Brazil than it is in Croatia.

An indicator that neatly summarizes the information presented in the table and on the Lorenz curve is the Gini index. The Gini index is derived from the Lorenz curve and is a ratio of the area between the line of equality and a country's Lorenz curve (a) to the total area under the line of equality (a) + (b). The higher the Gini index, the more unequal is the distribution of income. Gini index values are given in Table 1.

Although a reduction in income inequality may be an important objective of development, one must be very careful in using Gini index numbers as a basis for evaluating a country's development progress. While low-income countries tend to have higher levels of inequality than high-income countries, there is no hard and fast correlation between the level of development of a country measured by its HDI and its Gini index. There are countries with a high level of human development, such as the US (HDI rank 13), that have a relatively

high Gini index (40.8) and countries with a low level of human development, such as Ethiopia (HDI rank 171), with a much lower Gini value (29.8).

Moreover, it would not be correct to assume that it is necessary to have more equality in order to raise living standards. Assume that the poorest 20% of the population earns 3.0% of the national income as in Brazil. If the national income rises and the income distribution pattern remains the same, then the poorest will receive a larger amount, even if their share remains the same. They get the same proportion of a larger amount!

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## 8.6 Conclusion

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The learner got an idea about National income, how it is calculated and also the concept of GDP. The learner also had a detailed idea about the inequalities in distribution of National income in our society.

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## 8.7 Exercise

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1. Explain the concept of National Income.
2. Discuss about Nominal GDP & real GDP.
3. How is national income measured.
4. Write a short note on—
  - a) Lorenz curve.
  - (b) Inequality in Income per capita.

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## Unit 9 □ Society : Concept, Socialization, Deviance and Social Control and Social institution

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### Structure

#### 9.0 Objective

#### 9.1 Introduction

#### 9.2 Society

#### 9.3 Socialization

##### 9.3.1 Role of Socialization

#### 9.4 Social Deviance

#### 9.5 Social Control

#### 9.6 Social Institution

#### 9.7 Conclusion

#### 9.8 Exercise

#### 9.9 Reference

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### 9.0 Objective

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Learners would understand the concepts central to sociology and understand how different sociological perspectives have developed in the study of groups and group interactions, societies and social interactions, from small and personal groups to very large groups. They would gain knowledge about some other crucial terms of sociology.

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### 9.1 Introduction

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A group of people who live in a defined geographic area, who interact with one another, and who share a common culture is what sociologists call a **society**. Sociologists study all aspects and levels of society. Sociologists working from the **micro-level** study small groups and individual interactions, while those using **macro-level** analysis look at trends among and between large groups and societies. For example, a micro-level study

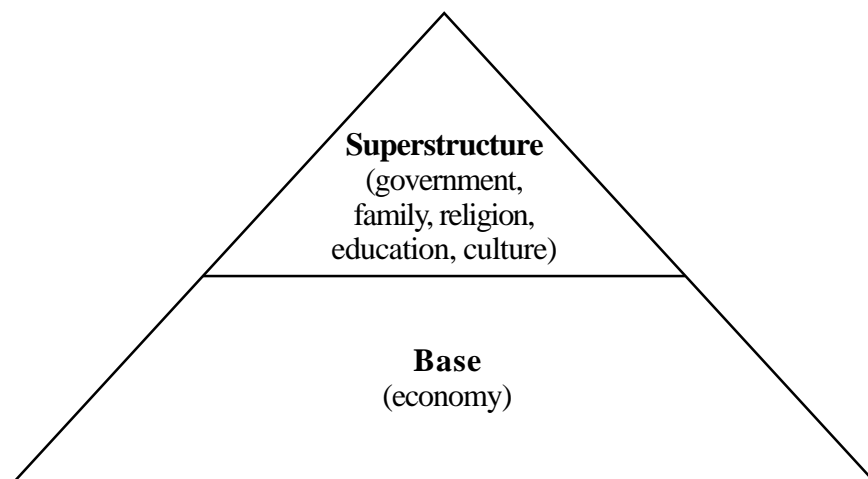
might look at the accepted rules of conversation in various groups such as among teenagers or business professionals. In contrast, a macro-level analysis might research the ways that language use has changed over time or in social media outlets.

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## 9.2 Society

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As a functionalist, Émile Durkheim's (1858-1917) perspective on society stressed the necessary interconnectivity of all of its elements. To Durkheim, society was greater than the sum of its parts. He asserted that individual behavior was not the same as collective behavior and that studying collective behavior was quite different from studying an individual's actions. Durkheim called the communal beliefs, morals, and attitudes of a society the **collective conscience**. In his quest to understand what causes individuals to act in similar and predictable ways, he wrote, "If I do not submit to the conventions of society, if in my dress I do not conform to the customs observed in my country and in my class, the ridicule I provoke, the social isolation in which I am kept, produce, although in an attenuated form, the same effects as punishment" (Durkheim 1895). Durkheim also believed that **social integration**, or the strength of ties that people have to their social groups, was a key factor in social life.



Karl Marx (1818-1883) is certainly among the most significant social thinkers in recent history. While there are many critics of his work, it is still widely respected and influential. For Marx, society's constructions were predicated upon the idea of "base and superstructure."

This term refers to the idea that a society's economic character forms its base, upon which rests the culture and social institutions, the superstructure. For Marx, it is the base (economy) that determines what a society will be like.-

Additionally, Marx saw conflict in society as the primary means of change. Economically, he saw conflict existing between the owners of the means of production—the **bourgeoisie**—and the laborers, called the **proletariat**.

Marx maintained that these conflicts appeared consistently throughout history during times of social revolution. These revolutions or “class antagonisms” as he called them, were a result of one class dominating another. Most recently, with the end of feudalism, a new revolutionary class he called the bourgeoisie dominated the proletariat laborers. The bourgeoisie were revolutionary in the sense that they represented a radical change in the structure of society. In Marx's words, “Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other—Bourgeoisie and Proletariat” (Marx and Engels 1848).

In the mid-nineteenth century, as industrialization was booming, industrial employers, the “owners of the means of production” in Marx's terms, became more and more exploitative toward the working class. The large manufacturers of steel were particularly ruthless, and their facilities became popularly dubbed “satanic mills” based on a poem by William Blake. Marx's colleague and friend, Frederick Engels, wrote *The Condition of the Working-Class in England* in 1844, which described in detail the horrid conditions.

Another idea that Marx developed is the concept of **false consciousness**. False consciousness is a condition in which the beliefs, ideals, or ideology of a person are not in the person's own best interest. In fact, it is the ideology of the dominant class (here, the bourgeoisie capitalists) that is imposed upon the proletariat. Ideas such as the emphasis of competition over cooperation, or of hard work being its own reward, clearly benefit the owners of industry. Therefore, workers are less likely to question their place in society and assume individual responsibility for existing conditions.

In order for society to overcome false consciousness, Marx proposed that it be replaced with **class consciousness**, the awareness of one's rank in society. Instead of existing as a “class in itself,” the proletariat must become a “class for itself” in order to produce social change (Marx and Engels 1848), meaning that instead of just being an inert strata of society, the class could become an advocate for social improvements. Only once society entered this state of political consciousness would it be ready for a social revolution.

While Karl Marx may be one of the best-known thinkers of the nineteenth century, Max Weber is certainly one of the greatest influences in the field of sociology. Like the other social thinkers discussed here, he was concerned with the important changes taking place in Western society with the advent of industrialization. And, like Marx and Durkheim, he feared that industrialization would have negative effects on individuals.

Weber's primary focus on the structure of society lay in the elements of class, status, and power. Similar to Marx, Weber saw class as economically determined. Society, he believed, was split between owners and laborers. Status, on the other hand, was based on noneconomic factors such as education, kinship, and religion. Both status and class determined an individual's power, or influence over ideas. Unlike Marx, Weber believed that these ideas formed the base of society.

Weber's analysis of modern society centered on the concept of **rationalization**. A rational society is one built around logic and efficiency rather than morality or tradition. To Weber, capitalism is entirely rational. Although this leads to efficiency and merit-based success, it can have negative effects when taken to the extreme. In some modern societies, this is seen when rigid routines and strict design lead to a mechanized work environment and a focus on producing identical products in every location.

Another example of the extreme conditions of rationality can be found in Charlie Chaplin's classic film *Modern Times* (1936). Chaplin's character performs a routine task to the point where he cannot stop his motions even while away from the job. Indeed, today we even have a recognized medical condition that results from such tasks, known as "repetitive stress syndrome."

Weber was also unlike his predecessors in that he was more interested in how individuals experienced societal divisions than in the divisions themselves. The symbolic interactionism theory, the third of the three most recognized theories of sociology, is based on Weber's early ideas that emphasize the viewpoint of the individual and how that individual relates to society. For Weber, the culmination of industrialization, rationalization, and the like results in what he referred to as the **iron cage**, in which the individual is trapped by institutions and bureaucracy. This leads to a sense of "disenchantment of the world," a phrase Weber used to describe the final condition of humanity. Indeed a dark prediction, but one that has, at least to some degree, been borne out (Gerth and Mills 1918). In a rationalized, modern society, we have supermarkets instead of family-owned

stores. We have chain restaurants instead of local eateries. Superstores that offer a multitude of merchandise have replaced independent businesses that focused on one product line, such as hardware, groceries, automotive repair, or clothing. Shopping malls offer retail stores, restaurants, fitness centers, even condominiums. This change may be rational, but is it universally desirable?

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### 9.3 Socialization

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**Socialization** is the process through which people are taught to be proficient members of a society. It describes the ways that people come to understand societal norms and expectations, to accept society's beliefs, and to be aware of societal values. *Socialization* is not the same as *socializing* (interacting with others, like family, friends, and coworkers); to be precise, it is a sociological process that occurs through socializing.

Socialization is how culture is learned, but socialization is also important for another important reason. To illustrate this importance, let's pretend we find a 6-year-old child who has had almost no human contact since birth. After the child was born, her mother changed her diapers and fed her a minimal diet but otherwise did not interact with her. The child was left alone all day and night for years and never went outside. We now find her at the age of 6. How will her behavior and actions differ from those of the average 6-year-old? Take a moment and write down all the differences you would find.

In no particular order, here is the list you probably wrote. First, the child would not be able to speak; at most, she could utter a few grunts and other sounds. Second, the child would be afraid of us and probably cower in a corner. Third, the child would not know how to play games and interact with us. If we gave her some food and utensils, she would eat with her hands and not know how to use the utensils. Fourth, the child would be unable to express a full range of emotions. For example, she might be able to cry but would not know how to laugh. Fifth, the child would be unfamiliar with, and probably afraid of, our culture's material objects, including cell phones and televisions. In these and many other respects, this child would differ dramatically from the average 6-year-old youngster in the United States. She would *look* human, but she would not *act* human. In fact, in many ways she would act more like a frightened animal than like a young human being, and she would be less able than a typical dog to follow orders and obey commands.

### 9.3.1 Role of Socialization

- **Socialization** prepares people for **social** life by teaching them a group's shared norms, values, beliefs, and behaviors.
- The role of **socialization** is to acquaint individuals with the norms of a **social** group or society.
- **Socialization** is an important process for children, who are **socialized** at home and in school .
- Second, **socialization** teaches individuals how to prepare for and perform certain **social** roles—occupational roles, gender roles, and the roles of **institutions** such as marriage and parenthood.
- The term “**socialization**” refers to a general process, but **socialization** always takes place in specific contexts.

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## 9.4 Social Deviance

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If we want to reduce violent crime and other serious deviance, we must first understand why it occurs. Many sociological theories of deviance exist, and together they offer a more complete understanding of deviance than any one theory offers by itself. Together they help answer the questions posed earlier: why rates of deviance differ within social categories and across locations, why some behaviors are more likely than others to be considered deviant, and why some kinds of people are more likely than others to be considered deviant and to be punished for deviant behavior. As a whole, sociological explanations highlight the importance of the social environment and of social interaction for deviance and the commission of crime. According to sociologist William Graham Sumner (1840–1910), **deviance** is a violation of established contextual, cultural, or social norms, whether folkways, mores, or codified law (1906).

The study of social deviance is the study of the violation of cultural norms in either formal or informal contexts. Social deviance is a phenomenon that has existed in all societies. Sociological theories of deviance are those that use social context and social pressures to explain deviance. Let us now examine these theoretical aspects to understand the concept of Deviance from various perspectives

Major Theory	Related explanation	Summary of explanation
	Durkheim's views	Deviance has several functions: (a) it clarifies norms and increases conformity, (b) it strengthens social bonds among the people reacting to the deviant, and (c) it can help lead to positive social change
Functionalist	Social ecology	Certain social and physical characteristics of urban neighborhoods contribute to high crime rates. These characteristics include poverty, dilapidation, population density, and population turnover
	Strain theory	According to Robert Merton, deviance among the poor results from a gap between the cultural emphasis on economic success and the inability to achieve such success through the legitimate means of working. According to Richard Cloward and Lloyd Ohlin, differential access to illegitimate means affects the type of deviance in which individuals experiencing strain engage.
	Deviant subcultures	Poverty and other community conditions give rise to certain subcultures through which adolescents acquire values that promote deviant behavior. Albert Cohen wrote that lack of success in school leads lower-class boys to join gangs whose value system promotes and rewards delinquency. Walter Miller wrote that delinquency stems from focal concerns, a taste for trouble, toughness, cleverness, and excitement. Marvin

<b>Major Theory</b>	<b>Related explanation</b>	<b>Summary of explanation</b>
		Wolfgang and Franco Ferracuti argued that a subculture of violence in inner-city areas promotes a violent response to insults and other problems.
	Social control theory	Travis Hirschi wrote that delinquency results from weak bonds to conventional social institutions such as families and schools. These bonds include attachment, commitment, involvement, and belief.
Conflict	Feminist perspectives	Inequality against women and antiquated views about relations between the sexes underlie rape, sexual assault, intimate partner violence, and other crimes against women. Sexual abuse prompts many girls and women to turn to drugs and alcohol use and other antisocial behavior. Gender socialization is a key reason for large gender differences in crime rates.
<b>Major Theory</b>	<b>Related explanation</b>	<b>Summary of explanation</b>
Symbolic interactionism	Differential association theory	Edwin H. Sutherland argued that criminal behavior is learned by interacting with close friends and family members who teach us how to commit various crimes and also about the values, motives, and rationalizations we need to adopt in order to justify breaking the law.
	Labelling theory	Deviance results from being labelled a deviant; non legal factors such as appearance, race, and social class affect how often labelling occurs.



Thus Deviance is behaviour that violates social norms and arouses negative social reactions. Some behaviour is considered so harmful that governments enforce laws to ban such behaviour. There are two key insights of the sociological approach to deviance (which distinguish it from moral and legalistic approaches). Firstly, deviance is defined by its social context. To understand why some acts are deviant and some are not, it is necessary to understand what the context is, what the existing rules are, and how these rules came to be established. If the rules change, what counts as deviant also changes. As rules and norms vary across cultures and time, it makes sense that notions of deviance also change. The second sociological insight is that deviance is not an intrinsic (biological or psychological) attribute of individuals, nor of the acts themselves, but a product of social processes. The norms themselves, or the social contexts that determine which acts are deviant or not, are continually defined and redefined through ongoing social processes — political, legal, cultural, etc. One way in which certain activities or people come to be understood and defined as deviant is through the intervention of moral entrepreneurs.

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## 9.5 Social Control

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Social control refers to ways in which a society tries to prevent and sanction behavior that violates norms. All societies practise **social control**, the regulation and enforcement of norms. Social control can be defined broadly as an organized action intended to change people's behaviour (Innes, 2003). The underlying goal of social control is to maintain **social order**, an arrangement of practices and behaviours on which society's members base their daily lives. Think of social order as an employee handbook, and social control as the incentives and disincentives used to encourage or oblige employees to follow those rules. When a worker violates a the norms of their workplace, then the manager steps in to enforce the rules.

One means of enforcing rules are through **sanctions**. Sanctions can be positive as well as negative. **Positive sanctions** are rewards given for conforming to norms. A promotion at work is a positive sanction for working hard. **Negative sanctions** are punishments for violating norms. Being arrested is a punishment for shoplifting. Both types of sanctions play a role in social control.

Not all forms of social control are adequately understood through the use of sanctions, however. Donald Black (b. 1941) identified four key styles of social control, each of which defines deviance and the appropriate response to it in a different manner (1976).

**Penal social control** functions by prohibiting certain social behaviours and responding to violations with punishment.

**Compensatory social control** obliges an offender to pay a victim to compensate for a harm committed.

**Therapeutic social control** involves the use of therapy to return individuals to a normal state.

**Conciliatory social control** aims to reconcile the parties of a dispute and mutually restore harmony to a social relationship that has been damaged.

While penal and compensatory social controls emphasize the use of sanctions, therapeutic and conciliatory social controls emphasize processes of restoration and healing.

Michel Foucault (1926-1984) notes that from a period of early modernity onward, European society became increasingly concerned with social control as a practice of government (Foucault, 2007). In this sense of the term, government does not simply refer to the activities of the state, but to all the practices by which individuals or organizations seek to govern the behaviour of others or themselves. **Government** refers to the strategies by which one seeks to direct or guide the conduct of another or others. In the 15th and 16th centuries, numerous treatises were written on how to govern and educate children, how to govern the poor and beggars, how to govern a family or an estate, how to govern an army or a city, how to govern a state and run an economy, and how to govern one's own conscience and conduct. These treatises described the burgeoning arts of government, which defined the different ways in which the conduct of individuals or groups might be directed or controlled. Foucault describes these forms of government as **disciplinary social control**.

Recent types of social control have adopted a model of **risk management** in a variety of areas of problematic behaviour. Risk management refers to interventions designed to reduce the likelihood of undesirable events occurring based on an assessment of probabilities of risk. Unlike the crime and punishment model of penal social sanctions, or the rehabilitation, training, or therapeutic models of disciplinary social control, risk management strategies do not seize hold of individual deviants but attempt to restructure the environment or context of problematic behaviour in order to minimize the risks to the general population..

**Finally**, Travis Hirschi's (b. 1935) **control theory**. According to Hirschi, social control is directly affected by the strength of social bonds (1969). Many people would be willing to break laws or act in deviant ways to reap the rewards of pleasure, excitement, and profit, etc. if they had the opportunity. Those who do have the opportunity are those who are only weakly controlled by social restrictions. Similar to Durkheim's theory of anomie, deviance is seen to result where feelings of disconnection from society predominate. Individuals who believe they are a part of society are less likely to commit crimes against it. Hirschi identified four types of social bonds that connect people to society (1969) :

1. *Attachment* measures our connections to others. When we are closely attached to people, we worry about their opinions of us. People conform to society's norms in order to gain approval (and prevent disapproval) from family, friends, and romantic partners.
2. *Commitment* refers to the investments we make in conforming to conventional behaviour. A well-respected local businesswoman who volunteers at her synagogue and is a member of the neighbourhood block organization has more to lose from committing a crime than a woman who does not have a career or ties to the community. There is a cost/benefit calculation in the decision to commit a crime in which the costs of being caught are much higher for some than others.
3. Similarly, levels of *involvement*, or participation in socially legitimate activities, lessen a person's likelihood of deviance. Children who are members of Little League baseball teams have fewer family crises.
4. The final bond, *belief*, is an agreement on common values in society. If a person views social values as beliefs, he or she will conform to them. An environmentalist is more likely to pick up trash in a park because a clean environment is a social value to that person.

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## 9.6 Social Institution

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An institution is any structure or mechanism of social order and cooperation governing the behavior of a set of individuals within a given community. Institutions are identified with a social purpose and permanence, transcending individual lives and intention by enforcing rules that govern cooperative behaviour. While institutions are obviously comprised of

individuals and create rules through these individuals' agentic actions, institutions act as forces of socialization, meaning that they teach individuals to conform to their norms.

Institutions can be either formal or informal. Formal institutions are those that are created with the intention of governing human behaviour. Examples include the United States Congress, an institution that is designed to create the laws of the United States. However, formal institutions do not have to have the force of the law at their disposal. Another example is the Roman Catholic Church. While violating the tenets of the Catholic Church is not in violation of law, the Church expects its members to adhere to its religious codes. Informal institutions are those that are not designed to regulate conduct, but often end up doing so as members seek to conform to communal standards. Institutions can also be abstract, such as the institution of marriage. This means that marriage has become a social expectation, with informal rules for how married people are expected to behave. While institutions tend to appear to people in society as part of the natural, unchanging landscape of their lives, sociological studies of institutions reveal institutions a social constructs, meaning that they are created by individuals and particular historical and cultural moment. Sociology traditionally analyzes social institutions in terms of interlocking social roles and expectations. Social institutions are created by and defined by their own creation of social roles for their members. The social function of the institution is the fulfillment of the assigned roles.

Institutionalization refers to the process of embedding something, such as a concept, a social role, a value, or a logic within an organization, social system, or society as a whole. The process of institutionalization elucidates how values norms, and institutions are so closely intertwined.

Sociology traditionally analyzes Social Institutions in terms of interlocking social roles and expectations. Social institutions are created by and defined by their own creation of social roles for their members.

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## 9.7 Conclusion

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The concepts that you learnt in this unit are very important and very much interrelated. Now you may be able to use these concept to know the various social phenomena and resolve issues when ever needed.

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## 9.8 Exercise

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1. What do you understand by collective conscience and social integration.
2. What are the major role of Socialization.
3. Who gave the “Control theory”. What are the four types of social bonds that connect people to society. Write in detail.
4. Give a brief note on social institution.

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## 9.9 Reference

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## **Unit 10 □ Social change**

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### **10.0 Objective**

#### **10.1 Introduction**

#### **10.2 Factors of Social Change**

##### **10.2.2 Population**

##### **10.2.3 Technology**

##### **10.2.4 Modernization**

##### **10.2.5 Urbanization**

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#### **10.3 Nature of Social change in India**

##### **10.3.1 Indian Culture**

##### **10.3.2 Family Structure**

##### **10.3.3 Marital Values**

##### **10.3.4 Adultery**

##### **10.3.5 Social Values**

##### **10.3.6 Food, Clothing and Dialect**

##### **10.3.7 Employment and the Agricultural Sector**

#### **10.4 Conclusion**

#### **1.5 Exercise**

#### **10.6 Reference**

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### **10.0 Objective**

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Collective behavior and social movements are just two of the forces driving **Social Change**, which is the change in society created through social movements as well as external factors like environmental shifts or technological innovations. Essentially, any disruptive shift in the status quo, be it intentional or random, human-caused or natural, can lead to social change. In this unit we will learn in detail about Social change.

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## 10.1 Introduction

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**Social change**, refers to the transformation of culture, behaviour, social institutions, and social structure over time. As we know the basic types of society: hunting-and-gathering, horticultural and pastoral, agricultural, industrial, and post-industrial. In looking at all of these societies, we have seen how they differ in such dimensions as size, technology, economy, inequality, and gender roles. In short, we have seen some of the ways in which societies have transformed itself over a period of time. Another way of saying this is that we have seen some of the ways in which societies change as they became more modern. To understand social change, then, we need to begin to understand the various factors of social change :

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## 10.2 Factors of Social Change

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Changes to technology, social institutions, population, and the environment, alone or in some combination, create change. Below, we will discuss how these act as agents of social change, and we'll examine real-world examples. We will focus on four agents of change that social scientists recognize : technology, social institutions, population, and the environment.

### 10.2.1 Social Institutions

Each change in a single social institution leads to changes in all social institutions. For example, the industrialization of society meant that there was no longer a need for large families to produce enough manual labor to run a farm. Further, new job opportunities were in close proximity to urban centers where living space was at a premium. The result is that the average family size shrunk significantly.

This same shift toward industrial corporate entities also changed the way we view government involvement in the private sector, created the global economy, provided new political platforms, and even spurred new religions and new forms of religious worship like Scientology. It has also informed the way we educate our children: originally schools were set up to accommodate an agricultural calendar so children could be home to work the fields in the summer, and even today, teaching models are largely based on preparing students for industrial jobs, despite that being an outdated need. A shift in one area, such as industrialization, means an interconnected impact across social institutions.

## 10.2.2 Population

Population composition is changing at every level of society. Births increase in one nation and decrease in another. Some families delay childbirth while others start bringing children into their folds early. Population changes can be due to random external forces, like an epidemic, or shifts in other social institutions, as described above. But regardless of why and how it happens, population trends have a tremendous interrelated impact on all other aspects of society.

In the United States, we are experiencing an increase in our senior population as baby boomers begin to retire, which will in turn change the way many of our social institutions are organized. For example, there is an increased demand for housing in warmer climates, a massive shift in the need for elder care and assisted living facilities, and growing awareness of elder abuse. There is concern about labor shortages as boomers retire, not to mention the knowledge gap as the most senior and accomplished leaders in different sectors start to leave. Further, as this large generation leaves the workforce, the loss of tax income and pressure on pension and retirement plans means that the financial stability of the country is threatened.

Globally, often the countries with the highest fertility rates are least able to absorb and attend to the needs of a growing population. Family planning is a large step in ensuring that families are not burdened with more children than they can care for. On a macro level, the increased population, particularly in the poorest parts of the globe, also leads to increased stress on the planet's resources.

## 10.2.3 Technology

Some would say that improving technology has made our lives easier. Imagine what your day would be like without the Internet, the automobile, or electricity. In *The World Is Flat*, Thomas Friedman (2005) argues that technology is a driving force behind globalization, while the other forces of social change (social institutions, population, environment) play comparatively minor roles. He suggests that we can view globalization as occurring in three distinct periods. First, globalization was driven by military expansion, powered by horsepower and wind power. The countries best able to take advantage of these power sources expanded the most, and exert control over the politics of the globe from the late fifteenth century to around the year 1800. The second shorter period from approximately 1800 C.E. to 2000 C.E. consisted of a globalizing economy. Steam and rail



power were the guiding forces of social change and globalization in this period. Finally, Friedman brings us to the post-millennial era. In this period of globalization, change is driven by technology, particularly the Internet (Friedman 2005).

### 10.2.4 Modernization

**Modernization** describes the processes that increase the amount of specialization and differentiation of structure in societies resulting in the move from an undeveloped society to developed, technologically driven society (Irwin 1975). By this definition, the level of modernity within a society is judged by the sophistication of its technology, particularly as it relates to infrastructure, industry, and the like. However, it is important to note the inherent ethnocentric bias of such assessment. Why do we assume that those living in semi-peripheral and peripheral nations would find it so wonderful to become more like the core nations? Is modernization always positive?

One contradiction of all kinds of technology is that they often promise time-saving benefits, but somehow fail to deliver. How many times have you ground your teeth in frustration at an Internet site that refused to load or at a dropped call on your cell phone? Despite time-saving devices such as dishwashers, washing machines, and, now, remote control vacuum cleaners, the average amount of time spent on housework is the same today as it was fifty years ago. And the dubious benefits of 24/7 e-mail and immediate information have simply increased the amount of time employees are expected to be responsive and available. While once businesses had to travel at the speed of the U.S. postal system, sending something off and waiting until it was received before the next stage, today the immediacy of information transfer means there are no such breaks. The terms *modern* and *modernization* have positive connotations; it sounds good to modernize and to be modern. Modernization implies that progress has been made and is continuing to be made, and who would not want progress? Yet modernization also has a downside, as we will see in this section and in the later discussion of the environment.

A related problem with the terms and concepts of modern and modernization is that many people think of Western nations when considering the most modern nations in the world today. This implies that Western society is the ideal to which other societies should aspire. While there are many good things about Western societies, it is important to avoid the ethnocentrism of assuming that Western societies are better because they are more modern. In fact, one reason that many people in the Middle East and elsewhere dislike the

United States is that they resent the “Westernization” of their societies from the influence of the United States and other wealthy Western nations. When they see Coca-Cola and Pepsi logos and the McDonald’s golden arches in their nations, they fear Western influence and the loss of their own beliefs and traditions.

These caveats notwithstanding, societies have become much more modern over time, to put it mildly. We thus cannot fully understand society and social life without appreciating how societies have changed as they have become more modern. Not surprisingly, sociologists have recognized the importance of modernization ever since the discipline of sociology began in the 19th century, and much of the work of sociology’s founders—Émile Durkheim, Max Weber, Karl Marx, and others—focused on how and why societies have changed as they became more modern.

We can draw on their efforts and related work by later sociologists and by anthropologists to develop an idea of the differences modernization has made for societies and individuals. Several dimensions and effects of modernization seem apparent (Nolan & Lenski, 2009).

First, as societies evolve, they become much larger and more *heterogeneous*. This means that people are more different from each other than when societies were much smaller, and it also means that they ordinarily cannot know each other nearly as well. Larger, more modern societies thus typically have weaker social bonds and a weaker sense of community than small societies and place more of an emphasis on the needs of the individual.

We can begin to appreciate the differences between smaller and larger societies when we contrast a small college of 1,200 students with a large university of 40,000 students. Perhaps you had this contrast in mind when you were applying to college and had a preference for either a small or a large institution. In a small college, classes might average no more than 20 students; these students get to know each other well and often have a lot of interaction with the professor. In a large university, classes might hold 600 students or more, and everything is more impersonal. Large universities do have many advantages, but they probably do not have as strong a sense of community as is found at small colleges.

A second aspect of modernization is a loss of traditional ways of thinking. This allows a society to be more creative and to abandon old ways that may no longer be appropriate. However, it also means a weakening or even ending of the traditions that helped define the society and gave it a sense of identity.

A third aspect of modernization is the growth of individual freedom and autonomy. As societies grow, become more impersonal, and lose their traditions and sense of community, their norms become weaker, and individuals thus become freer to think for themselves and to behave in new ways. Although most of us would applaud this growth in individual freedom, it also means, as Émile Durkheim (1859/1962) recognized long ago, that people feel freer to *deviate* from society's norms and thus to commit deviance. If we want a society that values individual freedom, Durkheim said, we automatically must have a society with deviance.

Is modernization good or bad? This is a simplistic question about a very complex concept, but a quick answer is that it is both good and bad. We see evidence for both responses in the views of sociologists Ferdinand Tönnies, Weber, and Durkheim. Tönnies said that modernization meant a shift from *Gemeinschaft* (small societies with strong social bonds) to *Gesellschaft* (large societies with weaker social bonds and more impersonal social relations). Tönnies lamented the loss of close social bonds and of a strong sense of community resulting from modernization, and he feared that a sense of rootlessness begins to replace the feeling of stability and steadiness characteristic of small, older societies.

Weber was also concerned about modernization. The hallmarks of modernization, he thought, are rationalization, a loss of tradition, and the rise of impersonal bureaucracy. He despaired over the impersonal quality of rational thinking and bureaucratization, as he thought it was a dehumanizing influence.

Durkheim took a less negative view of modernization. He certainly appreciated the social bonds and community feeling, which he called mechanical solidarity, characteristic of small, traditional societies. However, he also thought that these societies stifled individual freedom and that social solidarity still exists in modern societies. This solidarity, which he termed organic solidarity, stems from the division of labor, in which everyone has to depend on everyone else to perform their jobs. This *interdependence* of roles, Durkheim said, creates a solidarity that retains much of the bonding and sense of community found in premodern societies.

We have already commented on important benefits of modernization that are generally recognized: modernization promotes creativity and individual freedom and autonomy. These developments in turn usually mean that a society becomes more tolerant of beliefs and behaviors that it formerly would have disapproved and even condemned. Modern

societies, then, generally feature more tolerance than older societies. Many people, undoubtedly including most sociologists, regard greater tolerance as a good thing, but others regard it as a bad thing because they favor traditional beliefs and behaviors.

Beyond these abstract concepts of social bonding, sense of community, and tolerance, modern societies are certainly a force for both good and bad in other ways. They have produced scientific discoveries that have saved lives, extended life spans, and made human existence much easier than imaginable in the distant past and even in the recent past. But they have also polluted the environment, engaged in wars that have killed tens of millions, and built up nuclear arsenals that, even with the end of the Cold War, still threaten the planet. Modernization, then, is a double-edged sword. It has given us benefits too numerous to count, but it also has made human existence very precarious.

Further, the Internet brought us information, but at a cost. The morass of information means that there is as much poor information available as trustworthy sources. There is a delicate line to walk when core nations seek to bring the assumed benefits of modernization to more traditional cultures. For one, there are obvious procapitalist biases that go into such attempts, and it is short-sighted for western governments and social scientists to assume all other countries aspire to follow in their footsteps. Additionally, there can be a kind of neo-liberal defense of rural cultures, ignoring the often crushing poverty and diseases that exist in peripheral nations and focusing only on a nostalgic mythology of the happy peasant. It takes a very careful hand to understand both the need for cultural identity and preservation as well as

### **10.2.5 Urbanization**

An important aspect of social change and population growth over the centuries has been urbanization, or the rise and growth of cities. Urbanization has had important consequences for many aspects of social, political, and economic life (Macionis & Parrillo, 2010). Macionis, J. J., & Parrillo, V. N. (2010). *Cities and urban life* (5th ed.). Upper Saddle River, NJ: Prentice Hall.

The earliest cities developed in ancient times after the rise of horticultural and pastoral societies made it possible for people to stay in one place instead of having to move around to find food. Because ancient cities had no sanitation facilities, people typically left their garbage and human waste in the city streets or just outside the city wall (which most cities had for protection from possible enemies); this poor sanitation led to rampant disease and

high death rates. Some cities eventually developed better sanitation procedures, including, in Rome, a sewer system (Smith, 2003). Smith, M. L. (Ed.). (2003). *The social construction of ancient cities*. Washington, DC: Smithsonian Institution Press.

Cities became more numerous and much larger during industrialization, as people moved to be near factories and other sites of industrial production. First in Europe and then in the United States, people crowded together as never before into living conditions that were often decrepit. Lack of sanitation continued to cause rampant disease, and death rates from cholera, typhoid, and other illnesses were high. In addition, crime rates soared, and mob violence became quite common (Feldberg, 1998). Feldberg, M. (1998). Urbanization as a cause of violence: Philadelphia as a test case. In A. F. Davis & M. H. Haller (Eds.), *The peoples of Philadelphia: A history of ethnic groups and lower-class life, 1790–1940* (pp. 53–69). Philadelphia: University of Pennsylvania Press.

### ***Views of the City***

Are cities good or bad? We asked a similar question—is modernization good or bad?—earlier in this chapter, and the answer here is similar as well: cities are both good and bad. They are sites of innovation, high culture, population diversity, and excitement, but they are also sites of high crime, impersonality, and other problems. In the early 20th century, a group of social scientists at the University of Chicago established a research agenda on cities that is still influential today (Bulmer, 1984). Bulmer, M. (1984). *The Chicago school of sociology: Institutionalization, diversity, and the rise of sociological research*. Chicago, IL: University of Chicago Press. Most notably, they began to study the effects of urbanization on various aspects of city residents' lives in what came to be called the human ecology school (Park, Burgess, & McKenzie, 1925). Park, R. E., Burgess, E. W., & McKenzie, R. (1925). *The city*. Chicago, IL: University of Chicago Press. One of their innovations was to divide Chicago into geographical regions, or zones, and to analyze crime rates and other behavioral differences among the zones. They found that crime rates were higher in the inner zone, or central part of the city, where housing was crowded and poverty was common, and were lower in the outer zones, or the outer edges of the city, where houses were spread farther apart and poverty was much lower. Because they found these crime rate differences over time even as the ethnic backgrounds of people in these zones changed, they assumed that the social and physical features of the neighborhoods were affecting their crime rates (Shaw & McKay, 1942). Shaw, C. R., & McKay, H. D. (1942). *Juvenile delinquency and urban areas*. Chicago, IL: University of Chicago

Press. Their work is still useful today, as it helps us realize that the social environment, broadly defined, can affect our attitudes and behavior. This theme, of course, lies at the heart of the sociological perspective.

### ***Urbanism and Tolerance***

One of the most notable Chicago sociologists was Louis Wirth (1897-1952), who, in a well-known essay entitled “Urbanism as a Way of Life” (Wirth, 1938), Wirth, L. (1938). *Urbanism as a way of life. American Journal of Sociology, 44, 3-24.* discussed several differences between urban and rural life. In one such difference, he said that urban residents are more tolerant than rural residents of nontraditional attitudes, behaviors, and lifestyles, in part because they are much more exposed than rural residents to these nontraditional ways. Supporting Wirth’s hypothesis, contemporary research finds that urban residents indeed hold more tolerant views on several kinds of issues (Moore & Ovadia, 2006). Moore, L. M., & Ovadia, S. (2006).

### ***Types of Urban Residents***

The quality of city life depends on many factors, but one of the most important factors is a person’s social background: social class, race and ethnicity, gender, age, and sexual orientation. As earlier chapters documented, these dimensions of our social backgrounds often yield many kinds of social inequalities, and the quality of life that city residents enjoy depends heavily on these dimensions. For example, residents who are white and wealthy have the money and access to enjoy the best that cities have to offer, while those who are poor and of color typically experience the worst aspects of city life. Because of fear of rape and sexual assault, women often feel more constrained than men from traveling freely throughout a city and being out late at night; older people also often feel more constrained because of physical limitations and fear of muggings; and gays and lesbians are still subject to physical assaults stemming from homophobia. The type of resident we are, then, in terms of our sociodemographic profile affects what we experience in the city and whether that experience is positive or negative.

This brief profile of city residents obscures other kinds of differences among residents regarding their lifestyles and experiences. A classic typology of urban dwellers by sociologist Herbert Gans (1962) Gans, H. J. (1962). *The urban villagers: Group and class in the life of Italian-Americans.* New York, NY: Free Press. is still useful today in helping to understand the variety of lives found in cities. Gans identified five types of city residents.

The first type is *cosmopolites*. These are people who live in a city because of its cultural attractions, restaurants, and other features of the best that a city has to offer. Cosmopolites include students, writers, musicians, and intellectuals. *Unmarried and childless* individuals and couples are the second type; they live in a city to be near their jobs and to enjoy the various kinds of entertainment found in most cities. If and when they marry or have children, respectively, many migrate to the suburbs to raise their families. The third type is *ethnic villagers*, who are recent immigrants and members of various ethnic groups who live among each other in certain neighborhoods. These neighborhoods tend to have strong social bonds and more generally a strong sense of community. Gans wrote that all of these three types generally find the city inviting rather than alienating and have positive experiences far more often than negative ones.

In contrast, two final types of residents find the city alienating and experience a low quality of life. The first of these two types, and the fourth overall, is the *deprived*. These are people with low levels of formal education who live in poverty or near-poverty and are unemployed, are underemployed, or work at low wages. They live in neighborhoods filled with trash, broken windows, and other signs of disorder. They commit high rates of crime and also have high rates of victimization by crime. The final type is the *trapped*. These are residents who, as their name implies, might wish to leave their neighborhoods but are unable to do so for several reasons: they may be alcoholics or drug addicts, they may be elderly and disabled, or they may be jobless and cannot afford to move to a better area.

### ***Problems of City Life***

By definition, cities consist of very large numbers of people living in a relatively small amount of space. Some of these people have a good deal of money, but many people, and in some cities most people, have very little money. Cities must provide many kinds of services for all their residents, and certain additional services for their poorer residents. These basic facts of city life make for common sets of problems affecting cities throughout the nation, albeit to varying degrees, with some cities less able than others to address these problems.

One evident problem is *fiscal*: cities typically have serious difficulties in paying for basic services such as policing, public education, trash removal, street maintenance, and, in cold climates, snow removal, and in providing certain services for their residents who are poor or disabled or who have other conditions. The fiscal difficulties that cities routinely

face became even more serious with the onset of the nation's deep recession in 2009, as the term *fiscal crisis* became a more accurate description of the harsh financial realities that cities were now facing (McNichol, 2009). McNichol, D. A. (2009, May 1). Revenue loss putting cities in fiscal vise. *The New York Times*, p. NJ1.

Another problem is *crowding*. Cities are crowded in at least two ways. The first involves *residential crowding*: large numbers of people living in a small amount of space. City streets are filled with apartment buildings, condominiums, row houses, and other types of housing, and many people live on any one city block. The second type of crowding is *household crowding*: dwelling units in cities are typically small because of lack of space, and much smaller than houses in suburbs or rural areas. This forces many people to live in close quarters within a particular dwelling unit. Either type of crowding is associated with higher levels of stress, depression, and aggression (Regoeczi, 2008). Regoeczi, W. C. (2008). Crowding in context: An examination of the differential responses of men and women to high-density living environments. *Journal of Health and Social Behavior*, 49, 254-268.

A third problem involves *housing*. Here there are two related issues. Much urban housing is *substandard* and characterized by such problems as broken windows, malfunctioning heating systems, peeling paint, and insect infestation. At the same time, adequate housing is *not affordable* for many city residents, as housing prices in cities can be very high, and the residents' incomes are typically very low. Cities thus have a great need for adequate, affordable housing.

A fourth problem is *traffic*. Gridlock occurs in urban areas, not rural ones, because of the sheer volume of traffic and the sheer number of intersections controlled by traffic lights or stop signs. Some cities have better public transportation than others, but traffic and commuting are problems that urban residents experience every day (see the "Learning From Other Societies" box).

Urbanization varies around the world. In general, wealthy nations are more urban than poor nations. In 1950, less than one-third of the world's population lived in cities or towns; in 2008, more than half the population lived in cities or towns, representing the first time in history that a majority of people were *not* living in rural areas (United Nations Population Fund, 2007). United Nations Population Fund. (2007). By 2030, almost two-thirds of the world's population is projected to live in urban areas.



The number of urban residents will increase rapidly in the years ahead, especially in Africa and Asia as people in these continents' nations move to urban areas and as their populations continue to grow through natural fertility. Fertility is a special problem in this regard for two reasons. First, and as we saw earlier, women in poor nations have higher fertility rates for several reasons. Second, poorer nations have very high proportions of young people, and these high rates mean that many births occur because of the large number of women in their childbearing years.

This trend poses both opportunities and challenges for poorer nations. The opportunities are many. Jobs are more plentiful in cities than in rural areas and incomes are higher, and services such as health care and schooling are easier to deliver because people are living more closely together. In another advantage, women in poorer nations generally fare better in cities than in rural areas in terms of education and employment possibilities (United Nations Population Fund, 2007).

But there are also many challenges. In the major cities of poor nations, homeless children live in the streets as beggars, and many people lack necessities and conveniences that urban dwellers in industrial nations take for granted. As the United Nations Population Fund (2007) warns, "One billion people live in urban slums, which are typically overcrowded, polluted and dangerous, and lack basic services such as clean water and sanitation." The rapid urbanization of poor nations will compound the many problems these nations already have, just as the rapid urbanization in the industrial world more than a century ago led to the disease and other problems discussed earlier. As cities grow rapidly in poor nations, moreover, these nations' poverty makes them ill equipped to meet the challenges of urbanization. Helping these nations meet the needs of their cities remains a major challenge for the world community in the years ahead. In this regard, the United Nations Population Fund (United Nations Population Fund, 2007)

Addressing the housing needs of the poor will be critical. A roof and an address in a habitable area are the first step to a better life. Improving access to basic social and health services, including reproductive health care, for poor people in urban slums is also critical to breaking the cycle of poverty in urban areas.

### **10.2.6 Globalization**

Globalization is defined by different people in different ways. It is a complex phenomenon. This process refers to mutual interdependence of the countries of

the world, particularly their economic interdependence and freedom to integrate with one another through trade, investments, and capital flows, Globalization has economic, social, political, cultural and several other dimensions and has made tremendous impact across cultures. The process of continuing integration of the countries in the world is strongly underway in all parts of the globe. Supported by accelerating pace of the technological change, by price and trade liberalization, and growing importance of supernational rules, globalisation has exposed national economics to much more intense competition than ever before. Globalisation mainly aims at integrating the domestic economy with the world economy.

Cerny defines-“Globalisation is defined here as a set of economic and political structures and processes deriving from the changing character of goods and assets that comprise the base of the international political economy - in particular, the increasing structural differentiation of those goods and assets.”

Jan Aart Scholte :states “Globalisation stands out for quite a large public spread across the world as one of the defining terms of late twentieth century social consciousness.” To conclude we can say is that globalisation would mean being able to manufacture in the most cost effective way anywhere ‘in the world. It means the ability to procure raw materials, labour and resources from the cheapest source anywhere in the world b increasing economic integration between countries in the world.

#### *Need of Globalisation*

In a fast changing human society and development of technologies and wide awareness through quantum of knowledge, it is not say easy to leave very simple and happy life. There are certain factor which have made us to think globally in today’s competitive society. Following are the factors which need our alternation with regard to global perspective in our thinking.–

1. Development in modes of transportation and communication and easy interaction within and without.
2. Development of science and technology and building new physical infrastructures for better production.
3. With the explosion of population, new resources need to be explored to meet the requires of such a large population. Hence hunting for new sources and modes of development affect the nature of developmental activities.

4. Unemployment especially in third world countries is responsible for brain drain. Professionally qualified people go to other countries for their suitable placement and progress.
5. International trade and marketing in the field of industry, agriculture, technology, textile, minerals, defense, etc. is getting new boom which creates global perspectives.
6. Political alignments and aliveness among the countries make strides to new relationships and adjustments.
7. Security and integrity of a country is an important factor responsible for globalisation and international understanding.
8. Environmental related issues and problems compel nations to get together and to take decisions at international level.
9. Role of mass media and information technology have brought people, nation and countries together and a sense of togetherness has emerged.

#### *Globalization and Social Change in India*

Globalization has given nations greater access to global markets, technology, financial resources and quality services and skilled human resources.

2. Improvement in and greater access to quality goods and services and an exponential increase in the volume of trade.
3. Access to global capital resources via the stock market and international debt depending on the economic potential of nations and their markets.
4. Access to technologies depending on the nations responsiveness to respect to protection of IPR and the responsible usage of technologies.
5. Access to the world markets to the skilled human resources from nations with inherent intellectual and technical capabilities (the outsourcing of IT, Pharma, BPO and KPO work).
6. Increase in exports of goods and services in which nations have their respective competencies.
7. Increased access to better and qualitative education.
8. Increased the purchasing capability of the nation through the creation of a sizeable middle class which is hungry for quality goods and services while there coexists a large poor class whose time is yet to come. One would expect that the fruits

of liberalization and globalization would have a trickle down effect through the collection of taxes and revenues by Government due to increased trade and commerce

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## **10.3 Nature of Social change in India**

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### **10.3.1 Indian Culture**

The culture of any country does not only portray the region and language of the region, but it starts with the mindset and mentality of the residing citizens. Indian culture is quite rich with respect to its heritage and resources, and more importantly due to the welcoming approach of its citizens. India is bouquet of flowers varying religion, dialect, edibles, tradition, custom, music, art and architecture etc, bundled into a single unit of patriotism and unity. The common factor within all these diversities is the Indian mindset of welcoming, greeting, celebrating in a united way with immense affection and togetherness. This is the rich essence of the Indian culture that has attracted many foreigners to stay back in India and mingle into its eternal fragrance. When we analyse this rich culture with the globalization point of view, we can find many punch holes of westernization and mixing of other traits and cultures into our beautifully woven blanket. Let us closely analyse the impacts of globalization on Indian culture.

### **10.3.2 Family Structure**

Indian used to have a joint culture. However in today's life, joint families have become a strange surprise to the Indians especially to those residing in the metropolitan cities in the small flat culture with the nuclear families blooming up like mushrooms in the rain. We have lost the patience to get adjusted into the joint family, imbibing the values of the elders and getting the young ones brought up under the shadow of their grandparents. Children have started treating grandparents like guests or visitors, and such an upbringing is one of the main reasons of increasing old age homes, as those children consider their own parents as burden in their state of adulthood.

### **10.3.3 Marrital Values**

Gradually in Indian societies, marriages are also losing their values. It is very much evident from the increasing number of divorce cases and the extra-marital affairs reported

every now and then. Marriage used to be considered as bonding of the souls which will be linked even after the death; but today marriage is like a professional bond or a so-called commitment to share life without compromising their self-interests. The ego factor into the Indian youth is again a product of globalization.

### **10.3.4 Adultery**

With the emergence of globalization and western culture, people are freely intermingling with each other. The friendly approach and the socializing feature is worth appreciable. But the total breakout of restrictions have adulterated the Indian mindset, playing up with the physical relationship even outside the wedlock. This has given birth to new relationships in India like live-in relationships. Also the increased cases of rape and sexual abuse cases are a result of the perverted mind which again the imported values very much alien to our mother culture.

### **10.3.5 Social Values**

We have the incorporated values of treating the guests as God, warm-hearted welcoming, greeting elders with due respect and a celebrating every small festival with great colour of enjoyment and togetherness. Such a wide gathering with full hue and light can hardly be seen today. People have highly restricted themselves in social interaction. The interaction in present generation is highly diplomatic considering the financial status and wealth. We have lost our social values and cheerful blessing of togetherness. The present generation are more happy celebrating Christmas, Valentine's day along with Holi, Id and Diwali.

### **10.3.6 Food, Clothing and Dialect**

Indian food, clothing and languages are varied with respect to different states. The food varies in its taste, but every food has its own nutrient value and every region is specified and rich in its medicinal preparations with the home remedies. Now-days people are more interested to have continental, Chinese and Italian food. Even the clothing varies in different states which is very much particular in maintaining the dignity of woman. The varies cuisines from all over the world though have different flavours to add, still the food ingredients that have inflicted with much popularity are the junk food items which has increased the health disorders in the country. Again the dressing like the suitings for the males are an inappropriate match for the Indian type of climate. The female dresses are

again a way of distraction to the perverted minds. Even the Indians are not very much in favour of promoting their mother tongue or our national language. Instead the youth today consider it to be a shameful condition to speak in their national language Hindi. The way the foreign languages are getting prevalent in India like the French, German and Spanish, right from the school level, is the example of how much we provide importance to Indian languages in comparison to the foreign ones.

### **10.3.7 Employment and the Agricultural Sector**

India was predominantly an agricultural based country. With the advanced globalization and cropping up of MNCs, the farming has lost its prime value in India. Agricultural science has the least focus amongst the youngsters who consider farming as a shameful profession and look down upon the same. Employment through MNCs has lucrative deals attracting the bulk of manpower who are working for the other countries as their customer care representatives. We are losing our health and our status and slowly getting to the age of economic slavery due to these MNCs. This is what the globalization has provided Indians through their emergence.

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## **10.4 Conclusion**

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Social change, is inevitable, as society is not static it is dynamic. It changes according to time & situation. In this unit we learnt about those factors which lead to social change with special emphasis on Indian society.

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## **1.5 Exercise**

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1. Explain the term social change. As a student of social work why is it important for us to know about social change.
2. What do you mean by the term Modernization. Explain, Gemeinschaft & Gescellschaft.
3. What are the basic problems of city life.
4. Discuss the nature of social change in India.
5. Explain briefly the factors responsible for social change.

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## 10.6 Reference

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## **Unit 11 □ Existing major social issues: Illiteracy, Migration, Drug Abuse, HIV/AIDS, Terrorism, Gender Justice**

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### **Structure**

- 11.0 Objective**
- 11.1 Introduction**
- 11.2 Illiteracy**
- 11.3 Migration**
- 11.4 Drug Abuse**
- 11.5 HIV/AIDS**
- 11.6 Terrorism**
  - 11.6.1 Types of Terrorism**
- 11.7 Gender Justice**
- 11.8 Conclusion**
- 11.9 Exercise**
- 11.10 Reference**

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### **11.0 Objective**

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In this unit we will get a glimpse about the various social problems existing in our society.

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### **11.1 Introduction**

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Our world is facing several problems these days. There are many challenging situations which need to be addressed with great professionalism. As a social worker we must be well equipped to face these problems and find the root cause and combat such problems with competency. Let us now discuss some of these problems and know the possible remedies.

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### **11.2 Illiteracy**

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The ability to read and write, or the ability to use language to read, write, listen, and speak is marked as a sign of literacy. UNESCO, says, “Literacy is the ability to identify, understand, interpret, create, communicate and compute using printed and written materials associated with varying contexts. Literacy involves a continuum of learning in enabling individuals to achieve their goals to develop their knowledge and potential and to participate fully in their community and wider society”.

According to UNESCO 37% of the world’s illiterate people, are Indian. The literacy rate of India is 74%. Though India’s literacy rate has increased since independence ie from 12% to 74% in recent times but still we could not achieve the desirable goal and according to a report by Oxfam, our country has the world’s largest population of illiterate people In the last census, of 2011 the literacy rates was 82.14 percent for men while 65.46 percent of women were found to be literate. The low literacy for female also depicts the high level of dependency of women on men for activities which requires them to read and write.

There are many differences between rural and urban areas. Kerala has the highest literacy rate of 93.91 %, while Bihar has the least literacy rate of 63.82%. Though Indian Government has allocated around 10.5% of its total expenditure on education however it’s not evenly spread out.

The Supreme Court in 1993 announced that children had a fundamental right to free education and thus in the year 2003 the “Right to Education was incorporated in the Constitution under the Constitution (83rd Amendment), 2000. The Government of India have been launching several schemes to ensure the right to education for all irrespective of gender, caste and religion. The National Policy of Education in the year 1986 declared that the whole nation must be a part to fight against the menaces of illiteracy especially among the young population. The National Literacy Mission in 1988 made literacy as a responsibility of the community. It aimed at achieving a literacy rate of 41 per cent by 2035. The 1992 education policy guaranteed free and compulsory education to all children up to 14 years of age before unfortunately it has not been able to even prevent dropouts among school children and still illiteracy prevails. Another scheme, the Sarva Siksha Abhiyan was launched in 2001 to make sure that all children in the age group of 6-14-years must attend their school and complete eight years of schooling by 2010. One of the crucial components of the scheme is the Education Guarantee Scheme and Alternative and Innovative Education, which primarily focuses on education for children in areas with no formal school within a one’ kilometer radius.

Dear learners note some of the important schemes for promoting education by Indian Government—

National Education Policy, 2020: It aims at making “India a universal knowledge superpower” by introducing the numerous changes in the school level to college level.

- **Samagra Shiksha:** It is an integrated scheme for school education extending from pre-school to class XII to ensure inclusive and equitable quality education at all levels of school education.
- **Mid-Day Meal Scheme:** With this scheme that every child within the age group of six to fourteen years studying in classes I to VIII who enrolls and attends the school shall be provided hot cooked nutritional meals, free of cost every day except on school holidays.
- **Eklavya Model School and Rajiv Gandhi National Fellowship Scheme (RGNF):** This scheme aims to encourage the students belonging to Scheduled Tribes (ST) community to pursue higher education.

*For Digital Literacy:*

- Digital India Programme: It pulls together many existing schemes by restructuring and re-focusing them and then implementing them in a synchronized manner.
- Pradhan Mantri Gramin Digital Saksharta Abhiyan: It is one of the largest initiatives of the country with the target of making citizens digitally literate.
- National Digital Literacy Mission: It aims to empower at least one person per household with crucial digital literacy skills.
- Bharat Net Programme: It aims to have an optical fibre network in all Gram panchayats.

Let us have a look at the possible reasons for literacy in India-

- Poverty
- Lack of School Facilities
- Child Marriage
- Child Labour
- Unemployment of Educated youths
- Lack of infrastructures-Poor transportation, bad roads, no toilet facility etc.
- Lack of facilities in school or no recruitment of teachers

## CONSEQUENCES OF ILLITERACY

- Due to inaccessibility to knowledge there are chances of frustration and quarrel within the family members at homes as the demands for education of children may not be fulfilled thus leading to a state of Personal disorganization.
- Low level of awareness may create ignorance and increase belief in superstition amongst people. Education removes ignorance and increases cooperation and mutual understanding in society. But, on account of lack of education in a community, people can be easily have conflicting situations on communal and religious lines. This may cause Social disorganization
- Family disorganization may occur due to quarrels and misguidance
- There may be an increase in poverty and educational unemployment
- Lack of education may lead to Increase in all anti-social activities ranging from theft, robbery to abduction and rape.
- Finally illiteracy may also create chances for-social and economic exclusion in society.

### *Possible suggestions for promoting literacy in our country*

Provide free education: The provision of free education in schools, colleges, and universities by the government can play the main role in reducing the level of illiteracy. Since some people fail to attend school or basic education due to the lack of money to pay for the fees, and in such cases offering free education can increase the number of people attending school and subsequently reduce illiteracy levels within society and country.

- **Knowledge:** To create the awareness about the importance of education can motivate people to send their ward to school. Various non-governmental organizations, government agencies, and other concerned institutions should put their deliberate efforts to create awareness in the society and play the important role to reduce the problem of illiteracy.
- **Provision of Grants and financial sources:** Well reputed educational institutions, colleges and training centres are located in urban areas, due to this migration of many rural people from rural areas to urban areas for admitting in higher education institutions. Many families, social groups and communities are not able to bear the burden of fees of their children's and other related expenditure. In those cases offering grants, subsidies, and scholarships can reduce the financial burden

of the parents. It would be helpful for those students to learn without interrupting their education due to the lack of school fees.

- **Digitalization:** Nowadays we live in the age of information and communication technology. Having digital platforms for reading and learning can help reduce illiteracy in society. It can also take care of the challenge in the scarcity of educational facilities. With the help of Digital libraries a good platform available for those who live far away from urban centres to develop their knowledge.
- **Development of Curriculum and Instructional Methods** -To promote the literacy, it is essential to arrange the curriculum and teachings methods in a systematic and logical manner. In various educational institutions and training centres when the curriculum and teachings methods are formulated in an appropriate manner then it should rouse interest among the students towards learning.
- **Experience and Attitude of the Teachers** -To develop education and literacy skills amongst the individuals, it is essential that the teachers and educators should possess the updated knowledge and skills. The right knowledge and skills would effectively contribute in enhancing knowledge and skills amongst the learners. To prevent illiteracy, teachers have a vital role to play they motivated the students towards learning and those who possess learning disabilities and problems should be helped and encouraged by the teachers so that they are able to perform well in education. Effective communication and friendly nature, politeness, courtesy and kindness are the necessary behavioural traits on the part of the teachers, if they are to efficiently contribute in the prevention of illiteracy.
- **Development of Extra-Curricular Activities**-Learning only academic subjects and concepts may make learning boring. If students go to school and they only get engaged into reading and writing then they may not feel motivated towards learning. To stimulate the individuals towards learning, it is vital to formulate measures to make learning interesting for them. The development of creative and extra-curricular activities is considered essential to arouse keenness and curiosity amongst the learners. The range of extra-curricular activities include yoga, meditation, sports, taekwondo, physical activities, artworks, handicrafts, playing of musical instruments, singing, dancing and so forth. These activities encourage the individuals to become dedicated towards their learning, hence resulting in enhancement of the literacy skills.

- Development of Infrastructure and Other Facilities - There have been a number of cases mainly in rural areas that who belong to deprived and marginalized sections of the society they do not develop much interest in education because of the inadequate infrastructural facilities. Schools are placed at a distance and roads are in deprived conditions and some other individuals have transportation problems. To prevent the problem of illiteracy, it is very important that transportation, roads, equipment, telecommunications, water supplies, power supplies, public services, communications should be adequately developed.

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### 11.3 Migration

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The migrating man suffers harrowing experiences, he works hard, struggling to save something to send home to his family, but is caught in the vicious cycle of staying in the city to find a job and doing a job in order to continue staying in the city. Rural India is still floating towards Cities. Migration from one state to another within India is mainly from Bihar, Orissa, Chhattisgarh and Madhya Pradesh. Migration, is both seasonal and non-seasonal within India. The seasonal migration is mostly by weavers, brick makers and rice-go down workers (unloading rice from Lorries to depots and vice-versa). The non-seasonal migration is mainly by washermen, shoe-makers, hawkers (going from house to house), kerosene sellers, rickshaw drivers, fruit & vegetable wallas, railway-station porters, and employees of the Food Corporation of India, of other important wholesale food stockers, and of the Assam Electricity Board (e.g. helping repair electricity-line poles). These migrants live mostly without family in male groups and lead a very simple life, keeping in view their motive to earn money and send it to their family members living in Bihar, where some of that money is used, for instance, to build family houses. On many occasions, particularly for religious festivals or for the engagement or marriage of a family member, the migrant workers come back home.

The human world has always been on the move. The scale and speed of migration has grown tremendously since the late nineteenth century, as transport and communication networks have brought ever larger masses of people together, with interruptions caused by policies of governments, keen to protect their territoriality in the short-term interest of a few privileged groups and with only a dim vision of a common future for humanity. In the case of citizens of one state, migration is a common affair, with migrants becoming seasonal travelers for work, festivals and pilgrimages. Migrants move between town and cities; they choose different places for spending their working lifetime in and for retiring to; they continually experience and absorb the culture or educational and health facilities of host communities, transmitting in turn their own culture and their own expertise to the host

communities. This same pattern should apply to the globalised world of today. Migration forms part of being a global citizen/citizens who feel at home anywhere, without losing a sense of where they come from and who are always ready to reinvent themselves as they absorb the wonders of new cultures, new technologies and new ways of being human.

'Push' and 'Pull' factors are most important parts of rural migration of unskilled and unemployed workers of India in general and Bihar in particular. Employment opportunity is shrinking everywhere due to increase in population, decline in handicraft, stagnant agricultural economy and absence of industrial growth which resulted into large scale seasonal migration from Bihar. Furthermore, the influence of kinship acted as most powerful factor to motivate their near and dear friends and relatives to come to places where such labourers are working and earning through their enterprising efforts. Difference in socio-economic pattern is basically responsible for migration in India. Most of the migrants in Bihar to other places belong to lower and depressed section of the society who are the worst victims of exploitation of landlords and big farmers. The demographic pressure coupled with famine, flood and starvation occurring due to failure of monsoon is the potent cause of migration. This forced the weaker section of society to move along with other known persons already engaged in job. Being motivated by the desire to seek freedom from life of incessant toil and shameful exploitation, a big chunk of schedule caste and backward class community migrated to urban cities.

However, one of the significant features about migration is that Migrants usually keep their alliance with the place of origin. Migrants usually carry the knowledge which they impart to the native population by way of discussion & participation in various activities, their sense of importance of education which they develop in their surroundings, their liberal attitude regarding the traditional social system, all these things directly contribute to the development of rural areas. Almost all the migrants contribute to the development of the rural areas either economically or socially or both. The economic condition of the migrants families is by & large better than those families in the village where from no migration has taken place.

Migration has been significantly reshaping the traditional social and economic structures of rural communities of this country. The livelihood activities of rural families are no longer confined to farming and are increasingly being diversified through rural-to-urban and international migration. With the development of trade and industry and the awareness

produced by the mass media, rural poor are shifting towards the urban area in order to improve their living standards and to search for better livelihood opportunities. The lack of employment opportunities in the rural areas and better employment prospects and infrastructure facilities in the urban areas motivate people to migrate to urban areas. In the rural areas, sluggish agricultural growth and limited development of the rural non-farm sector raises the incidence of rural poverty, unemployment and under employment. Given the fact that most of the high productivity activities are located in the urban areas - people from rural areas move towards town or cities with a hope to grab diversified livelihood opportunities as the rural poor still consider migration as one of the significant as well as reliable livelihood coping strategy. Migration primarily occurs due to disparities in regional development.

The causes of migration are usually explained by using two broad categories, namely, push and pull factors. Studies conducted in the sphere of migration in India - found that poverty, job searching and family influence have been the main push factors for out-migration, while availability of better employment opportunity, prior migrants and availability of better educational facilities have been identified as the key pull factors behind migration. To be more specific, for rural India, poverty is still considered to be the main push factor for illiterates and moderately educated migrants. The National Sample Survey Office in its 64th round survey which was carried out during July 2007 to June 2008, covering a random sample of 5,72,254 persons covering 79,091 rural and 46,487 urban households spread over 7921 villages and 4688 urban blocks of the country, explored some significant trends of rural migration in India. As per the economists and development experts - migration is essential for development and it is a desirable phenomenon; but what is not desirable is the distressed migration found across the nation resulting in over-crowding of cities and mushrooming of slums. Some states which have higher investment and resources for development experience high in-migration; at the same time, the backward states like U.P, Bihar, M.P, etc are experiencing heavy out-migration. The rural poor from the downtrodden and backward communities and backward regions such as Bihar, Orissa, Uttar Pradesh travel to far distances seeking employment at the lowest rungs in construction of roads, irrigation projects, commercial and residential complexes etc. Hence, there is a need for balanced regional development. More focus for development and migration of labourers from rural to urban areas is a reflection of our misplaced development policies; investment in economic growth has been biased toward the capital-intensive urban centers,

despite the fact that majority of India resides in the rural areas. Even the little that is spent in villages is wasted in microeconomic interventions to help individual villagers and not the macro-economy of the village as a whole. For instance, the government has no employment generation schemes for cities; yet, there are plenty of jobs and high-paying ones too.

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## 11.4 Drug Abuse

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Drug addiction is one of the major problems in developing countries. Since these countries have young populations, they are at greater risks of addiction. The young population expose to a higher risk as a major and the most vulnerable groups. Problems of puberty, adolescents, youth identity crisis and mental conditions can be considered as important factors for tendency of this age group towards addiction. The use of drugs in adolescents is primarily for pleasure; curiosity and escape of psycho-social problems are the major causes of early drug use for the first time.

Use of synthetic substances capable of having an altered effect on human health and behaviour is of recent origin. Alcohol, opium and cannabis were the traditional substances of abuse in India marked by moderate consumption generally ritualized in social gatherings. The problem of drug abuse acquired new and alarming dimensions with the introduction of heroin and other new forms of drugs in late seventies and early eighties. WHO (2002) estimated that there are about 2 billion people worldwide who consume alcoholic beverages. The commonly used substances in the world are nicotine and alcohol (most commonly), opium, codeine, cocaine, caffeine, barbiturates (amobarbital, pentobarbital), benzodiazepines (valium, ativan, Xanax), hallucinogens: LSD, mescaline, cannabis, marijuana and hashish. More than 13 million Americans use illegal drugs, more than 2 million are known to abuse prescription drugs, 60 million are hooked on cigarettes, 33 million binge on alcohol, and 12 million are heavy drinkers. The result of a study, conducted in Iran reveals, that the use of drug amongst the male population ranged from high to low were failure in life, escape from problems, staying awake, friends' and peers' insistence, pain relief, a positive attitude towards drugs, increase of the self-confidence, getting more energy, relaxation, recreation, learning from the family members, and gaining a new experience (curious). In the female population this ranking of causes included: failure in life, relaxation, recreation, increase of self-confidence, getting more energy, escape from



problems, gaining a new experience (curious), pain relief, staying awake, friends' and peers' insistence, learning from family members, and a positive attitude towards drugs.

India is located between the golden triangle which include Myanmar (Burma), Laos, Vietnam, and Thailand and the golden crescent which include Afghanistan, Iran, and Pakistan; two prominent drug-producing hubs in the World. India as a natural transit zone, faces a major problem of drug trafficking.

Drug addiction in India has of late emerged as a matter of great concern both due to the social and economic burden caused by substance abuse. National Survey (2002), on extent, pattern and trend of drug abuse conducted at the behest of ministry of social justice and empowerment, government of India (MSJE) and United Nations indicates that about 15 million persons addicted to alcohol and various kinds of other drugs need urgent attention for their treatment, rehabilitation and reintegration into social mainstream.

Drug rehabilitation is a multi-phased, multi-faceted, long term process. Drug rehabilitation centres play an important role to make drug addict free of addiction. The treatment-cum-rehabilitation centres provide services to the community as awareness generation, Identification of addicts, motivational counselling, detoxification/de-addiction, vocational rehabilitation, after care and re-integration into the social mainstream and preventive education. There are different guidelines for treatment-cum-rehabilitation centres according to their bed capacity (15-bedded, 30-bedded, 50-bedded, 60-bedded). The guidelines are laid down by Ministry of Social Justice and empowerment, Government of India. The ministry runs a programme named as "Scheme for prevention of alcohol and substance (drugs) abuse" launched in 1985. The government of India would provide financial support to the organizations for institutionalized activities, stress would be on mobilization of community resources and greater community participation. At present 123 such centres have been established across the country. The ministry of social justice and Empowerment under its scheme is assisting 373 NGO's for maintaining 401 De-addiction-cum-rehabilitation centres and 68 counselling and awareness centres all over the country.

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## **11.5 HIV/AIDS**

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According to WHO, the human immunodeficiency virus (HIV) is a retrovirus that infects cells of the immune system, destroying or impairing their function. As the infection

progresses, the immune system becomes weaker, and the person becomes more susceptible to infections. The most advanced stage of HIV infection is acquired immunodeficiency syndrome (AIDS). It can take 10-15 years for an HIV-infected person to develop AIDS; antiretroviral drugs can slow down the process even further. An estimated 36.9 million people have HIV. More than 34 million people have died from the virus, making it one of the most destructive pandemics in history.

In India, and most other countries, heterosexual transmission accounts for most HIV infections. Transmission from female sex workers to male clients, and then to these clients' regular partners, is the most common chain of infection. The HIV epidemic has been largely concentrated in high-risk populations, but the large migrant population in Bihar poses significant risks to containing the spread of HIV. The HIV Estimation 2017 Report indicates that AIDS-related mortality has been steadily rising in Bihar; Bihar is also 1 of 10 states that account for 71% of total annual new HIV infections. In such a vulnerable context, it is important to understand the perceptions of HIV and access to care from both end user and provider perspectives in order to mitigate any barriers and work towards a more patient-centred system of care and management. **HIV** is transmitted through unprotected sexual intercourse (anal or vaginal), transfusion of contaminated blood, sharing of contaminated needles, and between a mother and her infant during pregnancy, childbirth and breastfeeding.

#### **2016 WHO Statistics taken on average**

- In 2016, the world registered 1.8 million new HIV infections
- 19.5 million people are assessing Antiretoviral Therapy
- at the end of 2016 there were approximately 36.9 million people living with HI

Our community members have very limited knowledge about HIV and modes of transmission, but the vast majority associated HIV with 'immoral' or 'dirty' acts. They see the family from a bad lens. Women are viewed even more negatively in comparison to men.

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## **11.6 Terrorism**

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There is an old saying that "one person's freedom fighter is another person's terrorist." This saying indicates some of the problems in defining terrorism precisely. Some years ago, the Irish Republican Army (IRA) waged a campaign of terrorism against the British

government and its people as part of its effort to drive the British out of Northern Ireland. Many people in Northern Ireland and elsewhere hailed IRA members as freedom fighters, while many other people condemned them as cowardly terrorists. The terrorist attack of Mumbai which took place in 26/11, some individuals applauded for the terrorists, as acts of heroism. These examples indicate that there is only a thin line, if any, between terrorism on the one hand and freedom fighting and heroism on the other hand. Just as beauty is in the eyes of the beholder, so is terrorism. The same type of action is either terrorism or freedom fighting, depending on who is characterizing the action.

Although dozens of definitions of terrorism exist, most take into account what are widely regarded as the three defining features of terrorism : (a) the use of violence; (b) the goal of making people afraid; and (c) the desire for political, social, economic, and/or cultural change. A popular definition by political scientist Ted Robert Gurr (1989, p. 201) captures these features: “The use of unexpected violence to intimidate or coerce people in the pursuit of political or social objectives.”

Why does terrorism occur? It is easy to assume that terrorists must have psychological problems that lead them to have sadistic personalities, and that they are simply acting irrationally and impulsively. However, most researchers agree that terrorists are psychologically normal despite their murderous violence and, in fact, are little different from other types of individuals who use violence for political ends. Contemporary terrorists tend to come from well-to-do families and to be well-educated themselves; ironically, their social backgrounds are much more advantaged in these respects than are those of common street criminals, despite the violence they commit.

### **11.6.1 Types of Terrorism**

When we think about this definition, 9/11 certainly comes to mind, but there are, in fact, several kinds of terrorism—based on the identity of the actors and targets of terrorism—to which this definition applies. A typology of terrorism, again by Gurr (1989), is popular :

- (a) Vigilante terrorism
- (b) Insurgent terrorism
- (c) Transnational (or international) terrorism
- (d) State terrorism

**Vigilante terrorism** is committed by private citizens against other private citizens. Sometimes the motivation is racial, ethnic, religious, or other hatred, and sometimes the motivation is to resist social change. The violence of racist groups like the Ku Klux Klan was vigilante terrorism, as was the violence used by white Europeans against Native Americans from the 1600s through the 1800s. What we now call “hate crime” is a contemporary example of vigilante terrorism.

**Insurgent terrorism** is committed by private citizens against their own government or against businesses and institutions seen as representing the “establishment.” Insurgent terrorism is committed by both left-wing groups and right-wing groups and thus has no political connotation. US history is filled with insurgent terrorism, starting with some of the actions the colonists waged against British forces before and during the American Revolution, when “the meanest and most squalid sort of violence was put to the service of revolutionary ideals and objectives” (Brown, 1989, p. 25). An example here is tarring and feathering: hot tar and then feathers were smeared over the unclothed bodies of Tories. Some of the labor violence committed after the Civil War also falls under the category of insurgent terrorism, as does some of the violence committed by left-wing groups during the 1960s and 1970s. A relatively recent example of right-wing insurgent terrorism is the infamous 1995 bombing of the federal building in Oklahoma City by Timothy McVeigh and Terry Nichols that killed 168 people.

**Transnational terrorism** is committed by the citizens of one nation against targets in another nation. This is the type that has most concerned Americans at least since 9/11, yet 9/11 was not the first time Americans had been killed by international terrorism. A decade earlier, a truck bombing at the World Trade Center killed six people and injured more than 1,000 others. In 1988, 189 Americans were among the 259 passengers and crew who died when a plane bound for New York exploded over Lockerbie, Scotland; agents from Libya were widely thought to have planted the bomb. Despite all these American deaths, transnational terrorism has actually been much more common in several other nations: London, Madrid, and various cities in the Middle East have often been the targets of international terrorists.

**State terrorism** involves violence by a government that is meant to frighten its own citizens and thereby stifle their dissent. State terrorism may involve mass murder, assassinations, and torture. Whatever its form, state terrorism has killed and injured more people than all the other kinds of terrorism combined (Gareau, 2010). Genocide, of course

is the most deadly type of state terrorism, but state terrorism also occurs on a smaller scale. As just one example, the violent response of Southern white law enforcement officers to the civil rights protests of the 1960s amounted to state terrorism, as officers murdered or beat hundreds of activists during this period. Although state terrorism is usually linked to authoritarian regimes, many observers say the US government also engaged in state terror during the nineteenth century, when US troops killed thousands of Native Americans (D. A. Brown, 2009).

Terrorism provokes deep fear and insecurity—more than other forms of violence. Terrorists strike innocent civilians, often randomly, and without warning. We think we can protect ourselves against other forms of violence, but we feel defenseless against terrorists. Terrorists know this, and they seek to use intimidation to impose their political or other agendas. Killing is only a means to that end. By creating fear and panic, terrorists try to extort concessions or to weaken and discredit governments by showing they are unable to protect their citizens. Terrorism is also used as low—cost strategic warfare, sometimes by rogue states using surrogates, and sometimes by groups motivated by ideology, religion, or ethnicity to overthrow governments and change the course of history. Terrorists also use violence in a less focused way to express protest and rage, to advance messianic and fanatic religious agendas, and for even more obscure pathological reasons.

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## 11.7 Gender Justice

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Gender inequality is found in varying degrees in most societies around the world, and the United States is no exception. Just as racial/ethnic stereotyping and prejudice underlie racial/ethnic inequality so do stereotypes and false beliefs underlie gender inequality. Although these stereotypes and beliefs have weakened considerably since the 1970s thanks in large part to the contemporary women's movement, they obviously persist and hamper efforts to achieve full gender equality.

A sociological perspective reminds us that gender inequality stems from a complex mixture of cultural and structural factors that must be addressed if gender inequality is to be reduced further than it already has been since the 1970s. Despite changes during this period, children are still socialized from birth into traditional notions of femininity and masculinity, and gender-based stereotyping incorporating these notions still continues. Although people should certainly be free to pursue whatever family and career responsibilities

they desire, socialization and stereotyping still combine to limit the ability of girls and boys and women and men alike to imagine less traditional possibilities. Meanwhile, structural obstacles in the workplace and elsewhere continue to keep women in a subordinate social and economic status relative to men.

To reduce gender inequality, then, a sociological perspective suggests various policies and measures to address the cultural and structural factors that help produce gender inequality. These steps might include, but are not limited to, the following :

1. Reduce socialization by parents and other adults of girls and boys into traditional gender roles.
2. Confront gender stereotyping by the popular and news media.
3. Increase public consciousness of the reasons for, extent of, and consequences of rape and sexual assault, sexual harassment, and pornography.
4. Increase enforcement of existing laws against gender-based employment discrimination and against sexual harassment.
5. Increase funding of rape-crisis centers and other services for girls and women who have been raped and/or sexually assaulted.
6. Increase government funding of high-quality day-care options to enable parents, and especially mothers, to work outside the home if they so desire, and to do so without fear that their finances or their children's well-being will be compromised.
7. Increase mentorship and other efforts to boost the number of women in traditionally male occupations and in positions of political leadership.
8. Facilities for education for girls must be made easily available.
9. Legal machineries must be strengthened to ensure justice for the womenfolk of our country.
10. Policymakers and the law makers must conduct extensive field study to get a clear picture of the socio-economic status of women.

As we consider how best to reduce gender inequality, the impact of the contemporary women's movement must be neither forgotten nor underestimated. Since it began in the late 1960s, the women's movement has generated important advances for women in almost every sphere of life. Brave women (and some men) challenged the status quo by calling attention to gender inequality in the workplace, education, and elsewhere, and they brought

rape and sexual assault, sexual harassment, and domestic violence into the national consciousness.

Government of India has launched several schemes and programmes for ensuring Gender justice in our country. We have constitutional provisions which are particularly meant for safeguarding the interest of the women. The Ministry of Women and Child is dedicated to intervene in case of any injustice done to women. We need a multidisciplinary approach to promote gender justice in our society.

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## 11.8 Conclusion

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One of the important job of a social worker is to look for solution & for crisis intervention. The social worker are suppose to know the root cause of a problem & identify the resources to combat these issues. Proper Advocacy, net working and other activities are required to handle such social problems effectively.

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## 11.9 Exercise

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1. What do you mean by social problems how can we combat social problems.
2. Discuss about the problem of illiteracy in India.
3. What is HIV. Explains AIDS. What are the causes of transmission of HIV.
4. Explain Terrorism. Write & Explain the various types of Terrorism.
5. What do you mean by Gender Justice.

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## **Unit 12 □ India's Socio-Economic Problems**

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### **Structure**

#### **12.0 Objective**

#### **12.1 Introduction**

#### **12.2 Concept of Poverty**

##### **12.2.1 Causes Of Poverty In India**

##### **12.2.2 Impact of Poverty**

#### **12.3 Unemployment**

#### **12.4 Population growth**

##### **12.4.1 Effects of the increasing population in india on its economic growth**

#### **12.5 Conclusion**

#### **12.6 Exercise**

#### **12.7 Reference**

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### **12.0 Objective**

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Our learner would understand about the major Socio-Economic Problems with special reference to, Poverty, Unemployment and Population Growth.

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### **12.1 Introduction**

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Poverty in India is one of the biggest issue we are facing today. Almost every third poor in the world is Indian. In 2019, the Indian government declared on 2019 that 6.7% of its population is below its official poverty limit. Amartya Sen, rightly pointed out that lacking in capabilities like adequate income, education, proper health, security, self- confidence, freedom of speech, are the basic cause of poverty particularly in Indian context. He further commented, “it is not sufficient to know how many poor people are there, but to know how exactly poor they are”. In general terms, poverty means unable to attain basic necessities of life like food, clothing, shelter, health and education. Deprived from fulfillment of basic needs gives birth to poverty. It is also referred as the state of deprivation with

respect to social inferiority, vulnerability, seclusion, physical weakness, subjection, and humiliation (Ogwumike and Odusola, 2001).

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## 12.2 Concept of Poverty

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Poverty examines the relative position of an individual on some absolute standards and distribution of individuals in terms of their departure from these standards in the society (Shrinivasan, 2013). India adopted the five year plan model as a tool for planned economic development since 1951 and continued until 2017. As a developing country, poverty eradication was one of the important objectives of this planned development model. The adoption of poverty alleviation strategies in the five year development model have resulted in continuous reduction in the ratio of poverty across India. Various employment and income generation schemes were implemented and different methodologies to estimate poor population were adopted. The economic philosophy behind this initiative was to provide preferential treatment to uplift poor people to enable them to participate and contribute in economic development (Raj Krishna, 1984)

The poverty rate and head count ratio are the most common standards of measuring poverty. In 1979, a task force defined poverty line based on food expenditure worth 2,400 calories in rural area and 2100 calories in urban areas. In 2011, the Suresh Tendulkar Committee quantified the poverty line based on an individual expenditure worth Rs. 27.2 and Rs. 33.3 in a day on basic substances of living in rural and urban areas, respectively. This had been criticized for setting the low poverty line (Choudhury, 2015). The Rangarajan committee defined a new poverty line as one's spending on less than Rs 32 and Rs. 47 in a day in rural and urban areas, respectively, resulting 29.5% poverty headcount ratio, which is 35% increase on 21.9%, according to the estimation of the Tendulkar committee.

Regardless of its causes, poverty has devastating consequences for the people who live in it. Much research conducted and/or analyzed by scholars, government agencies, and nonprofit organizations has documented the effects of poverty (and near poverty) on the lives of the poor (Lindsey, 2009; Moore, et. al., 2009; Ratcliffe & McKernan, 2010; Sanders, 2011). Many of these studies focus on childhood poverty, and these studies make it very clear that childhood poverty has lifelong consequences. In general, poor children are more likely to be poor as adults, more likely to drop out of high school, more likely to become a teenaged parent, and more likely to have employment problems. Although only



*Poor children are more likely to have inadequate nutrition and to experience health, behavioral, and cognitive problems. Kelly Short – Poverty : “Damaged Child,” Oklahoma City, OK, USA, 1936. (Colorized). – CC BY-SA 2.0.*

1 percent of children who are never poor end up being poor as young adults, 32 percent of poor children become poor as young adults (Ratcliffe & McKernan, 2010).

Poverty is measured by–

- (1) absolute poverty
- (2) relative poverty.

**Absolute poverty**–It is a kind of poverty in which an individual is not able to get basic necessities of like food, clothing, shelter, health and education. Abstain from getting the basic necessities of life is termed as absolute poverty.

**Relative poverty** – It is in relative terms, when an individual is deprived from getting the facilities which an average individual of the economy gets. If an individual gets less than what an average individual of an economy gets, that individual is considered as relatively poor than others.

It can be calculated according to the calories consumed or income of an individual in

urban and rural areas separately. A concept of poverty line has been introduced, according to which when an individual is below that poverty line then he is considered to be poor.

The popular indicators of poverty like—per-capita income, monthly consumption expenditure, calorie intake, level of literacy, size of family, unemployment, pattern of income distribution etc. It may be noted that the incidence of poverty is more in rural areas and less in urban areas, because most of the people in rural area are deprived of basic necessities and belongs to weaker section of society, various schemes of poverty alleviation also fails to reach rural areas. There exist regional disparity among various states, as it is interesting to note that poverty is highest in Orissa, Jharkhand, Bihar, while it is lowest in states like Chandigarh, Jammu & Kashmir, Punjab and Gujrat.

Human Poverty Index : - HPI (Human Poverty Index) is constructed by the Human Development Report, 1997. It focuses on three main areas:

1. Longevity – life expectancy at the time of birth
2. Knowledge – it is related to literacy
3. Standard of living – accessibility to basic necessities of life, food water, safety, adequate health care, proper nourishment etc. In India there were two methods used for calculating poverty :
  - (1) Uniform Recall Period (URP)
  - (2) Mixed Recall Period (MRP).

In Uniform recall period, data for consumption expenditure is collected in reference of 30 days' recall period, while in mixed recall period, data for consumption expenditure is collected for five non-food items namely, clothing, footwear, durable goods, education and institutional medical expenses are collected in reference of 365 days' recall period and for remaining items 30 days' reference period is taken. According to NSSO's 69th round of survey on consumer expenditure, an average rural Indian household spends 61.3% of its total consumption expenditure on food and an average urban Indian household spends 39.7% of its total consumption expenditure on food.

### **12.2.1 Causes of Poverty In India**

1. Unemployment
2. Inflation

3. High population growth
4. Less agricultural growth
5. Economic inequalities
6. Regional imbalance
7. Low economic growth
8. Less initiatives taken by the government
9. Benefits of poverty alleviation accrue more in urban areas.
10. Low level of literacy

### **12.2.2 Impact of Poverty**

#### **Family Problems**

The poor are at greater risk for family problems, including divorce and domestic violence. Even in families that are not poor, running a household can cause stress, children can cause stress, and paying the bills can cause stress. Families that are poor have more stress because of their poverty, and the ordinary stresses of family life become even more intense in poor families. The various kinds of family problems thus happen more commonly in poor families than in wealthier families. Compounding this situation, when these problems occur, poor families have fewer resources than wealthier families to deal with these problems.

#### **Education**

Poor children typically go to rundown schools with inadequate facilities where they receive inadequate schooling. They are much less likely than wealthier children to graduate from high school or to go to college. Their lack of education in turn restricts them and their own children to poverty, once again helping to ensure a vicious cycle of continuing poverty across generations. Many scholars have debated whether the poor school performance of poor children stems more from the inadequacy of their schools and schooling versus their own poverty. Regardless of exactly why poor children are more likely to do poorly in school and to have low educational attainment, these educational problems are another major consequence of poverty.

### **Housing and Homelessness**

The poor are, not surprisingly, more likely to be homeless than the nonpoor but also more likely to live in dilapidated housing and unable to buy their own homes. Many poor families spend more than half their income on rent, and they tend to live in poor neighborhoods that lack job opportunities, good schools, and other features of modern life that wealthier people take for granted. The lack of adequate housing for the poor remains a major national problem. Even worse is outright homelessness. An estimated 1.6 million people, including more than 300,000 children, are homeless at least part of the year (Lee, et. al., 2010).

### **Crime and Victimization**

A study reflects, poor (and near poor) people account for the bulk of our street crime (homicide, robbery, burglary, etc.), and they also account for the bulk of victims of street crime. That chapter will outline several reasons for this dual connection between poverty and street crime, but they include the deep frustration and stress of living in poverty and the fact that many poor people live in high-crime neighbourhoods. In such neighbourhoods, children are more likely to grow up under the influence of older peers who are already in gangs or otherwise committing crime and people of any age are more likely to become crime victims. Moreover, because poor and near-poor people are more likely to commit street crime, they also comprise most of the people arrested for street crimes, convicted of street crime, and imprisoned for street crime. Most of the inmates of the correctional homes come from poor or near-poor backgrounds. Criminal behaviour and criminal victimization, then, are other major consequences of poverty.

### **Poverty and Women**

Women, still have an overall survival deficit in childhood and during their reproductive years and are severely disadvantaged in the labour market. The educational attainment of girls lags behind that of boys. But as in other areas, in gender inequality too, India is highly heterogeneous. Outcomes for instance, tend to be much poorer among Adivasi (Scheduled Tribe), Dalit (Scheduled Caste), and Muslim women than among others. There are also large regional variations. The World Bank's report on Poverty and Social Exclusion in India captures some key areas of female exclusion. India Poverty and Social Exclusion Report reflects that poverty has strong association with women's access to maternal health and the health of their children and it has also been a major reason for spousal violence against women in India.

The truth that most of us would guess that the richest countries are often those with the least people. Compare the United States, which possesses a relatively small slice of the population pie and owns by far the largest slice of the wealth pie, with India. These disparities have the expected consequence. The poorest people in the world are women and those in peripheral and semi-peripheral nations. For women, the rate of poverty is particularly worsened by the pressure on their time. In general, time is one of the few luxuries the very poor have, but study after study has shown that women in poverty, who are responsible for all family comforts as well as any earnings they can make, have less of it. The result is that while men and women may have the same rate of economic poverty, women are suffering more in terms of overall wellbeing (Buvinic 1997). It is harder for females to get credit to expand businesses, to take the time to learn a new skill, or to spend extra hours improving their craft so as to be able to earn at a higher rate.

#### Global Feminization of Poverty-

In some ways, the phrase “global feminization of poverty” says it all: around the world, women are bearing a disproportionate percentage of the burden of poverty. This means more women live in poor conditions, receive inadequate healthcare, bear the brunt of malnutrition and inadequate drinking water, and so on. Throughout the 1990s, data indicated that while overall poverty rates were rising, especially in peripheral nations, the rates of impoverishment increased for women nearly 20 percent more than for men (Mogadham 2005).

Why is this happening? While myriad variables affect women’s poverty, research specializing in this issue identifies three causes (Mogadham 2005) :

1. The expansion in the number of female-headed households
2. The persistence and consequences of intra-household inequalities and biases against women
3. The implementation of neoliberal economic policies around the world

While women are living longer and healthier lives today compared to ten years ago, around the world many women are denied basic rights, particularly in the workplace. In peripheral nations, they accumulate fewer assets, farm less land, make less money, and face restricted civil rights and liberties. Women can stimulate the economic growth of peripheral nations, but they are often undereducated and lack access to credit needed to start small businesses.

In 2013, the United Nations assessed its progress toward achieving its Millennium Development Goals. Goal 3 was to promote gender equality and empower women, and there were encouraging advances in this area. While women's employment outside the agricultural sector remains under 20 percent in Western Asia, Northern Africa, and Southern Asia, worldwide it increased from 35–40 percent over the twenty-year period ending in 2010 (United Nations 2013).

In a very interesting study conducted in 2013 by World Bank, reveals the following–

- First, poverty has declined between 1993-94 and 2009-10 along every dimension. Indeed, poverty has fallen for every social and religious group in every state in rural and urban areas separately as well as taken jointly.
- Second, acceleration in growth rates between 2004-05 and 2009-10 has been accompanied by acceleration in poverty reduction. Poverty rates have fallen rapidly for all major social and religious groups at the national level. This phenomenon also holds true for most states across various social and religious groups.
- Third, for the first time, poverty reduction between 2004-05 and 2009-10 has been larger for the Scheduled Castes and Scheduled Tribes than the upper caste groups. Thus, the gap in poverty rates between the socially disadvantaged and upper caste groups has narrowed over time. This pattern provides clear evidence to refute the claim that reforms and growth have failed to help the socially disadvantaged or that they are leaving these groups behind. A continuation of this trend, helped along by further reforms and higher growth rates, would help eliminate the difference in poverty rates between the historically disadvantaged and the privileged.
- Fourth, inter-state comparisons reveal that the states with large Scheduled Caste and Scheduled Tribe populations face a more uphill task with regards to combating poverty. The point is most forcefully brought out by a comparison of Punjab and Kerala. When we compare poverty rates in 2009-10 by social groups, the two states have very similar poverty rates. But because the poverty rates for the Scheduled Castes are higher than those for non-scheduled castes in both states and the Scheduled Castes account for a much larger proportion



of its population, the aggregate poverty rate in Punjab turns out to be significantly higher.

- Finally, we find that in the Indian case, there is no robust relationship between inequality and poverty. Indeed, to the extent that such a relationship exists, it suggests that more unequal states enjoy lower levels of poverty. Kerala offers the most dramatic example in this respect. It has had one of the highest Gini coefficients in rural as well as urban areas and also one of the lowest poverty ratios in both regions. In 2009-10, its Gini coefficients were by far the highest among the large states in both rural and urban areas and poverty ratios the smallest. In our discussion on redpoint is most forcefully brought out by a comparison of Punjab and Kerala. When we compare poverty rates in 2009-10 by social groups, the two states have very similar poverty rates. But because the poverty rates for the Scheduled Castes are higher than those for non-scheduled castes in both states and the Scheduled Castes account for a much larger proportion of its population, the aggregate poverty rate in Punjab turns out to be significantly higher. Finally, we find that in the Indian case, there is no robust relationship between inequality and poverty. Indeed, to the extent that such a relationship exists, it suggests that more unequal states enjoy lower levels of poverty. Kerala offers the most dramatic example in this respect.

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## 12.3 Unemployment

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Unemployment has been a major problem for India from a long time. The problem of unemployment is a global phenomenon, with international bodies like ILO predicting the rise in unemployment in India in coming years. Unemployment is a situation where in the person willing to work fails to find a job that earns him/her a living. Unemployment has been considered as one of the biggest problems of India. A UN Labour report released in January reports that, Unemployment in India is projected to increase from 17.7 million to 17.8 million in 2017 and 18 million in 2018. We can not think of a better India with such a huge number of unemployed youth in the country. The reasons for this Unemployment scenario are: high population, defective education system, excessive burden on agriculture, low productivity in agriculture sector combined with lack of alternative opportunities for

agricultural worker, unskilled workforce etc. Though education level in the recent years has improved, skill development is still a crucial issue. India has the largest population of youth in the world. Around 65 per cent population of India is under the age of 35, so the impact of declining financial market and the lack of job opportunities has the worst effect in India.

Apart from the usual solutions of controlling the rising population or increasing the quality of our education to include skill based learning. Government should also encourage and develop Industrialisation and agriculture based industries especially in rural areas so that the rural candidates don't migrate to the urban areas.

It is not only a serious economic problem but it may even lead to health problems as well, as a study reveals, there is a strong relationship between unemployment and poor health. The unemployed tend to have higher levels of impaired mental health including depression, anxiety, and stress, as well as higher levels of mental health hospital admissions, chronic disease (cardiovascular disease, hypertension, and musculoskeletal disorders), and even premature mortality. Some longitudinal studies have shown that higher levels of depression and unemployment are not just correlated, but that higher levels of depression are a result of unemployment. Other prospective studies have found that poor mental health also contributes to unemployment.

There has been a pressure on successive governments and policymakers to create enough jobs in India so that the workforce of India can be used better and the population can be self-sustainable by becoming economically strong. The creation of jobs, in addition to ensuring that the working population becomes economically productive, is also a vital avenue for fighting poverty and lack of proper use of intellectual, manual and skill-based potentials of the individuals.

Job growth is a critical component of the equation that seeks to balance strong economic performance and keeping a check on the unemployment levels. The growth in the number of quality jobs that provide assured wages is a key mechanism in modern-day economies to share back the benefits of their growth.

It becomes a problem when any country's government is not able to create enough jobs. Policy makers have been long uncomfortable with the concept of 'jobless growth' and have sought to develop new ways to bridge this gap. This involves taking steps like

fiscal support to stagnating sectors, attract private investments, providing skill-training opportunities and promoting the option of self-employment. Many such policies directly aimed at creating shifts in the labor market. The present government has tried to create the self-employment opportunities for the unemployed people of the country.

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## 12.4 Population growth

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The fastest rise in the population of India was during the period of 1951 to 1981, in which the population was from 36 crores in 1951 was reached around 70 crores in 1981. During this period of 30 years, the population increased by around 34 crores, which is the fastest rise in the history of population statistics. Death rate has become controlled due to modern health and medical facilities and it has reduced to become 15 persons per thousand whereas; the birth rate has not got any significant reduction. That is why; this period from 1951 to 1981 is known in India as the period of Population Explosion. Ordinarily, with an increase in population, production also increases, and the number of those people also increases, among whom the total increase in production is distributed. Thus, the ultimate effect of an increase in population on the level of production per head would be indifferent or negative. This would depend on the form of an increase in population and its directions. If the increase is in the number of dependents, then in place of production, consumers would increase, and ultimately the effect on per head production would be adverse. On the contrary, in case of a favorable age constitution of the population, its effect on the economic development would be better

### 12.4.1 Effects of the increasing population in india on its economic growth

The explosive increase in population in India has adversely affected the economic development and economy, which is clear from the following facts

#### 1. *Lower Growth Rate*

Due to the increasing population, the rate of development has been slow. Whereas; the growth rate of Japan during the previous 10 years has been 15%, while the average growth rate of India has been 4% only.

## 2. *Widespread Poverty*

Due to the heavy population, the benefit of economic development is almost nil in the country. Though during the last 30 years there has been an increase of 15% in the national income, still the per capita income has increased '50% only. About 50% of the population of the country is below the poverty line. Read about the Problem of Poverty in India

## 3. *High Prices*

4. Due to a higher population, we find scarcity everywhere and due to scarcity, the prices are heading towards an increase. The country has a scarcity of food-grains, scarcity of employment, scarcity of essentials, scarcity of houses, scarcity of oil, etc..

## 5. *Excess Burden on the Economy*

The 1.5 crore increase in the population each year is increasing the burden on the Indian economy.

## 6. *Problems in Industrialization*

Our country has poverty and unemployment only due to the higher population. The level of savings and investments is lower and mechanization is discouraged due to excess human resources. The small and cottage industries are primary. Due to all these reasons, rapid industrialization has not become possible. The slow pace of capital formation is also a hurdle in industrialization in India.

## 7. *Expenditure on Population Control*

The explosive increase in population in India has forced expenditure of crores of rupees on population control under planned development. These resources would otherwise have been used in the economic development of the country and the standard of living would have improved.

## 8. *Problem of Unemployment*

1. The means of employment do not increase at the same rate as the increase in population, as a result, the existing problem of unemployment becomes more dreadful. This is the reason for the continuous increase in unemployment in India. At the beginning of the first plan, the numbers of unemployed were 35 million which increased to 26 crores in 2010.

## **2. *Shortage of Food-gains***

Due to the rapid increase in population, to fulfill the requirements of the population for several years, millions of tons of food-grains has to be imported. This has adversely affected foreign trade.

## **3. *Problem of the Increasing Number of Dependents***

The rapid increase in population increases the burden of the number of dependents. According to the 1961 census, 47.3% of the population was dependent which increased today to 71.1%.

## **4. *Problem of Capital Formation***

The increase in income due to economic development is expended in catering to the needs of the increased population, as a result, capital formation cannot be increased and the investment rate remains lower.

## **5. *Hinders the Growth of Agriculture and Industry***

The increasing population hinders the quick development of agriculture.

It has two reasons

- Subdivision of land reduces the area of land per person
- The burden of population on agriculture increases.

Similarly, the increasing population hinders the growth of the industry also. A rapid increase in population decreases the savings and investment rates. During a lack of capital, the pace of industrial development is slow.

## **6. *Increase In the Burden of Public Utility Services***

For the rapid increase in population, the government has to incur more on housing, education, health, welfare, law and order, and security. Thus, funds for development work fall short.

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## **12.5 Conclusion**

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We need strong policies and a group of dedicated social workers along with other social control agencies to tackle these socio-economics problems. In this unit, we learnt about such major problems and also got an idea to combat it professionally.

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## 12.6 Exercise

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1. What is Poverty? What are causes and impact of poverty in our Society?
2. How can we deal with the problems of unemployment?
3. What must be the role of the government & Social Workers to control the growing population of our nation?
4. What are the effect of poverty on Women?

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