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## **Book Reviews**

*Informal Economy Centrestage - New Structures of Employment*, Edited by Renana Jhabvala, Ratna M. Sudarshan and Jeemol Unni, Sage Publications India Pvt. Ltd., New Delhi, 2003. Pp. 290. Rs. 495.00.

The widespread growth of the informal sector has increasingly attracted the attention of researchers and policy makers and fuelled debate on its role in economic development. Sometimes the sector is portrayed in an entrepreneurial light especially when the reference is to the self-employed or to viable micro-enterprises and at other times the portrayal is one of exploitation when wage employment is on terms that violate minimum wage, safety and health laws. This book tends to take the entrepreneurial perspective though in a tongue in cheek fashion because the contributors to the volume who have the most dense range of field experience that it is possible to find in India find it difficult to jettison the exploitative dimension that impinges on their conscious horizon. Aiming to convince policy makers that the large size of the informal economy is not a problem but instead is accompanied by a commensurate contribution to the economy as well, the contributors stress that the proliferation of this sector is not accompanied by inconsequential economic outcomes. The stress accordingly in the book is about the opportunities possible for development that this sector provides if we choose to recognise the potential in the sector. The book tries to convince us of this potential by taking the empirical route of documenting the income and employment dimensions of the sector.

As a result of this position taken of privileging the entrepreneurial feature of the informal sector the tendency of treating the employment in this sector as supply-led and voluntary emerges. This is a category mistake. Ratna M. Sudarshan and Jeemol Unni for instance (p. 27) argue that workers in this sector have a choice between self-employment and wage employment, implying they voluntarily opt for employment in response to the value of their employment in each of these labour supply segments. In contrast to this there is the position that seems more realistic that privileges demand constraints and involuntariness. In this case workers need a job which is determined by firm's demand for employment and poor opportunities cause jobs to be rationed. Workers move from seeking jobs which better match their skills and offer better working conditions to seeking inferior skill-working condition job matches and trade this off with becoming self-employed or in the worst instance involuntarily unemployed. The difference in perspective is important because the value attached to the empirical data takes a different shade of meaning in the two contexts. When the contribution of the informal sector is large and voluntary/entrepreneurial the valuation of this social outcome is different from when the same data is the result of involuntary/exploitative processes. This tension of treating data as though they are

value neutral runs through the book. If only it had not been so an already interesting book would have been more valuable to policy makers and academics.

Glimpses of the truth emerge when varied viewpoints are put forth. The various conceptions for the informal sector is a major strength of this book. Rather than force a homogeneous definition on what is essentially a hydra-headed phenomenon the book presents alternative maps that invite us to engage with various dimensions and to sharpen our understanding. Unni and Rani question the standard definition of the informal sector that is based on the legal status of the enterprise. They argue that an enterprise-based definition leaves out invisible groups of workers such as those operating on the streets or in their homes and suggest that a labour force survey would be more useful to capture such workers. They make a case for broadening the definition of informal employment to include homeworkers, workers attached to many employers such as maid servants, and informal employees in formal sector enterprises. When deciding on whether a wage worker is in the formal or informal sector in their survey of Ahmedabad district they opt to use the criterion of whether a person got the benefit of paid leave to judge informality. The usefulness of this criterion is questionable.

Consider the following two payment systems. Assume that in a month of 30 days, four days (Sundays) are off which effectively leaves 26 working days. Under Plan A, a worker is offered a payment of Rs. 1,040 per month with 23 workdays and 3 days paid leave. Under Plan B, a worker is offered Rs. 1,170 for working all 26 days with no paid leave. Suppose the value of a day off to the worker is Rs. 35 given that in any case 4 days are off in the month. Which plan would be preferred? From the viewpoint of the worker the additional benefit of Plan B over Plan A is  $[Rs. (1,170 - 1,040)] = Rs. 130$ . Whilst choosing Plan B the worker foregoes 3 days of leisure which at Rs. 35 per day is worth Rs. 105 to the worker. The extra time worked brings in Rs. 130 which is more than enough to compensate for the lost leisure valued at Rs. 105 and the worker would surely choose Plan B. What about the employer? Clearly the employer is only willing to offer Plan A when the worker produces Rs. 1,040 worth of work in 21 days. The employer should be able to afford giving the worker paid leave which happens when the worker produces  $Rs. (1,040/23)$  or Rs. 45.22 per day. The employer on a per day basis is thus saving 22 paid under Plan B. With both employer and worker preferring Plan B we should see no paid leave and this is a voluntary choice. Given that paid leave is preferred by both sides of the market is it okay to denote lack of paid leave as informality? Our example illustrates that may be not in which case it may be better to consider another proxy such as the absence of a signed work contract which would be a better signal of an informal work relationship. The interesting data on homeworking - 30 per cent of informal enterprises in urban Ahmedabad - shows the extent of underestimation of the informal sector as these workers are generally not counted as part of the informal sector. Unni and Rani argue for greater access to credit and skills for such workers so that they may become more productive. However, many home-based jobs such as

agarbathi making, tailoring, stringing flowers, basket weaving, food preparation, etc. involve an integration of work and living spaces. For most of these women space availability is a constraint on the scale of activity that can be pursued. But more importantly, tenure security – whether they are occupying public land illegally or not – is a constraint on their ability to transform domestic spaces for economic activity. Limitations of space and tenure security can be formidable constraints even if the supply of skills and credit is made more elastic.

Das studies the non-structural ceramic ware industry in Gujarat to get an indication of its size in terms of value-added and employment. The registered units in this sector produce high-value products such as kitchenware and sanitaryware whereas unregistered units are into low value work such as the decoration of cups and saucers. The classification that Das uses is that a worker is regular if he has access to benefits such as provident fund, leave, etc. and is irregular if he does not get these benefits. Interestingly on this classification 80 per cent of the employees in the registered units are irregular whereas there are no regular workers in the unregistered units. Workers in this industry are from socially deprived communities and are lured in by factory owners extending long-term interest free consumption loans up to significant amounts like Rs. 20,000. Registered units had a 52.5 per cent prevalence of time wage payments whereas unregistered units had a 88 per cent prevalence of piece wage payments. Das correctly notes that piece rate systems are not prevalent where process activities are highly integrated but also states curiously that it is rigid in not supporting piece rate hikes. This Marxian interpretation assumes that workers are of the same ability or quality. In piece rate systems, however, the employers are saved the cost of monitoring workers and more able workers are able to produce more output (pieces) and earn higher incomes than less able workers. As a result higher ability workers would prefer piece rates as would employers. Piece rate systems need not be exploitative as they reward directly according to contribution whereas in time rate systems the performance of a worker has to be elicited via deferred payments such as promotions. With irregular employment that time frame is simply not available to the workers. Given that a loan has to be given to attract workers there is obviously a shortage of workers. Thus even though a worker seems bonded because he cannot leave without settling the loan the flip side is that the employer is faced with the problem of getting workers to work as dismissing them is costly resulting in a forfeit of the considerable advance loan given. A control over the workers is still an open-ended issue in this industry.

Sinha, Sangeeta and Siddiqui construct a social accounting matrix with a formal-informal breakdown of the production sectors. They use this elaborate tool to conduct multiplier analysis that shows the informal production sector generating higher value added than the formal sector and to simulate the impact of higher exports on two labour intensive sectors, textiles and leather. This impact analysis is static and a misleading guide to the potential benefits of demand generation. In textiles for instance the gaining of markets does not come from the standard cost reductions or

product differentiation strategies advocated for gaining competitiveness but rather through control over new activities at different levels in the supply chain. The main leverage in buyer driven supply chains such as textiles is exercised by retailers and marketers through their ability to shape mass consumption via strong brand names and their reliance on global sourcing strategies to meet this demand. Initially countries like Hong Kong and South Korea used export processing zones involved in the low wage assembly of cut pieces into finished garments that required a low level of expertise. Slowly they moved up the chain to becoming full range package suppliers for foreign buyers where the design and brand name is the buyers but the supplier learns about the upstream segments involving the co-ordination of production, trade and financial networks that add substantially to his ability to compete. Eventually the suppliers move even further up the value chain by integrating manufacturing expertise with the design and sale of their own branded merchandise. It is not true that the augmentation of incomes will come in textiles as it is labour intensive and there is an abundance of this factor in India. The industry is moving from labour intensive production to the information and technology intensive activities of design, retailing, marketing and logistics and capturing markets increasingly requires the industry to move up the value chain.

Lalitha documents how by 1994-95 there has been a substantial decline in the workforce with the own-account manufacturing enterprises or the self-employed category in unorganised manufacturing. The value added per worker in 1994-95 is around what it was in 1978-79 and this is pointed out as contrary to the expectation that with liberalisation the displacement of labour to the unorganised sector would take place. It must be kept in mind, however, that within the informal economy informal services create more employment than informal manufacturing and displacement should be expected more towards services. Also, informal services have often linkages with the formal sector as for example when they distribute commodities produced in formal manufacturing such as magazines, mineral water, and cold drinks. Pradhan, Roy and Saluja report an innovative study done at the NCAER which was a household survey that prepared a cash flow statement which checked whether cash inflows matched outflows. In cases where the sources and uses of funds were at variance with one another which is due to illiteracy or under-reporting at higher income levels, the data was rejected which makes their rural sample not representative enough at the lower and upper income levels. They are able to document that the informal sector contributes 60 per cent of the total savings at the all-India level. Households in the informal sector save more in the form of physical assets whereas in the formal sector financial assets dominate. Rural physical investments in the informal sector were mainly in farm assets and in the urban sector consumer durables and house property dominated. Both rural and urban households favoured deposits and small savings with commercial banks and post-offices for financial savings needs. When the study was conducted at NCAER it was estimated that 37 per cent of the population lived below the poverty line and about 97 per cent

of these poor people belonged to the unorganised sector. Significantly, the poor in the unorganised sector dissaved in the aggregate with a savings rate of - 4.5 per cent. When earnings are irregular as in the unorganised sector, and lumpy, savings are highly demanded as an income smoothing mechanism. This study is in essence a call for active financial markets for savings and credit that can help households overcome adverse circumstances more easily by protecting their prospective future earnings from strategies such as distress sales of physical assets.

Gumber and Kulkarni conduct a primary survey of households in Ahmedabad district to assess the health insurance enrolment status of households. Many self-employed and casual labour households were non-insured or enrolled in a community self-financing scheme of SEWA. The organised sector salaried households were part of the contributory Employees' State Insurance Scheme for industrial workers. The voluntary Mediclaim plan was contributed to by a mix of salaried organised and unorganised sector and self-employed households. On an average, households experienced two episodes of illnesses per year with the rate being higher for SEWA households and lower for Mediclaim households. The survey revealed that 92 per cent of the non-insured households had no awareness of the existing health insurance schemes which points to the poor marketing of the schemes. Even many SEWA households had no awareness of such schemes. The per capita expenditure on treatment was found to be higher for rural households irrespective of the insurance status and the burden of treatment as a fraction of per capita income ranged between 16 and 19.1 per cent for the rural households and 4.7 and 17 per cent for the urban households. The poor spend a higher proportion of their income on health care than the better-off. The authors find that households prefer a system that is accessible in terms of easy settlement of claims and so prefer a community system. The study does not state explicitly but also reveals that something is drastically wrong with the delivery of health services and addressing this is important instead of just focusing on the availability of insurance. When the households covered by the ESIS facility resort to private facilities for treatment it must be due to public facilities having fewer doctors, services, levels of equipment and poor levels of functioning. Unless the quality of public delivery is improved the impact on health status will be low even with available insurance.

Renana Jhabvala closes the book with a vivid portrayal of the changes that accompanied the journey of bringing the self-unorganised sector workers from the margins to the centre in SEWA. She argues that the unorganised sector workers are neither in the public sector controlled by government, or in the private sector, controlled by corporate interests. They belong to what she calls the people's sector which has never had a level playing field and has been dominated and controlled by both the public and private sectors. Unlike the private sector, it is not pure self-interest, but mutual trust and co-operation that is the basis of the people's sector. If transactions in the public economy are legitimised by coercive powers and the rights of citizenship and the private economy is profit-oriented where transactions involve

the exchange of equivalents based on purchasing power, the people's sector is characterised by reciprocity. As I understand it in a system of reciprocity individuals subordinate their present desires to collective expectations or group goals spurred by the anticipation of the long-term advantages associated with good standing in a collectivity. Any transactions involving reciprocity are informal because there is no legal basis on which agents can rely to make binding contracts and enforce commitments. Parties to transactions rely on trust and co-operate in the expectation that personalised relationships will enforce commitments. Informal rotating savings and credit associations for instance are based on this.

Transactions costs are low in such a situation of reciprocity but production costs are high because specialisation and the division of labour are limited by the extent of the market defined by the personalised exchange process of the agents who recognise one another's reciprocity. A people's sector can expand slowly once personalised relationships are exhausted as it is difficult to build trust and co-operation across large distances and over a longer time horizon. Such a sector cannot respond quickly in the face of rapid growth in demand and will be destined to remain informal and personalised due to transactions being constrained in time and space. Of course, an economic system that can respond to expansions in transactions and take advantage of economies of scale will face lower production costs but a large scale economy opens up the possibility of opportunistic behaviour and may increase transactions costs. Mitigating high transactions costs requires developing complex institutional structures that constrain agents and prevent transactions from being too costly - these include well-defined and effectively enforced property rights, formal contracts and guarantees, adequate legal safeguards including bankruptcy and contract laws, etc. Investigating into how to bring these institutions to work for people will be more beneficial for them rather than relying on reciprocity and co-operation which limits their opportunities. The level playing field will emerge from reducing opportunism in transactions among people with no personal ties to one another so that the transactions can be co-ordinated in the expectation of commitment and enforcement. This book raises so many issues that are central to the development of a society. They are complex issues and the language to understand them is still being created. The book contributes significantly to the development of that language and helps the creative understanding of a much swept aside and misunderstood issue.

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*Ecoagriculture: Strategies to Feed the World and Save Wild Biodiversity*, Jeffrey A. McNeely and Sara J. Scherr, Island Press, Washington, D.C., U.S.A., Pp. xxvii + 324. \$27.50.

There is some complacency about the capacity of agriculture to feed the growing population, though there is also some concern about food security because of inequity

in purchasing power. The problem is often identified as not so much of production but of distribution. Such an optimistic perspective about prospects of food production has ignored the question of at what cost agricultural production has been able to feed the increasing population. The cost may not be significant in terms of internal and private costs, but has shown a significant trend towards unsustainability because of the externalities involved.

The ecological costs of agriculture are not confined to those arising out of excessive use of chemicals alone (fertilisers, pesticides and weed killers). The cost is no less significant in terms of loss of wildlife habitat and loss of biodiversity. It is no use arguing that because land productivity has increased, it has saved much land from being diverted to agriculture. Such an argument misses the point that the main motive in extending land under cultivation is not just to produce food for feeding growing population, but more to eke out a livelihood in an environment of jobless growth. This problem is still relevant both in India and the world at large.

An ecologist (McNeely) and an economist (Scherr) have joined together to produce this book, which is very pertinent in this context. They have observed that the “scale of agriculture’s impacts on ecosystems was so massive that without addressing these directly, other efforts at biodiversity conservation .... were likely doomed to failure”(p. xix). They feel that a strategy of focusing only on raising farm productivity in the developing countries could be disastrous. The question is not merely one of making agricultural development sustainable, with attention confined within agriculture. On the other hand, we have also to be concerned with biodiversity as a whole on this planet Earth.

To address this problem, the authors advance the concept of ‘eco-agriculture’. This concept is much wider than that of merely ‘organic agriculture’ or agriculture without the use of chemicals. The concept of ‘eco-agriculture’ is based on the eco-systems approach, which recognises that the eco-systems must be managed as a whole. It insists that ‘conservation problems should be addressed in whole ecological and landscape units based on integrated, biological, physical, and socio-economic assessments’ (p. 93), of which agriculture constitutes a part. The authors recognise that ‘using a small area of land - such as an individual farm - for diverse purposes is challenging, implementing multiple uses over larger areas can be much easier’ (p. 93). The authors observe that strictly speaking ‘eco-agriculture’ is not a new concept, since that is how stable rural communities managed agriculture for centuries (p. 93).

The authors outline the following strategies for eco-agriculture (p.109):

1. ‘Create biodiversity reserves that also benefit farming communities’.
2. ‘Develop habitat networks in non-farmed areas’.
3. ‘Reduce (or reverse) conversion of wild lands to agriculture by increasing farm productivity’.
4. ‘Minimise agricultural pollution’.
5. ‘Modify management of soil, water and vegetation resources’.



6. 'Modify farming systems to minimise natural ecosystems', by economically integrating useful trees, shrubs and perennial grasses into farms to create suitable habitat niches for wild life.

The authors have presented several case studies where these strategies have been followed. Success requires proper policies to promote eco-agriculture, such as withdrawing subsidies that impose ecological costs, creating proper legal and institutional framework, recognising the farmers' property rights, and providing market incentives for eco-agriculture, such as making payments for biodiversity services.

On first reading, it may appear that the approach is not practical in countries like India. This is because we are so accustomed to compartmentalised approach for doing anything, that a holistic approach may look impractical. But how do we conserve biodiversity in countries, which are very rich in terms of it, but poor in terms of gross national product and standard of living? The book is thought provoking and should stimulate in evolving strategies that enable us to reconcile both conservation as well as removal of poverty. This cannot, however, be done leaving the individual countries alone to manage it for themselves. They need substantial help. We have to compensate countries, which conserve the world's heritage of biodiversity, and also similarly farmers and others who at the grassroots level are engaged in the same task. The benefit has to be passed on to the local level people too, otherwise eco-agriculture will lose its rationale and sustainability.

On the whole the book provides a compelling reading for any one who are interested in the twin and apparently contradictory tasks of conservation and economic development.

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*Assessing the Impact of Irrigation Management Transfer: Case Studies from Maharashtra*, Gopal Naik, Amarlal H. Kalro, Jeffrey D. Brewer, M. Samad and R. Sakthivadivel, Oxford & IBH Publishing Company Private Limited, New Delhi, 2002. Pp. viii+157. Rs. 360.00.

In recent years, increased importance has been given to involve the farmers in irrigation water management activities worldwide including India, partly because of the pressure from donor agencies and partly due to its inherent advantages. While reducing the expenditures on irrigation mainly for the State, the participation of farmers in water management activities enhances the financial self-reliance of irrigation schemes, expands area under irrigation, reduces the amount of water delivered per hectare and significantly increases the cropping intensity and yield of crops. Realising the importance of users' participation in irrigation management in different countries, considerable importance has been paid to transfer the system

control to users' group in recent years in India, which is also highlighted in the National Water Policy: 1987 and 2002. Though a number of studies have been carried out to assess the overall impact of Irrigation Management Transfer (IMT) on the irrigation sector as well as agricultural development, the available results show a mixture of positive and negative results in different locations. The book under review assesses the impact of IMT using the field data collected from two Water Users' Associations (WUAs) functioning in Mula and Bhima schemes located in Maharashtra (western) State. The book is a joint effort of five well-known scholars who have already made significant contribution in the research area of participatory irrigation management. The book, though small in size, has eight chapters including summary and conclusions.

The introductory chapter of the book briefly presents the importance as well as the impact of IMT, scope and objectives as well as organisation of the study. While briefing the impact of IMT, it is rightly pointed out that "clear cut and consistent evidence on the impact of management transfer is only beginning to become available" (p.3). The study is a part of a wider effort of IWMI to devise rigorous and cost effective methodologies for evaluating the impact of IMT. Therefore, the study focuses only on two objectives, which are: (a) to test a methodology for quantitative impact assessment of irrigation management transfer applicable to similar sites, and (b) to provide insights into the impacts that might be expected to identify further research issues.

A review on irrigation management transfer in Maharashtra is presented in Chapter Two. It is mentioned that Maharashtra canal system has been chosen to study the impact of IMT "largely because of Maharashtra possesses the most advanced policy and programme in India" (p. 6). This is in a way true as Maharashtra has introduced some bold reforms at least in water pricing to improve the financial condition of the sector. However, the fact is that the irrigation sector of the State is confronted with a number of problems, one of which is that the utilisation percentage of irrigation potential created is very low in the State as compared to the national average. This leads to a genuine question as to what is the use of having the most advanced policy and programme if it does not help to improve the performance of the sector? This chapter also presents some details about the Maharashtra's irrigation management transfer policy, both present and prior to IMT. While discussing the progress of IMT in Maharashtra, the authors have pointed out the achievements made in the number of WUAs, and the area covered by them. However, despite the rhetorics, the area covered by all WUAs is only about 1,58,923 hectares, which is hardly 6 per cent of net irrigated area of the State as of December 2003. The book fails to give the distribution of WUAs across districts and also in different locations of the canal (head, middle and tail end), while presenting the overall account of WUAs established in the State. Some details about this would have increased the richness of the chapter.

Chapter Three systematically presents the methodology employed in this study for assessing the impact of IMT, which includes the conceptual framework for impact assessment, perspective of the State on IMT, approaches used in this study, sample design, study area, etc. It is rightly underlined that “the purpose of assessing the impact of irrigation management transfer is to determine the extent to which the objectives of management transfer have been fulfilled” (p.13). Since the farmers’ perspective and decisions about IMT are expected to be different, the study has used ‘trade-off model’, from which the authors have tried to assess the preference for WUAs compared to alternative agencies, government and private as water delivering agency. The approach used in this study and the method followed for collecting data are appropriate and are expected to be useful to the researchers who would like to assess the impact of IMT in different regions.

Introduction of IMT in a canal system is expected to bring changes in the water distribution, maintenance of the system and improvement in the productivity of crops. The fourth chapter of the book discusses the perception of the farmers in relation to water distribution, maintenance performance and perception about changes in crop yields. Unlike many impact assessment studies, it analyses the impact of IMT on water supply in terms of adequacy, timeliness, and equity and that too by season. This is one of the notable features of the study. Similar to water delivery, farmers in the transferred minor have also felt improvement in the maintenance of the canal system after transfer. However, yield of crops has not improved uniformly in all the crops after the transfer. The authors could not provide convincing reason for the reduction in yield of crops after transfer.

Chapter Five on “Impact Assessment from Farmers’ Perspective: Trade-off Analysis” elicits the preference of farmers by offering alternative decision situations. The trade-off analysis used in this chapter shows that the variations in preference according to the location of the field along the channel are very small. While the government agency is chosen by the farmers as the next best agency for water supply in the absence of WUAs, farmers are averse to select a private agency as the first choice for water supply, which is expected. Since the trade-off method followed in this chapter is able to bring out various alternative scenarios with regard to the costs and benefits, this approach can be followed in the studies of similar nature, as rightly suggested by the authors of the book.

Besides making impact on farmers’ welfare, IMT is ultimately expected to bring substantial amount of benefits to the State (government) as well. The sixth Chapter describes the impact of irrigation management transfer from the State’s perspective. Specifically, it examines the impact of IMT on government finance, maintenance of irrigation facilities, sustainability of irrigation, quality of irrigation services to the farmers, productivity and returns on crop enterprises. After having discussed the extent of change in different parameters due to IMT, the authors have concluded that “there is not enough unequivocal evidence as yet, regarding the extent of change” (p. 90). This is very much possible because the area covered/managed by WUAs is very

meagre as of today in Maharashtra and also in other States. A worth-noting feature of this chapter is that it has clearly emphasised the possible advantages to the State due to IMT.

One of the major advantages of IMT, which has also been demonstrated by studies, is that it improves the financial viability of irrigation by increasing the recovery rate, which is generally low in the State managed irrigation system. The seventh chapter discusses the various issues associated with the financial viability of the two selected WUAs. The chapter provides year-wise details on water charges, OM cost, recovery rate, etc., separately for the two WUAs, which are quite useful and may attract the attention of the policy makers, some of whom are having skeptical views about the benefits arising due to turn-over system. It is mentioned that WUAs receive water from irrigation department on volumetric basis and supplies water to its members on crop area basis. Would this method not encourage the farmers to use water inefficiently? The authors could have explained the possible impact of supplying water to farmers on the basis of cropped area, which has been traditionally followed in the State managed irrigation system.

The last chapter of the book neatly and also concisely presents the summary and conclusions of the study, which would be handy for those readers who cannot go through the whole book for some reasons. This chapter also provides some issues for further research, which may be useful to the scholars who are working on these issues.

On the whole, the authors have clearly demonstrated the positive impact of IMT on different parameters using the data collected from two WUAs in Maharashtra State. Though the authors have used a novel method (trade-off) to study the farmers' perception about IMT, the results arrived at from this study are not something unexpected. There is no doubt that WUAs would perform well in a small irrigation system, as demonstrated by the authors. However, given the social, economic and political conditions, can this be replicated across different regions in India which has over 90 million hectares of irrigated area? Will the benefit generated by the WUAs situated in different locations (head, middle and tail end) of a canal system be the same? It appears that the authors have conveniently avoided finding out answers to these issues. Nevertheless, the book has rich information about the impact of IMT and is expected to be useful to the policy makers, donors (who want to promote WUAs with some agenda) and researchers.

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*India's Economic Reforms and Development*, A. Vaidyanathan, Academic Foundation, New Delhi, 2003. Pp. 504. Rs. 795.00.

This is a collection of essays written by the author at different points of time during the last three decades but as most of them were written during the 1990s, it holds the readers' interest. Vaidyanathan combines the virtues of being an academic and a policy maker and writes in a manner that is easily comprehensible for even laypersons. In this offering, the study has included 18 essays grouped into two sections. The first section has 9 essays and they pertain to the role of the State, planning and economic reforms of the 1990s. In the second section, Vaidyanathan has included essays that have to do with issues of poverty and income inequality. His Kale memorial lecture of 2001 on the issue of poverty sums up the latest position on the subject and provides rich perspectives on what to do in the near future to alleviate the problem.

Vaidyanathan's writings on poverty and inequality always bear a stamp of authority. After all he himself has contributed to the advancement of the debate on these subjects to a substantial extent ever since the 1960s. It is therefore no wonder that he dealt in the second section on a number of issues - conceptual, measurement problems, the incidence of poverty, the problem in targeting the poor, the need for extending focus to urban poverty as well, the ineffectiveness of IRDP in its present form, the benefits of merging special area programmes into sectoral and area development programmes, the regional dimensions of poverty, the help that NGOs could render, the need for public accountability in dealing with issues concerning distribution of benefits under different anti-poverty programmes and the need to make Panchayati Raj Institutions efficient and effective. This is only an illustrative list of issues that found a place in the second section.

The absolute number of the poor is so staggeringly large whether one agrees or not about the decline in the incidence of poverty. The concern for the poor is evident in Vaidyanathan's essays in the first section. While he could not explain satisfactorily as to why the growth rate was higher in the 1980s than in the 1990s, he was able to provide perspectives as to why the 1990s have not delivered the promises that are implicit in the reforms programmes. Fiscal consolidation, the bedrock of reforms, has failed. Reforms did not address the problems confronting the agricultural sector seriously. He believes that the political resistance exists to some of the reforms.

Vaidyanathan is correct when he observes that the causes of fiscal deficit being stubbornly high need to be studied in depth. He does not see why all user charges should be raised without (a) working out their spread over years, (b) improving the efficiency of enterprises and (c) increasing the quality of services. Not all subsidies or anti-poverty programmes could be causes for the mounting deficit. He would like to have safety nets for rural wage labour as well as the unorganised urban labour. He does not see why the States have not been given sufficient role to play in reforms. He objects to the presence of multinational corporations in the area of production of mass

consumer goods. He would like the emphasis on foreign direct investments to shift toward non-equity routes such as accessing the latest technology. He believes that planning has still a role to play but it has to be of a different variety. The Planning Commission could promote a minimal political consensus on the necessary reforms in the areas of industry, foreign trade, public sector enterprises, regional development and development of panchayati raj institutions. The reforms framework should not mean total freedom for the private sector. Structural reform management requires interplay of the roles of government, public enterprises and the private sector.

There are two interesting essays on the Indian industry and the cottage and small-scale industries. The question he posed, namely, is inadequate consumer demand for manufacturing a major constraint for industrial growth, is still alive. Vaidyanathan bemoans the lack of good data base on the structure and dynamics of consumer demand for manufactures. This is an area where the Government economists and academics would have to bestow considerable attention in the near future. He believes that the small-scale industries could hold their own in the market place only if they improve efficiency and quality of the products. For this to happen, skills need to be upgraded, product designs would have to be better and use of materials to be efficient. Vaidyanathan rightly points out that small-scale industries would also need to improve their marketing organisation.

Vaidyanathan's book is worth possessing because it poses right questions and alerts one against complacency.

Mumbai.

A. Vasudevan

*India's Agrarian Structure, Economic Policies and Sustainable Development*, V.S. Vyas, Academic Foundation, New Delhi, 2003. Pp. xvi + 398. Rs. 695.00.

This collection of writings of Professor V.S. Vyas includes his 15 recent papers, mostly his addresses to national and international conferences, seminars and academic meetings. Professor Vyas has certain unique advantages as an observer of agricultural and rural development in India. He has been an active researcher for nearly half a century covering almost the entire post-Independence period which witnessed a veritable transformation in Indian agriculture and rural areas. His researches have had a strong component of fielding investigations giving him ground level insights into villages and rural people. At the same time, he has participated in several high-powered policy formulation bodies in the country and outside and has been a faculty member and, for a term, the director of a prestigious management Institute. The book under review will be of help to academics as well as general readers as a guide for understanding the implications of the two major challenges presently confronting Indian agriculture, namely, globalisation and rural poverty.

Regarding globalisation Professor Vyas assesses the prospects with a measure of cautious optimism. Surveying the situation at home and viewing it as a part of the

wider and emerging Asian agricultural scenario, he points out in his presidential address delivered to the Fourth Conference of Asian Society of Agricultural Economists held in Malaysia in 2002 to the growth and diversification potential of agriculture by shifting to labour-intensive high-value crops. He argues that mixed farming combining cropping with dairy could enable even a small farmer to become economically viable. He underlines the importance of domestic reforms to make agriculture efficient and competitive in the international markets. This coupled with coming together of Asian countries to improve their bargaining power vis-a-vis the developed countries could, according to Professor Vyas, would help India to emerge as a leading agricultural exporter. He sees two danger signals in the emerging scenario for the small farmer: lack of substantive technological breakthrough in agriculture after the green revolution and weak and unreliable institutions for servicing the poor. His cautious optimism, thus, rests on the expectation of an effective domestic policy regime ranging from technology generation to poor-friendly markets, institutions and safety nets. This reviewer remembers his assessment some years back that India would not be able to export more than one million tonnes of wheat owing to the protective measures taken by the developed countries. The perspective that he now offers (in 2002) appears to be more positive regarding the benefits of globalisation and, also, based on more comprehensive analyses.

Regarding the challenge of poverty, he sounds somewhat ambiguous. In several of his writings included in this book he refers to policies and programmes which could make a dent on the problem of poverty. However, he is not quite able to shrug off the nagging doubts whether these policies and measures which had limited results to show in the past would now begin to have a much more substantive impact on the poor. From among his somewhat divergent assessment of the prospects for the poor we choose a gloomy one to indicate that India is still far from having a firm grip on this gigantic problem.

"This overall growth and the thin crust of prosperity enjoyed by a small section of agricultural producers conceal the growing weaknesses of the system. Technology-induced tempo of growth in agricultural output decelerated in the nineties. The burden of subsidies crowded out investment in research, extension and infrastructure development. The support systems in extension, credit and marketing discriminated against the small producers. Slackening of public investment was particularly unfavourable to the backward regions. Two other corroding factors were the environmental degradation weakening the production base of agriculture, and decay of the self-help institutions" [p. 114 (in the book under review). "Changing Contours of Indian Agriculture", Golden Jubilee Lecture, National Council of Applied Economic Research, New Delhi, 2000].

We choose this quote with a purpose. At the height of green revolution euphoria, Professor Dantwala, to whom the book under review is dedicated, used to warn that while India could solve the problem of low production through green revolution, this would not be true of the much deeper problem of unemployment and poverty. He

was aghast at the emergence of a politically powerful consumerist stratum in Indian society with little concern for the poor and even less for the Gandhian values and norms. He seemed to believe that so long as this stratum dominates the mainstream India and its development strategies and priorities, there would be no effective policies for the development of the poor and for long-term political stability and economic viability of the country. If this seems an exaggeration, consider the following:

After half a century of Independence,

- \* We still do not have a dependable and continually updated database for land and water resources, two of the most critical factors for development in a country like India. Academics freely admit that there are widespread concealed tenancies, illegal encroachments and blatant falsification of records. And, yet, the same land records are being computerised and are the data source for policy-making for land and water!

- \* There is no genuine decentralisation to empower the panchayats and to make them poor-friendly.

- \* Food security system virtually leaves out large areas of hardcore poverty and does not meet more than a fraction of the need of the poor where the system is accessible to them.

- \* Employment programmes remain adhoc and hastily planned and implemented relief measures. There is no monitoring of the assets created by the programmes to check their quality, durability and contribution to employment generation for the poor.

While marginal improvements would continue to be made in these policy areas, it seems obvious to us that what the mainstream described above does to change the policies would always be too little and too late to meet the challenges the country faces. One does get glimpses of this systemic constraint in Professor Vyas's writings. However, it is doubtful that enough is being done in agricultural economics researches and teaching to understand the implication of the systemic constraint for the methodologies and analytical frameworks of the discipline. Here is a priority area in which the initiative taken by the leaders in the profession like Professor Vyas would be very timely and useful.

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