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Ancient Hindu Principles of Social and Economic Management: Are they against Globalisation?

N S S Narayana

Swasti panthaam anucharema Suryaa Chandramasaaviva
(We move along a path of welfare like the Sun and the Moon
- *Swasti Suktam* in *Rug Veda*)

Abstract

Some literature has been recently evolving analysing the issue of globalisation from religious perspectives. Distinguishing between economic management, social welfare and cultural ways of life, this paper argues that the ancient Hindu principles of social and economic management have not been against globalisation. However, the paper does not accept an argument that cultural globalisation means Indians or Hindus give up their traditional ways of marrying and change their life-styles. Arguing that love marriages have never been beyond the Hindu traditions, the paper in particular questions, why new economic possibilities under globalisation should break the traditional social structures in any society?

Public Expenditure and Growth: A Time-Series Study on their Relationship for Orissa State (India)

Bimal K Mohanty

Abstract

The relationship between the size of the government measured in terms of volume of public expenditure and growth is an issue in Public Economics. Researchers from several parts of the world at different times have attempted to resolve the issue by undertaking econometric studies on the postulated relationship between the two variables. Their study results are not convergent. Similar attempt has been made in the current context to make an empirical study of the relationship between expenditure of the Government of Orissa and Gross State Domestic Product (GSDP) during a twenty-year time period. Tools from Time-Series Econometrics like Granger's causality, Augmented Dickey-Fuller Test for Unit-Root and Error-Correction Mechanism have been used. While the causality from GSDP to public expenditure is shown to be strong, the causality from public expenditure to GSDP is weak. The presence of weak causality has been due to the incidence of outsized revenue component in developmental expenditure of the state.

Risk Mitigation and Crop Insurance in India: A Performance Analysis

Reshmy Nair

Abstract

The study examines the nature and scope of crop insurance as a 'speciality insurance' and carries out a performance analysis of the area yield and weather-based crop insurance schemes presently being implemented in the country. The study finds that despite its avowed drawbacks and continuing failure to make a major headway in the penetration of insurance, the multi-peril area yield programme is favourably placed in terms of equity. The study discusses the technical and infrastructural challenges confronting the weather-based crop insurance products, hailed as a promising financial innovation in the recent times. The study points out that though the role of crop insurance as a critical risk mitigation tool has been widely appreciated, there has been inadequate policy intervention to overcome its inherent shortcomings. Critically analysing the issues confronting the crop insurance programmes, both yield- and weather-based, the study points out that these shortcomings need to be successfully addressed so as to make crop insurance an effective risk mitigation tool for farmers in different parts of the country.

Understanding Labour Market Flexibility in India: Exploring Emerging Trends in Employment

Kishore Bhirdikar, Bino Paul G D and Venkatesha Murthy R

Abstract

The debate on labour market flexibility has received a lot of attention in recent years. It is argued that rigidity in the labour market affects economic growth and, perhaps, is the reason for unemployment. Some contend that the inflexibility pervading the Indian manufacturing sector is due to strict labour laws, which affects the growth of firms and, thus, obstructs the prospects of overall growth of the Indian economy. According to this view, bringing more flexibility to the labour market may generate two results: more jobs and significantly higher economic growth. On the other hand, some doubt the veracity of the pro-flexibility argument, finding little evidence to substantiate the claim that labour protection leads to unemployment. According to the critics of the pro-flexibility view, labour market flexibility has no significant effect on output and employment creation; but, instead, it results in redistribution of income in favour of the capitalist class. Moreover, they point out, contract labour and casualisation of work have become ways in which employment is created in India, leading to redistribution of income from workers to employers. Further, trends indicate that there is a steady decline in organised sector regular employment while informal workforce in the sector is on the increase, clearly pointing to the phenomenon of informalisation of organised sector. Interestingly, across almost all Indian states, there is an increase in employment through contractual arrangements in the Indian factory sector, indicating increased flexibility in the Indian labour market. In the backdrop of the debate, this paper views that the need for reforms to have more flexibility in Indian labour market is devoid of a rigorous factual base. It appears that the Indian labour market is already rendered flexible due to core phenomena, such as presence of vast informal sector, continued informalisation of formal sector and lack of strict imposition of labour laws.

The Study of Urban Poverty in Pakistan: Inference from Cointegrated Regression (1964-2006)

Khalid Zaman and Kashif Rashid

Abstract

This paper attempts to estimate the impact of economic growth and income inequality on poverty in the specific context of urban Pakistan. The study first attempts to investigate whether there is a long-run relationship between urban poverty and economic growth in Pakistan using a Johansen cointegration framework and then proceeds to estimate the long-run and short-run effects of economic growth and income inequality on poverty. Robust elasticity estimates of urban poverty for Pakistan are derived using consistent time-series data from 1964-2006. The study also uses a powerful modeling procedure, ie, Dynamic OLS (DOLS) estimators in cointegrated regression models. In addition, impulse response function (IRF) and variance decomposition techniques are used for forecasting which examine the effect of economic growth and income inequality on urban poverty over a 10 year-period. Estimated results are quite robust not only in terms of statistical powers, but also in terms of economic instinct. The results suggest the following conclusions: Poverty and growth are non-stationary series; they are co-integrated and poverty retention ratio is 0.704 (DOLS). The post-reform period is observed with the estimated coefficient of the dummy variable (DUM) which brings down urban poverty significantly. The results imply that urban poverty in Pakistan has increased, reflecting the deprived performance of federal policies on pro-poor reforms in Pakistan. Additionally, the study has understandable practical implications for estimating the long-run and short-run elasticities in poverty function in general, and in an open variety of fields.