ANALYTIQUE

Vol. IX · No. 3 · Jul - Sep 2013

Do Power Politics Affect the International Monetary Fund?

– Nikhar Gaikwad

Right to Fair Compensation and Transparency in Land Acquisition and Rehabilitation and Resettlement Act – 2013 – Key Features

– K. Selvaraj

Consumption Profile Across Social Groups in Rural Maharashtra: Evidence From Recent Data

– Mousumi Das

Select Economic Indicators

Quarterly Journal of the Bombay Chamber of Commerce and Industry Trust for Economic and Management Studies

Bombay Chamber of Commerce & Industry

The Bombay Chamber of Commerce and Industry is India's premier Chamber of Commerce and Industry situated in Mumbai, the industrial, financial and commercial capital of India. Established in 1836, it is one of the oldest Chambers in the country and has a long and illustrious history of continuous service to trade and industry.

The Chamber can boast not only of its longevity but also of its impeccable lineage. With more than 4000 prime companies as its members, the Chamber represents the cream of Indian Industry, Commerce and Services. While the name 'Bombay Chamber' conjures images of an organization representing exclusively a city-based membership, in reality it represents a wide spectrum of highly reputed and professionally run companies which are based in the city of Mumbai, but whose manufacturing facilities and commercial influence spread not only all over India but also internationally.

The Chamber uniquely represents large and medium sized Corporations, Banking and Financial Institutions, professional Consulting Companies and a large number of Multinationals. It comes as no surprise that today the Bombay Chamber's membership represents as much as a third of the country's GDP in the manufacturing and service sectors.

Bombay Chamber of Commerce and Industry
Mackinnon Mackenzie Building, Ballard Estate, Mumbai 400 001
Tel: 91-22-4910 0200
E-mail: bcci@bombaychamber.com
Website: www.bombaychamber.com

ANALYTIQUE

Vol. IX • No. 3 • July-September 2013

ISSN 2320 – 1371

From the Editor's Desk

In September, the outlook for global growth has improved modestly.

AS RBI observed in its Monetary policy statement in India, industrial activity has weakened, with a contraction in consumer durables and tepid growth in capital goods reflecting the ongoing downturn in both consumption and investment demand. Strengthening export growth and signs of revival in some services, along with the expected pick-up in agriculture, could support an increase in growth in the second half of 2013-14 relative to the first half, raising real GDP growth from 4.4 per cent in Q1 to a central estimate of 5.0 per cent for the year as a whole. The revival of large stalled projects and the pipeline cleared by the Cabinet Committee on Investment may buoy investment and overall activity towards the close of the year.

With the more recent upturn of global and domestic development, and with minute observation on some topical issues this issue of the quarterly journal brought together three important contributions from three eminent scholars . Hope their thought will be able to initiate healthy discussion in right direction to enhance capacity and productivity of the entire nation.

Contents

Editorial Board

Printed at Uchitha Graphic Printers Pvt. Ltd.

Published and Printed by Vikas Gadre, Bombay Chamber of Commerce & Industry Trust for Economic and Management Studies, Mackinnon Mackenzie Building, Ballard Estate, Mumbai 400 001 • Tel.: 91-22-49100200 • Email: analytique@bombaychamber.com

Do Power Politics Affect the International Monetary Fund?

*Nikhar Gaikwad**

Introduction

The diverging domestic policy responses to the recent global financial crisis in developed countries evince both the complications inherent in designing integrated monetary and financial policies in developing countries and the difficulties inherent in evaluating the International Monetary Fund's (IMF) past policy performance from a social scientific perspective. While IMF policies have come under attack recently by both social scientists and policy commentators, I find it difficult to draw solid conclusions from these studies. Although criticisms range from allegations that the IMF is merely a tool for United States realpolitik to insinuations that the IMF has not done enough to protect the interests of developing countries, they are often theoretically misdirected and empirically misspecified for three reasons: they don't adequately consider what counterfactual outcomes would have been in the absence of IMF policies, they don't sufficiently acknowledge the realistic capacities and mandates of the IMF, and they don't completely recognize the ways in which scholarly and practitioner consensus on financial policymaking has itself changed – at times significantly – over time. At a conceptual level, moreover, these criticisms at times seem to have contradictory logics. The IMF can't be *ineffective*, an instrument by which powerful countries (or private sector interests) are *successful* at achieving their interests, and an internally *dysfunctional* organization (Milner, 2005) all at the same time. While each of these criticisms might be individually applicable, one would need to classify and adjudicate amongst them in order to draw meaningful conclusions about the IMF's policy performance.

In the following paper, I evaluate recent studies that suggest that the IMF has been overrun by international political considerations from both a social scientific and policy perspective. After outlining and analyzing some broad criticisms leveled against the IMF, I critically explore two specific charges. First, I evaluate the allegation that IMF loans are direct instruments of political horse-trading that are exchanged for United Nations Security Council (UNSC) votes (Dreher et al, 2009). Second, I evaluate the allegation that the IMF serves as a platform in which powerful countries indirectly wield power by setting the terms and conditions of loans that are provided to developing countries (Stone, 2008). As a frame of reference for critiquing these

* Nikhar Gaikwad is PhD Candidate at Yale University, New Haven CT 06520 USA. He can be reached at nikhar.gaikwad@yale.edu

analyses, I argue that we need to ask ourselves the following counterfactuals: would powerful countries have acted in different ways and would outcomes in developing countries have been any different in the absence of the IMF? Although I applaud the spirit of these two studies, I find them to be on the whole more suggestive than conclusive in their findings because I don't think they provide an adequately answer to these counterfactual questions.

IMF and its Critics

The IMF has been criticized on both positive and normative counts. On one hand, analysts have conducted empirical studies of IMF interventions to broadly claim that IMF loans and conditions mired developing nations in lower growth cycles, depressed worker incomes and exacerbated inequality, increased public sector-led unemployment, and stymied development goals such as providing access to nutrition, health services, and education (see, for example: Vreeland, 2003; Ravallion, 2001, 2003; Beegle and Frankenberg, 1999). On the other hand, commentators have attacked the normative framework of the IMF and, more broadly, the Washington Consensus ideology that governed both IMF and World Bank policies, and have claimed that these institutions engendered outcomes at odds with the development goals of poor countries (see, for example: Stiglitz, 1998a, 1998b; Williamson, 2000; Gore, 2000). Without engaging directly with these claims, I point to the logical and empirical concerns with these criticisms that are relevant to my subsequent critique of the Dreher et al (2009) and Stone (2008) studies.

First, it is difficult to evaluate empirical studies of IMF policies because of selection bias issues; since IMF policies by and large only target countries that are in financial trouble to begin with, one cannot accurately evaluate the causal impact of IMF policies by simply looking at before and after conditions within nations, or looking at conditions across nations at any one point in time. Indeed, neither longitudinal studies nor cross-sectional studies are able to address the selection bias problems in the provision of international loans, for example, because selection bias can occur for a number of observed and unobserved reasons (Milner, 2005). Moreover, these studies are also not fully able to address the counterfactual situation of what developing country political economy outcomes would have been in the absence of IMF interventions. Second, since financial crises have idiosyncratic effects and target different sections of society at different points in time, one would need to closely examine each case individually in order to meaningfully evaluate the impact of IMF policies on different population segments. Third, IMF policies might have disparate and potentially contradictory effects over time, confounding evaluation attempts. For example, fiscal austerity measures might negatively impact public employment, short-term wages, and poverty but might positively impact growth and development over time. Fourth, theory and scholarly consensus is often divided on what the appropriate response to a specific banking or financial crisis aught to be, making it difficult to construct an appropriate benchmark by which to evaluate IMF policies.

Each of these conceptual and empirical problems complicate attempts to adjudicate allegations that IMF policies are not autonomous but are instead instruments of great power politics. The broad claim here is that the IMF is victim to the interests of powerful, industrialized countries and that, consequently, IMF loans and conditions are wielded so as to propagate the interests of their rich benefactors (see, for example: Mearsheimer, 1994). But rather than simply asking – "do powerful countries wield power through institutions?" or "do institutions impact developing countries?" – I think a more interesting way to conceptualize this topic is to think about how specific designs embedded in institutions *alter* the ways in which developed and developing countries interact. Studies that are able to demonstrate the independent causal effect of institutional arrangements can go a long way towards addressing some of the problems related to counterfactuals that I have outlined above.

Indeed, I think it is imperative to isolate the role of the IMF institutional features when evaluating allegations that the organization engages in pork barrel politics or great power geopolitical maneuverings. Consider, for example, the fact that the decision-making structures of the IMF favor, by design, the interests of developed nations so as to reflect the fact that IMF loans are predominantly provided by rich country governments. Indeed, IMF decisions are taken by weighted voting with a vast proportion of the votes belonging to richer developed countries; the voting structure of the IMF ensures that the United States (with 16.80% of the overall votes) has an absolute veto and the three permanent European nations (United Kingdom, Germany, and France, with 14.43% of the overall votes) have a near veto on all IMF policies (IMF Members' Quotas and Voting Power, IMF, 2011). Given this voting structure, it is not very interesting to claim that IMF policies are generally in line with U.S. and European interests. By contrast, studies that can delineate how the voting structure (or loan conditionality mechanism, etc.) alters the ways by which rich countries exert power through the IMF would be able to more convincingly support allegations that the IMF is an independent causal agent that needs to be considered when evaluating the geopolitical maneuverings of powerful nations. I now proceed to analyze two social scientific studies that present evidence suggesting that IMF policies are influenced by international political considerations.

IMF and UNSC Voting

According to a variant of the IMF-and-political-influence theory, powerful developed countries *directly* use the IMF to dole out loans to strategically important developing countries in order to secure their support in international political matters. Dreher et al (2009), for instance, pursue this line of reasoning in a study that argues that IMF loans are often offered to temporary members of the UNSC in exchange for votes supporting UNSC resolutions. In short, the authors find a robust positive relationship between temporary UNSC membership and participation in IMF programs, and a negative relationship between temporary UNSC membership and IMF loan conditionality – even after controlling for a host of factors that could predict participation and conditionality. Below I discuss the theoretical underpinnings and empirical design of the study, pointing out strengths and weaknesses in each.

The crux of the theoretical argument in this study is that "governments use their influence in one international organization to gain leverage over another" (Dreher et al, 2009, p.743). The argument contains several building blocks. First, although powerful countries control both the UNSC and the IMF, they must value the geopolitical outcomes of the UNSC more than they value the financial and economic outcomes of the IMF. To start, for this logic to hold, powerful countries must deeply care both about UNSC resolutions and about obtaining widespread support for UNSC resolutions. However powerful countries regularly sidestep the UNSC and either act unilaterally or act through other forums in order to further their geopolitical imperatives. Moreover, since permanent members regularly exercise their vetoes on controversial matters, UNSC resolutions would have to be fairly non-controversial before non-permanent members get to have an effective vote in their passage. Furthermore, UNSC resolutions simply need a majority of nine votes – in effect, four additional votes apart from the votes of the permanent members – in order to pass, raising questions of why powerful countries would need to build large coalitions amongst non-members in the first place. Indeed, although the authors of the study make a point about the normative merits of unanimous voting, they fail to provide a compelling rationale for why powerful countries would go through the elaborate process of peddling IMF loans to secure these votes.

Second, although developing countries hold scant power in both the UNSC and IMF, they must value the economic resources bestowed by the IMF more than the political consequences of their votes on the UNSC. While this assertion might be true, on closer inspection I think it reduces to a rather uncontroversial and theoretically trivial claim: when developing countries *simply don't care* about which way to vote on the UNSC, they vote in line with powerful countries, perhaps because they hope to curry external favor. I think the authors realize this implication, because they go to great lengths to argue that a developing country "government must weigh the costs and benefits of voting *against its sincere interest* and receiving the loan versus the costs and benefits of *voting sincerely* without receiving loan installments" (p.743; emphasis added). But who can tell what the 'sincere interests' of developing countries are to begin with? In fact, in the two anecdotes where the authors note a conflict of interest (Yemen and Cuba, Section 3), the developing nations voted against the interests of the U.S. More tellingly, the empirical analysis also reveals that the link between UNSC voting and IMF loan provision completely falls apart when applied to Middle Eastern, North African, and Eastern European countries that likely had conflicts of interest in UNSC voting. I think that it is likely that most developing countries are simply indifferent about taking sides in UNSC resolutions. If this were true, I also think the theory would lack much of its punch because it would fail to demonstrate that the institutional contexts of either the UNSC or the IMF tangibly *alter* the behavior of developing countries.

Last, the theoretical framework depends crucially on the assumption that powerful nations prefer to wield influence through multilateral channels rather than unilateral or bilateral routes. According to the authors, IMF loans are preferred to direct bilateral loans because IMF loans are less transparent and can, due to their renewal time frames, lock loan recipients into voting repeatedly in line with UNSC resolutions. However, this too might be a questionable assumption; Milner (2005) points to several studies that suggest that "bilateral aid tends to be more oriented toward the political and economic interests of donors than is multilateral aid" (p.839). Thus a close analysis of the logic of vote trading reveals few compelling reasons to subscribe to the author's main theory.

Apart from my doubts about the theoretical edifice of the argument, I also thought that the empirical design of the study raised concerns. The authors use data on 197 countries from 1951 to 2004 to test whether IMF participation was related to UNSC membership after having controlled for a number of other economic and political predictors. I liked the fact that the authors included these controls; the expected signs and significance levels were generally in line with expectations and generated confidence about the robustness of the findings. However, my primary concern about the potential selection bias in this study was not adequately addressed. Indeed, the empirical model fails to alleviate fears that there could potentially be time varying factors that could make nations more likely to both get elected to the UNSC and receive IMF loans. Absent a convincing econometric specification that controls for selection bias and addresses counterfactual conditions, one can only draw tentative findings from studies such as these.

IMF and Conditionality

An alternate theory that points to linkages between IMF policies and great power politics suggests that the mechanisms of influence are not direct but *informal*. Stone (2008) attempts to develop this line of argument, yet offers a complicated and what at times seems to be a needlessly opaque theory of power and influence in the IMF. As a starting point, the theory attempts to reconcile the logical inconsistency between the view of international institutions as bureaucratically autonomous bodies and the view of international institutions as instruments of power politics. In doing so, the theory posits that international institutions such as the IMF operate under dual sets of rules – 'formal rules' and 'informal rules' – that kick in at different points of time. During ordinary times, institutions subscribe to formal rules that stipulate all sorts of consensual procedures and established practices for day-to-day operations; in these circumstances, the IMF would retain broad autonomy over its decision-making. During urgent times, by contrast, institutions allow the powerful states in the international system to override established policies and promote their own strategic interests; in these circumstances, powerful nations assume decisive influence in shaping the IMF's strategic decisions.

In truth, I found this theory to be quite confusing because I couldn't tell whether it was simply a combination of the two aforementioned theories that it was trying to adjudicate between or whether it was offering some sort of new theoretical angle. Since the main contribution of the paper lies in its empirics, however, I evaluate the 'informal influence' hypothesis in terms of its empirical test rather than in terms of its theoretical formulation.

The theory allows Stone (2008) to develop a set of testable hypotheses with respect to the IMF's loan conditionality mechanisms. During normal times, ordinary countries should face loan conditionality stipulations that reflect long-term economic policy priorities. During politically charged crises, by contrast, strategic allies of powerful nations (in this case, the U.S.) should receive fewer loan conditions, ostensibly on account of U.S. interference. Put another way, this suggests that conditionality is selective rather than systematic. The study also posits a further testable extension: U.S. influence should be observed only when IMF support is valued more by the borrower nation and U.S. influence should depend on the institutional capacity of the borrower; in other words, "intervention should be limited to countries that are vulnerable enough to seek it" (p.616).

Stone (2008) proceeds to test these hypotheses using disaggregated data on IMF loan conditionality between 1992 and 2002. One of the major breakthroughs of this study is its demonstration that loan conditionality should be viewed not as a binary, but as a discrete variable; the author convincingly shows that conditionality varies widely across nations and he uses this variation to see if the selective application of conditions can be explained by political influence variables. One of my major quibbles with the study, however, pertained to the use of this data. Although the author goes through great lengths to classify and code loan conditionality data into different *substantive* categories, he ultimately simply measures the scope of conditionality by looking at the *number* of conditions that the IMF imposes on each loan. Since some conditions are undoubtedly more binding than others, I think future studies would be wise to exploit variations in the substantive nature of conditionality.

The simple yet powerful finding of this study is that developing countries that receive aid from the U.S. are 39 percent more likely to receive IMF programs; moreover, these countries face fewer conditionality restrictions. As a point of comparison with Dreher et al (1999), notice that this study defines 'strategic importance' not in terms of UNSC voting but in terms of U.S. aid provision. Variations in the operationalization of this crucial variable across studies makes one wonder what its appropriate empirical benchmark should be and raises doubts about whether empirical findings hold across different specifications. Moreover, and in the spirit of one of my central concerns with these studies, it would be a stretch to argue that U.S. aid is an exogenous independent variable in this model.

Having analyzed two theories related to the role of political considerations in IMF policymaking, I return to the questions by which I opened this paper: would powerful countries have acted in different ways and would outcomes in developing countries have been any different in the absence of the IMF? I think future research designs should pay close attention to these counterfactual questions in order to derive more robust causal conclusions.

End Notes

1. Ironically, the evidence that the authors provide to justify why countries might want to purchase the votes of non-members have to do with one country, the United States, which has been quick to circumvent the UNSC in pursuing its geopolitical goals in recent history.
2. One notable anomaly here was the sign on the variable "budget surplus". Countries that had a budget surplus were significantly more likely to participate in IMF programs, whereas one would expect the opposite result given that fiscally sound countries would probably need fewer loans.
3. Furthermore, the theory holds that the dichotomous formal-informal governance structure is tolerated by all nations in the international system. Powerful nations are satisfied because they are able to maintain influence in the international organization without having to coordinate day-to-day policies; other nations are also satisfied because powerful powers remain entrenched within rather than outside of the organization.

Bibliography

1. Dreher, Axel, Jan-Egbert Sturm, & James R. Vreeland. 2009. "Development Aid and International Politics: Does Membership on the UN Security Council Influence World Bank

Decisions?" *Journal of Development Economics* 88(1): 1–18.

2. Stone, Randall. 2008. "The Scope of IMF Conditionality." *International Organization* 62(4): 589–620.

3. Milner, Helen. 2005. "Globalization, Development, and International Institutions: Positive and Normative Perspectives." *Perspectives on Politics*. (3) 4.

4. Vreeland, James. 2003. *The IMF and Economic Development.* Cambridge, UK: Cambridge University Press.

5. Frankenberg, E., K. Beegle, D. Thomas, & W. Suriastini. 1999. "Health, Education and the Economic Crisis in Indonesia." http://biko.sscnet.ucla.edu/dthomas/paper.html

6. Beegle, K., E. Frankenberg, & D. Thomas. 1999. "Real Costs of the Economic Crisis in Indonesia." http://biko.sscnet.ucla.edu/dthomas/paper.html

7. Gore, C. 2000. "The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries." *World Development*; vol.28.5

8. Stiglitz, J. 1998. "Towards a New Paradigm for Development: Strategies, Policies, and Processes." *The Prebisch Lecture*; UNCTAD

9. Stiglitz, J. 1998. "More instruments and broader goals moving towards the post-Washington consensus." *WIDER Annual Lectures*

10. Ravallion, M. 2001. "Growth, Inequality and Poverty: Looking Beyond Averages." *World Development*

11. Ravallion, M. 2004. "Competing Concepts of Inequality in the Globalization Debate." *World Bank Research Paper* #3243

12. Williamson, John. 2000. "What Should the World Bank Think About the Washington Consensus?" *World Bank Research Observer*. Washington, DC; Vol. 15, No. 2. pp. 251-264.

Right to Fair Compensation and Transparency in Land Acquisition and Rehabilitation and Resettlement Act – 2013 – Key Features

*K. Selvaraj**

Introduction:

Article 31(A) of the Indian Constitution provides for saving of laws providing for acquisition of estates etc. It states that law can be enacted for the acquisition of the land provided that it ensures payment of compensation at a rate which shall not be less than the market values thereof. Further, Entry No.42 of List III – Concurrent List of the Seventh Schedule of the Indian Constitution relates to acquisition and requisition of property.

Under Article 246 (2) of the Indian Constitution, both the Parliament and the Legislature of the States have power to make laws with respect to matters enumerated in the List III (Concurrent List). In case of inconsistency between laws made by the Parliament and laws made by the Legislatures of the States, the law made by the Parliament shall prevail and the law made by the State Legislatures shall, to the extent of repugnancy, be void under article 254 of the Constitution.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013 (**"the Act"**) passed by the Parliament during the monsoon session, received the President's assent on 27th September, 2013. Once the Government notifies the Act the same will become operational.

Reasons for Enactment of the Act:

Currently the land acquisition process is carried out under the provisions of the Land Acquisition Act, 1894 (**"the Existing Act"**). The Existing Act has been amended from time to time (in pre-independence and post-independence). So far, the Existing Act has been amended 17 times. Since 1960's large scale acquisition is also being done for companies in private sector. Various sections of the Existing Act have also been amended from time to time by the State Governments to meet their specific requirements. Provisions of the Existing Act have been found to be inadequate in addressing certain issues related to the exercise of the statutory powers of

* K. Selvaraj is Director, Legal at IDFC Ltd.. He can be reached at - @ selvaraj@idfc.com

the State for involuntary acquisition of private land and property. The Existing Act fails strike a balance between development and individual rights and is criticized for according a step motherly treatment to the poor displaced people. Further under the Existing Act, once the acquiring authority has formed the intention to acquire a particular plot of land then it can carry out the acquisition regardless of how the person whose land is sought to be acquired is affected. There is no real appeal mechanism to stop the process of the acquisition under the Existing Act. Further, the rates paid for the land acquired under the Existing Act are the prevailing circle rates in the area which are notorious for being outdated and hence not even remotely indicative of the actual rates prevailing in the area. Even where acquisition has been carried out the same has been challenged in litigations on the grounds mentioned above.

In the light of the above, the Government introduced a new bill for the Act in September, 2011 before the Parliament. After elaborate discussion and consultations before various forums including in the Parliamentary Standing Committee, the Government passed the Act.

Before adverting to the key features the Act, it is important to see the constitutional position of the Land Acquisition and the Land.

Key Highlights of the Act

The broad contours of the Act are as follows:-

(i) Public Purpose:

Land can be acquired by the Government only for **"public purpose".** The definition of public purpose includes Infrastructure Projects, Industrial Corridors, Mining, Investment and Manufacturing Zones, Sports, healthcare and transport projects built by the Government and public sector enterprises. **"Infrastructure Projects"** includes projects related to generation of electricity, telecommunication services, roads and highways, water supply, and other projects that may be notified by the government. Government will however not buy land for private hospitals, educational institutions or hotels.

The definition of **"public purpose"** also includes acquisition of land by the Government for private companies and public private (PPP) partnership projects provided the same is for the above mentioned public purpose and consent is obtained from the land owners.

(ii) Requirement of Consent:

In case of acquisition of land for use of private companies' consent of 80 per cent of the land owners is to be obtained. In case of acquisition of land for PPP projects, 70 per cent of the land owners have to be obtained.

(iii) Social Impact Assessment:

The Act requires the government to conduct a Social Impact Assessment ("SIA") prior to every acquisition of land. The SIA has to be completed within six months from the date of its commencement. The SIA study will take into account amongst other factors the social impact of the project on the overall costs of the project vis a vis the benefits of the project. SIA need to be completed within six months.

The SIA will be evaluated by an Expert Group. While evaluating the SIA, the Expert Group has to look at whether the project serves any public purpose; or (b) the social costs and adverse social impacts outweigh the potential benefits. It is required to submit its recommendation within two months of its constitution.

(iv) Preliminary Notification:

The government is required to issue a preliminary notification indicating its intent to acquire the land. The preliminary notification has to be issued within 12 months of the evaluation of the SIA by the Expert Group. The Act prohibits any person from undertaking any transaction from the date of the publication of the preliminary notification until the process of acquisition is completed.

(v) Objections:

Any person may within 60 days from the date of publication of the preliminary notification submit his objection, if any, regarding the land acquisition process to the collector. The decision of the collector in this regard shall be final.

(vi) Declaration:

The government shall issue a declaration of identifying its intention to acquire the identified land. This declaration will be regarded as conclusive evidence that the land is required for a public purpose. This declaration shall be published within 12 months from the date of issuance of the preliminary notification. Further no declaration shall be made unless requiring body deposit full or part of the amount as may prescribed by the Government towards cost of acquisition of the land.

(vii) Compensation:

The Act prescribes that the compensation to be paid under for the land acquired under the Act shall be higher of (a) Circle rate; or (b) The average of the sale price for similar type of land situated in the village or vicinity ascertained from fifty per cent of the sale deeds registered during the preceding three years, where higher price has been paid; or (c) The amount agreed upon as compensation for acquisition of land for private companies or PPP Projects. Once the market value as above is computed, it shall be multiplied by a multiplier factor of upto two in rural areas. Afterwards the value of the assets attached to the land such building, trees, crop etc would be added. After carrying out this exercise 100% Solatium would be added on the compensation determined. It is to be noted that no multiplier is not applicable in urban areas.

Example for Determination of Compensation

The following example will help the readers to understand determination of compensation under the Act for loss of

Land and Assets

10 acres of Mr. A's unirrigated agricultural land in village X is affected

Market value of Agricultural land: 10 lakhs per acre

Market value of Mr. A's land as per the New Act: 1 crore x 2 times: 2 crores

Market value of 10 Neem trees: Rs. 1 lakh

Market value of storage room: 2 lakhs

Market value of well with pumpset: Rs. 2 lakhs

Market value of standing crop damage: Rs. 5 lakh

Total compensation for affected assets including land: Rs. 2.1 crores (A)

Solatium@ 100% of Total compensation: Rs. 2.1 crores (B)

Interest @ 12% per annum: Rs. 25.2 lakhs (C)

Total compensation for Land and assets: A+B+C:4.452 crores

Example – Sliding Scale

The following is the example of working of sliding scale given by the Government to determine multiplier in rural areas.

ILLUSTRATIVE SLIDING SCALE

This multiplier factor will gradually rise from 1 to 2 as we move away from urban locations into **rural areas.**

The precise **slabs** will be **left to respective State Governments.**

Illustrative Sliding Scale
(precise scale to be determined by each State Government)

Radial Distance from urban area (km)	Multiplier Factor
0-10	1.00
10-20	1.20
20-30	1.40
30-40	1.80
40-50	2.00

The Act further prescribes that (a) while determining the market value and the average sale price, any price paid as compensation for land acquired under the provisions of this Act on an earlier occasion in the district shall not be taken into consideration; (b) while determining the market value and the average sale price, any price paid, which in the opinion of the Collector is not indicative of actual prevailing market value may be discounted for the purposes of calculating market value.

(ix) Rehabilitation and Resettlement ("R&R")

Subsequent to the publication of the preliminary notification, the central government will appoint an Administrator for Rehabilitation and Resettlement ("Administrator"). The Administrator will conduct a survey and prepare a draft R&R scheme. The draft R&R scheme will be publicised and the Administrator is responsible for hearing any objections to the scheme. The draft R&R scheme will be sent to the Commission of Rehabilitation and Resettlement for his approval.

Provisions of R&R are applicable to the land owners and other affected families. These include, inter alia, (i) a house, (ii) monthly subsistence allowance of Rs. 3000 per month for period of one year, (iii) one time allowance of Rs. 50000/, (iv) a job or a payment of Rs. 5 lakh or Rs. 2000/ per month for 20 years.

Apart from the above, 25 infrastructure amenities including schools, roads drinking water etc need to be provided in the resettlement areas for the resettlement of the affected families.

This requirement is applicable only if there is any displacement of affected families.

It is to be noted that that the term "affected families" under the Act shall mean the following

(a) Family whose land is acquired or displaced from their land;

(b) Those who are assigned land by the Govt;

(c) Right holders under the Forest Right Act, 2006

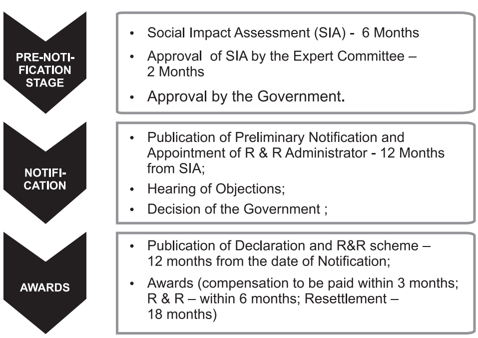
(d) Families including agricultural laborers, tenants, artisans - more than 3 years prior to acquisition of land;

(e) Scheduled Tribes and other traditional forest dwellers; and

(f) Dependents of forests or water bodies – more than 3 years

(x) Applicability of R&R for Private Purchase:

The Act provides that R&R will be mandatory in case of private purchase of land without intervention of the Government under the Act above a certain threshold which shall be specified by each state government considering the relevant state specific factors.



(xi) Retrospective Application of the Act

The Act also provides for its retrospective application (i) to projects where no land acquisition award has been made under the Existing Act;(ii) those cases where land was acquired 5 years ago but no compensation was paid or no possession took place; (iii) Where a majority of individuals in an affected area have not received compensation then the new law will apply; (iv)If any land has been purchased through private negotiations on or after 5th September, 2011 and if the same land is acquired under the New Act within three years from the date of commencement of the New Act, then 40% of the compensation paid to such land acquired shall be shared with the original land owners.

(xii) Other Key Provisions

(i) The provisions of this Act shall not apply to acquisitions under 13 existing legislations including the National Highways Act, 1956, the Electricity Act, 2003 etc. However the Government shall bring necessary notification within one year so that the benefit of the Act is extended to the land acquisition of these 13 legislations as well

(ii) The use of the Land acquired under the Act cannot be changed after acquisition.

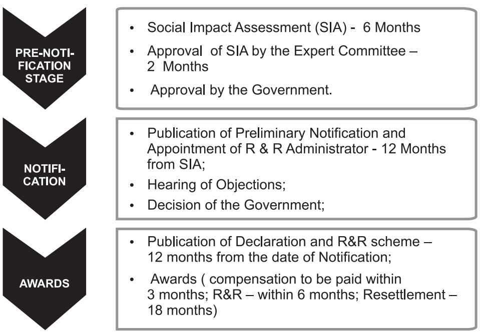
(iii) Land that has been acquired and not used for five years shall be transferred back to the Government or returned to the original land owners or to the land bank of the Government

(iv) If the land acquired land is sold (subject to approval of the relevant State Government) within five years, 40% of the sale proceeds will have to be shared with the original owners.

(v) If the concerned state government gives superior benefits than the benefits envisaged under the Act, the affected families shall be entitled to avail the same.

(x) Process of acquisition of Land under the Act

The entire process of acquisition of land under the Act can be described as follows:



(b) Key Challenges of the Act

The provisions of Act indirectly forces the private companies to acquire the land on their own on private negotiations basis without intervention of the government. Unless proper revenue and land records are available, private purchase of land for huge industrial projects would be cumbersome and prone to litigations. Unlike in other countries, registration of documents with Sub-Registrar's office does not confer any title to the purchase. Registration of title documents would serve evidence only as a confirmation of transaction between the seller and the buyer. As average land holding in India is less than 2 acres, it will be a major challenge for acquisition of large tract of lands for industrial and infrastructure projects on private negotiation basis. Land administration is a state subject. Reforms initiated in land administration by states are by and large confined to computerisation of land records in some states. Other than there no major reforms

The Act prescribes number of checks and balances to check the possible misuse of the provisions of the Act. The implementation of the provisions of the Act is mainly on the states. Going by the past practise, the responsibility to implement the provisions the Act would rest with same set officers such as the District Collector etc. These officers are already overburdened due to multiple responsibilities. Implementing the provisions of the Act by these officers would delay the process of land acquisition. It is estimated that the acquisition of land under the Act would take four to five years.

Conclusion:

While there is no doubt that the Act is a progressive legislation addressing the concerns of not only the land owners but also other families whose livelihood depend on the land acquired, unless key parallel reforms in land administration is initiated in the state level, the objective of the Act would be defeated.

Consumption Profile Across Social groups in Rural Maharashtra: Evidence From Recent Data

*Mousumi Das**

I. Introduction

Maharashtra is the second largest state in the country in terms of population and area. The state has 35 districts, and Mumbai, the financial hub is the capital city. It is one of the high ranking states in terms of income. The Net State Domestic Product of the state has grown at 7.5 percent since 1999-2000 (Suryanarayana, 2012). As per Economic Survey 2011-12, Mumbai, Pune, Thane, Nashik and Nagpur contributed to 55.6 percent of GSDP (GoM, 2013). Akola, Buldhana, Jalna, Beed, Parbhani, Hingoli, Latur, Nanded, Osmanabad and Yavatmal were the districts with income less than the national income of Rs.61, 564 in 2011-12. The state HDI was 0.572 much higher than the national average of 0.467 in 2007-08 (GoM, 2013). The lowest HDI was 0.21 for Gadchiroli and the highest was for Mumbai (GoM, 2002). Thus there is considerable inter-district variation in income profile let alone other development indicators.

Many factors can be attributed to the existence of disparities across districts. One such factor can be the profile of different social groups across different districts and their levels of living. A common perception is that districts with a higher proportion of the backward classes will lag behind those housing the upper strata of the society (Others). Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Classes (OBC) are classified as the socially disadvantaged groups in India. These groups have performed dismally in terms of indicators like income, health and education. Given the brief profile of the state and its districts, in this paper we examine whether there has been any improvement in the levels of living of different social groups between the years 2009-10 and 2011-12 We use NSS data for the 66th and 68th rounds corresponding to the agricultural years July 2009-June 2010 and July 2011-June 2012 respectively. It needs to be kept in mind that 2009-10 was a drought year and might affect the consumption expenditure estimates (Krishnaswamy, 2012).

II. Discussion

The National Sample Survey identifies state-regions, which consist of several districts within a state with similar agro-climatic conditions and socio-

* Mousumi Das is Research Scholar at the Indira Gandhi Institute of Development Research, Mumbai. She can be reached at - mousumi@igidr.ac.in.

economic features. The four regions of Maharashtra are Coastal, Inland Western, Inland Northern, Inland Central, Inland Eastern and Eastern. The Coastal region comprises the six districts of Thane, Raigarh, Ratnagiri, Sindhudurg, Mumbai and Mumbai (suburban).Pune, Ahmednagar, Solapur, Satara, Kolhapur and Sangli are the six districts, which form the Inland Western region. The Inland Northern region comprises Nandurbar, Dhule, Jalgaon and Nashik. Nanded, Hingoli, Parbhani, Jalna, Aurangabad, Bid, Latur and Osmanabad are the eight districts, which form the Inland Central region. The Inland Eastern region comprises the seven districts of Buldana, Akola, Washim, Amravati, Wardha, Nagpur and Yavatmal. Finally the Eastern region consists of the districts of Bhandara, Gondiya, Gadchiroli and Chandrapur.

Firstly it is important to identify the regions of Maharashtra and the population profile of SC, ST, OBC and Others, to understand, which regions have highly concentrated population of the backward classes. Inland Northern region had the highest population of STs and the Inland Central and Inland Western had the lowest population in AY 2009-10 and AY 2011-12 respectively. Inland Western region had the highest SC population and the Coastal region had the lowest. OBCs dominate the Inland Eastern region and the Eastern region had the lowest proportion of them. Others category dominate the Inland Western Region and are the least in proportion in the Eastern region. Generally the Others category are well-off than the backward classes. It would be in this context interesting to examine the social welfare status of the Inland Western region, which had the highest proportion of Others as well as SC population. Since we use mean per capita consumption expenditure data based on Modified Mixed Reference Period (MMRP) and Mixed Reference Period (MRP) the sample size across different social groups vary. However the ranking of the different regions according to the proportion of population belonging to different social groups in those regions almost remain the same across both the rounds.

Ranking of states by mean per capita consumption expenditure based on MMRP and MRP brings out the disparity in performance across social groups and regions over time. According to the MPCEMMRP estimates the SCs and OBCs were better off in the Inland Northern region (AY 2009-10). However in AY 2011-12 the SCs were the worst performer in the same region. The Eastern region performs the best in 2011-12 with the OBCs having the highest level of MPCE however in the earlier round the same region had the lowest level of MPCE. However, in this region the Others category perform the worst with the lowest mean MPCE values in AY 2011-12. The Eastern region had the lowest levels of living in 2009-10 as the overall MPCE was the lowest and very low for the SCs and OBCs. Overall across all the regions and between both the rounds, the Eastern region performed the worst and

Table 1: Rural Maharashtra – Profile of Social Groups

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	465(11.59)	480(11.91)	105(22.88)	88(19.51)	21(3.93)	36(7.5)	217(13.36)	224(13.84)	122(8.75)	132(8.91)
Inland Western	1084(27.02)	1,088(26.99)	31(6.75)	44(9.76)	206(38.50)	167(34.79)	266(16.38)	284(17.55)	581(41.68)	593(40.01)
Inland Northern	576(14.36)	576(14.29)	178(38.78)	129(28.6)	29(5.42)	40(8.33)	244(15.02)	280(17.31)	125(8.97)	127(8.57)
Inland Central	864(21.54)	864(21.43)	24(5.23)	51(11.31)	136(25.42)	110(22.92)	240(14.78)	265(16.38)	464(33.29)	438(29.55)
Inland Eastern	704(17.55)	703(17.44)	65(14.16)	66(14.63)	102(19.07)	89(18.54)	449(27.65)	385(23.79)	88(6.31)	163(11)
Eastern	319(7.95)	320(7.94)	56(12.2)	73(16.19)	41(7.66)	38(7.92)	208(12.81)	180(11.12)	14(1.00)	29(1.96)
Maharashtra	4012(100)	4031(100)	459(100)	451(100)	535(100)	480(100)	1624(100)	1618(100)	1394(100)	1482(100)

$MPCE_{MMRP}$(Mean)

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	1134.1	1397.26	965.38	809.28	1140.29	1633.64	1138.76	1438.46	1343.45	1869.93
Inland Western	1268.8	1805.03	1241.6	1163.25	1169.22	1513.11	1164.85	1759.97	1352.06	2016.54
Inland Northern	1208.51	1593.93	941.05	1212.72	1347.42	1267.58	1343.7	1783.97	1338.33	1798.69
Inland Central	1105.12	1534.89	949.72	1364.86	905.24	1391.25	1059.54	1580.74	1224.3	1578.95
Inland Eastern	1134.13	1568.6	868.63	1198.97	978.43	1754.6	1192.31	1587.72	1432.6	1530.63
Eastern	891.14	1641.72	917.97	1349.47	738.44	1286.24	904.15	1873.56	1246.64	1297.79
Maharashtra	1152.79	1619.22	961.03	1159.95	1030.54	1506.1	1134.58	1672.17	1308.97	1780.76

$MPCE_{MMRP}$ (Median)

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	999.79	1202.37	886.86	765.32	1066.69	1288.47	997.09	1217.5	1240.19	1595.2
Inland Western	1151.31	1562.78	899.68	1046.85	1061.58	1376.72	1117.5	1530.1	1193.2	1712.95
Inland Northern	1089.67	1393.17	900.49	1050.48	1182	1020.18	1217.01	1591.61	1191.28	1580.32
Inland Central	1027.74	1382.45	999.11	1272.94	864.78	1326.36	962.45	1389.52	1132.61	1415.38
Inland Eastern	993.52	1317.03	824	1151.97	818.23	1259.26	1024.8	1337.55	1346.98	1346.96
Eastern	813.77	1268.07	839.02	1268.07	677.96	953.72	810.97	1295.17	1319.44	1257.01
Maharashtra	1044.76	1382.95	879.03	1105.74	958.79	1277.8	1007.08	1389.52	1184.5	1549.81

the Inland Western region performed the best. The former had social groups mostly with the lowest levels of MPCE in this region, and the latter had no social groups with the lowest MPCE levels and some groups performed the best in these regions.

Mean per capita consumption estimates may be biased due to the presence of outliers in the data. Median consumption estimates are not subject to fluctuations due to the presence of outliers. According to median consumption estimates (MMRP and MRP) the overall conclusion is unchanged. In fact according to the estimates based on MPCEMRP the poor performance of the Eastern region is emphasized. It is beyond the scope of this paper to analyze the differences in consumption expenditure due to the different reference periods being used.

Mean MPCEMRP values are adjusted by the poverty line as suggested by the Tendulkar Committee . The state specific poverty line for rural Maharashtra for 2009-10 and 2011-12 were Rs. 743.7 and Rs. 967 respectively (GoI 2012, 2013b). At the all India level and for Other Backward Classes (except for the Coastal region) there was an increase in MPCE. For the STs there was no improvement in the overall level of consumption overtime and across regions (except for the Inland Central, Inland Eastern and Eastern regions). There was an increase in the level of MPCE for SCs overtime and across regions. The Others category performed well in all the regions except the Inland Northern and Inland Eastern region as compared to the other social groups. For median consumption estimates similar pattern was observed except for the SCs and the Others category. According to median estimates there is an increase only in the Inland Eastern and Eastern region for SCs. For the Others category the median value increases in the Inland Northern and Inland Eastern region except for Inland Central.

Next comparison of the box plot estimates of poverty line adjusted MPCEMRP values across regions is needed. A box plot is a five figure summary. The five numbers are the first and third quartile, median and the minimum and maximum values. It also shows the outliers, observations, which lies more than 1.5 times the inter-quartile range from the lower/upper quartile. For STs in rural Maharashtra though the distribution became less skewed, there was a fall in the level of consumption as given by the median and third quartile estimates. For the SCs the distribution became positively skewed with an increase in the level of consumption across all quartiles. For the case of OBCs the distribution became normal, with an increase in the median level of consumption. However the overall distribution remained the same. For the Others category the range as well as inter quartile range of the distribution fell. Thus in rural Maharashtra the STs performed the worst and the condition of the OBCs improved and the Others performed the best. The level of inequality rose for the SCs.

Table 2: Rural Maharashtra - Profile of Social Groups

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	468(11.66)	480(11.9)	115(24.57)	93(21.43)	21(3.58)	34(6.64)	222(13.92)	216(13.32)	110(8.06)	137(9.36)
Inland Western	1,083(26.97)	1,088(26.98)	24(5.13)	39(8.99)	227(38.67)	173(33.79)	260(16.30)	284(17.51)	572(41.90)	592(40.44)
Inland Northern	576(14.35)	576(14.29)	173(36.97)	130(29.95)	34(5.79)	54(10.55)	239(14.98)	281(17.32)	130(9.52)	111(7.58)
Inland Central	864(21.52)	864(21.43)	36(7.69)	44(10.14)	137(23.34)	106(20.70)	236(14.80)	274(16.89)	455(33.33)	440(30.05)
Inland Eastern	704(17.53)	704(17.46)	64(13.68)	61(14.06)	124(21.12)	100(19.53)	428(26.83)	380(23.43)	88(6.45)	163(11.13)
Eastern	320(7.97)	320(7.94)	56(11.97)	67(15.44)	44(7.50)	45(8.79)	210(13.17)	187(11.53)	10(0.73)	21(1.43)
Maharashtra	4015(100)	4032(100)	468(100)	434(100)	587(100)	512(100)	1595(100)	1622(100)	1365(100)	1464(100)

$MPCE_{MRP}$(Mean)

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	1128.63	1259.95	897.39	644.98	901.37	1304.04	1280.36	1388.57	1321.45	1854.61
Inland Western	1169.65	1693.19	1226.34	1041.37	932.12	1543.04	1117.43	1527.36	1165.66	1895
Inland Northern	999.23	1382.41	749.02	961.17	786.72	1442.93	1192.63	1597.73	1250.87	1450.37
Inland Central	1031.16	1392.88	743.54	1187.84	914.18	1213.48	875.27	1370.72	1059.51	1481
Inland Eastern	976.81	1369.19	814.3	1113.53	707.85	1370.45	1010.04	1407.58	1120.35	1388.83
Eastern	810.74	1236.21	753.44	1033.57	634.87	1392.09	781.48	1332.33	676.63	1046.15
Maharashtra	1048.41	1445.9	830.12	941.63	851.43	1394.09	1030.64	1446.12	1140.32	1663.82

$MPCE_{MRP}$ (Median)

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	906	1118.39	763.75	556.98	817.75	556.98	999.33	1207.08	1038.75	1495.14
Inland Western	950.33	1458.61	1130.67	913.6	873.5	913.6	925	1392.22	998	1620.64
Inland Northern	824.83	1216.47	704.25	901.71	700	901.71	919.2	1366.16	1011.5	1250.9
Inland Central	836.86	1202.15	759.43	1128.55	877.67	1128.55	818.25	1198.69	954	1230.07
Inland Eastern	814.33	1183.82	673.4	993.11	612.12	993.11	854.44	1251.68	944.67	1086.64
Eastern	656	1117.45	608	926.79	563.33	926.79	679	1245.52	699.2	934.16
Maharashtra	847.88	1243.81	726.5	887.49	794.25	887.49	841.36	1277.93	994	1387.95

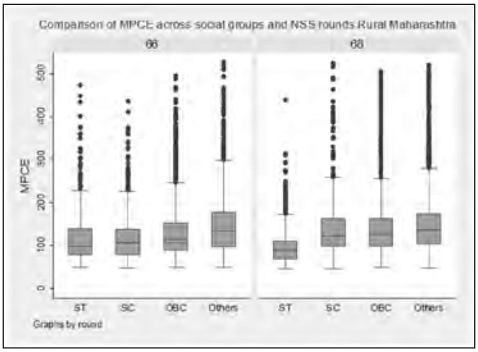
Table 3: Poverty Line Adjusted $MPCE_{MRP}$ Estimates: Rural Maharashtra

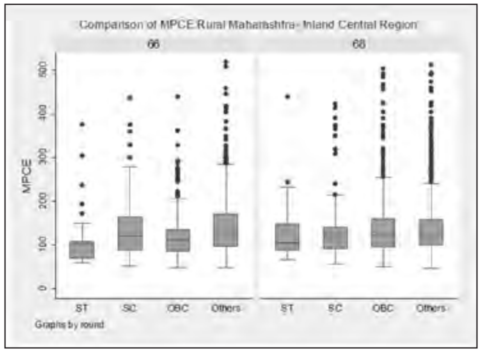
$MPCE_{MRP}$ (Mean)

State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	151.76	130.3	120.67	66.7	121.2	134.85	172.16	143.6	177.69	191.79
Inland Western	157.27	175.1	164.9	107.69	125.34	159.57	150.25	157.95	156.74	195.97
Inland Northern	134.36	142.96	100.72	99.4	105.78	149.22	160.36	165.23	168.2	149.99
Inland Central	138.65	144.04	99.98	122.84	122.92	125.49	117.69	141.75	142.46	153.15
Inland Eastern	131.34	141.59	109.49	115.15	95.18	141.72	135.81	145.56	150.64	143.62
Eastern	109.01	127.84	101.31	106.88	85.37	143.96	105.08	137.78	90.98	108.19
Maharashtra	140.97	149.52	111.62	97.38	114.49	144.17	138.58	149.55	153.33	172.06

$MPCE_{MRP}$ (Median)

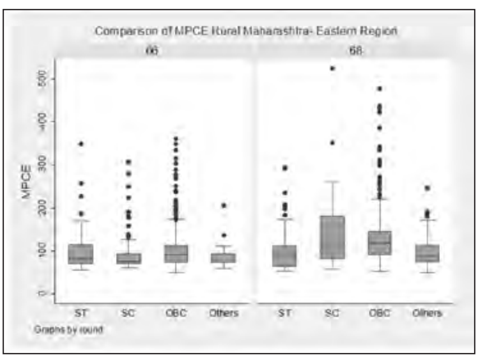
State region	All		ST		SC		OBC		Others	
	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12	AY 2009-10	AY 2011-12
Coastal	121.82	115.66	102.7	57.6	109.96	57.6	134.37	124.83	139.67	154.62
Inland Western	127.78	150.84	152.03	94.48	117.45	94.48	124.38	143.97	134.19	167.59
Inland Northern	110.91	125.8	94.7	93.25	94.12	93.25	123.6	141.28	136.01	129.36
Inland Central	112.53	124.32	102.12	116.71	118.01	116.71	110.02	123.96	128.28	127.2
Inland Eastern	109.5	122.42	90.55	102.7	82.31	102.7	114.89	129.44	127.02	112.37
Eastern	88.21	115.56	81.75	95.84	75.75	95.84	91.3	128.8	94.02	96.6
Maharashtra	114.01	128.63	97.69	91.78	106.8	91.78	113.13	132.15	133.66	143.53

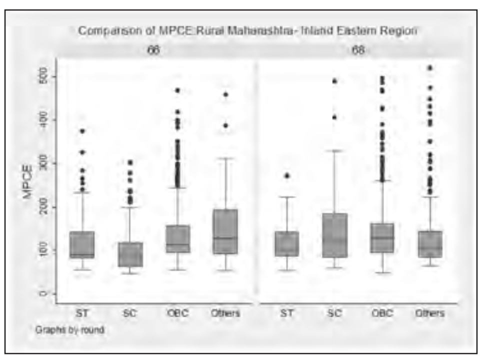


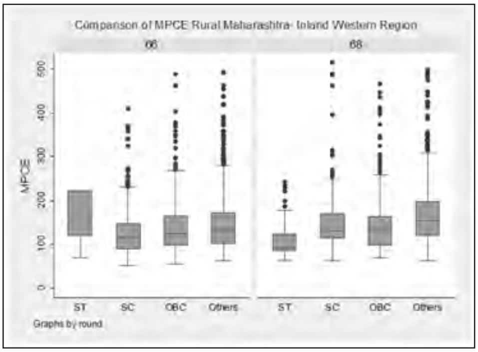


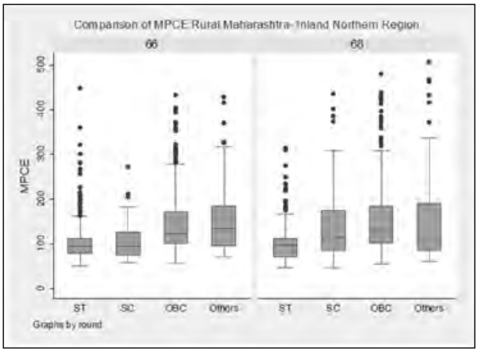
In the Eastern region there was an improvement in the level of consumption for the STs and Others. There was a rise in inequality for the SCs. In the Inland Central region there was an improvement for all groups except for the SCs and Others. For STs the distribution became positively skewed in AY 2011-12 from a negatively skewed one in AY 2009-10. For OBCs the positive skewness of the distribution increased along with an increase in the length of the whiskers. A change in the length of the upper/lower whiskers implies an increase in the variation outside the upper/lower quartiles respectively. For Others the median fell from 2009-10 to 2011-12 but the overall skewness of the distribution fell too implying that they were better off.

In the Inland Eastern region the ST, SC and the OBCs had improved levels of consumption in 2011-12. However for the SCs the length of the whiskers increased and the number of outliers reduced implying that though the range and skewness improved, overall the welfare level had risen. For the Others category there was a fall in the median level of consumption and subsequently a rise in the number of outliers too. In the Inland Western region the Others and SCs were the better off groups. For STs the median fell, and the skewness and number of outliers increased. For OBCs the distribution changed from a positively skewed to negatively skewed one meaning that there were more number of households in the lower end of the distribution, which depicts unequal growth.

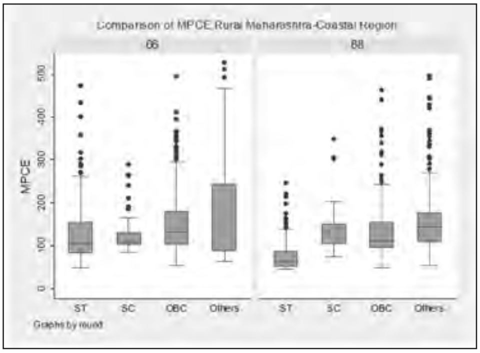








In the Inland Northern region the SCs were better off in AY 2011-12 than in 2009-10. For the STs the distribution became positively skewed, for SCs the median improved along with the inter quartile range and skewness. For the Others category the distribution became positively skewed. For the Coastal region stark differences in distributions across social groups and between both the rounds was observed. For STs there was a fall in the level of consumption and skewness of the distribution in AY 2011-12. For the SCs the level of income improved such that a negatively skewed distribution became normal and the first quartile coincided with the median of the distribution. For the case of OBCs consumption expenditure and the length of the whiskers shortened along with an increase in the skewness of the distribution. For the Others category the skewness, and the inter quartile of the distribution reduced significantly with a slight improvement in the median value. Thus in the Coastal region the SCs and the Others performed better than the other social groups.



III. Conclusion

Different schemes for the backward classes are in present in Maharashtra. The Scheduled Caste Sub-Plan (SCSP) and Tribal Sub-Plan (TSP) are some of the examples. Most of the expenditure is on social and community services both at the state and district level (GoM, 2002). However an analysis of NSS data from recent rounds shows that the backward classes have not benefitted from the growth process (Suryanarayana 1999; Suryanarayana, 2013). We find that there is considerable variation in consumption expenditure and thus welfare levels across different social groups and regions. A detailed analysis of the factors contributing to the rising levels of disparity and inequality in consumption levels needs to be identified.

The author would like to thank Prof. M. H. Suryanarayana for his valuable comments and suggestions.

End Notes:

- The western hilly districts of Dhule, Nandurbar, Jalgaon, Nashik, Thane (Sahyadri region) and the eastern forest districts of Chandrapur, Gadchiroli, Bhandara, Gondia, Nagpur, Amravati and Yavatmal (Gondwana region) house the tribal and backward population of the state.
- MPCEMRP obtained by the Consumer Expenditure Survey (CES) when household consumer expenditure on items of clothing and bedding, footwear, education, institutional medical care, and durable goods is recorded for a reference period of "last 365 days", and expenditure on all other items is recorded with a reference period of "last 30 days"(GoI,2013a).
- MPCEMMRP obtained by the CES when household consumer expenditure on edible oil, egg, fish and meat, vegetables, fruits, spices, beverages, refreshments, processed food, pan, tobacco and intoxicants is recorded for a reference period of "last 7 days", and for all other items, the reference periods used are the same as in case of Mixed Reference Period MPCE (MPCEMRP) (GoI,2013a).
- The level of consumer expenditure is considered as a welfare indicator.
- The Tendulkar Committee provides poverty line values of MPCE based on MRP only. Hence only a comparison of MPCEMRP values is possible.

References:

1. Government of Maharashtra (2002): Human Development Report Maharashtra 2002, Mumbai.
2. Government of Maharashtra (2013): Economic Survey of Maharashtra 2011-12, Directorate of Economics & Statistics, Planning Department, Mumbai.
3. Government of India (2011): Level and Pattern of Consumer Expenditure, 2009 –2010, 66th Round (July 2009 – June 2010), NSS Report No. 538(66/1.0/1), National Sample Survey Organisation, Ministry of Statistics and Programme Implementation, New Delhi.
4. Government of India (2012): Press Note on Poverty Estimates, 2009-10, Planning Commission, New Delhi.
5. Government of India (2013a): Key Indicators of Household Consumer Expenditure in India, 2011 –2012, NSS 68th Round (July 2011 – June 2012), NSS KI (68/1.0), National Sample Survey Organisation, Ministry of Statistics and Programme Implementation, New Delhi.
6. Government of India (2013b): Press Note on Poverty Estimates, 2011-12, Planning Commission, New Delhi.
7. Krishnamswamy, R. (2012): Pattern of Consumer Expenditure in India: Some Revelations, Economic and Political Weekly, vol - XLVII no. 36, pp.80-83.

8. Suryanarayana, M.H. (1999): Poverty, Food Security and Levels of Living: Maharashtra, Journal of the Indian School of Political Economy, January-March, 1999, pgs 77-100.

9. Suryanarayana, M.H. (2012): Economic Growth, Poverty and Human Development: Maharashtra, Background Study for the Human Development Report Maharashtra 2012.

Notes for Contributors

- **ANALYTIQUE** welcomes original articles or essays on any subject of interest related to commerce and industry such as macro economy, industrial performance, international trade, banking and finance, etc.
- Contributions must be no more than 4,000 words, including notes and references. And must be accompanied by an abstract of a maximum of 150 words in MS word. Tables, Graphs should be in MS Excel format.
- Contributions should be sent by e-mail at analytique@bombaychamber.com
- Contribution should not have been simultaneously submitted for publication to another Journal.
- Authors are requested to provide full details for correspondence: postal address, day-time phone numbers and e-mail address for our records. Only author's affiliation and e-mail address will be published along with the articles unless otherwise directed.

Select Economic Indicators

Agriculture & Industrial Production

Industry	April- June (Q1) (₹ Crore) GDP for Q1 of			Percentage change over preious year	
	2011-12	2012-13	2013-14	2012-13	2013-14
Agriculture, Forestry & Fishing	332490	379221	421768	14.1	11.2
Industry					
Mining and Quarrying	46169	52328	50144	13.3	-4.2
Manufacturing	292216	304505	310463	4.2	2.0
Electricity, Gas & Water Supply	35123	40493	51413	15.3	27.0
Serivces					
Construction	159614	183795	197872	15.2	7.7
Trade, Hotels, Transport and Communication	506682	575246	625323	13.5	8.7
Financing Institutions, Real Estates & Business Services	330340	388305	443877	17.5	14.3
Communtiy, Social & Personal Services	243460	287824	337038	18.2	17.1
GDP at factor cost	**1946093**	**2211718**	**2437898**	**13.6**	**10.2**

Source: Ministry of Statistics and Programme Implementation, Government of India. Estimates of Gross Domestic Product (at current price)

Performance of Core-Industries

Sector- wise Growth Rate (%) in production (Weight in IIP: 37.90%)

	Weight	Apr- Aug 2012-13	Apr- Aug 2013-14
Coal	4.37	7.4	0.5
Crude Oil	5.21	-0.6	-1.6
Natural Gas	1.70	-12.0	-17.0
Refinery Products	5.93	25.6	4.8
Fertilizers	1.25	-7.9	1.8
Steel	6.68	2.8	4.1
Cement	2.40	8.3	3.2
Electricity	10.31	4.9	4.1
Overall Index	**37.903**	**6.3**	**2.3**

Compiled by BCCI; Source of data Office of the Economic Advisor(Base yr 2004-05=100)

External Sector

Exports and Imports (in US $ million)

Item	2012-13 (Apr-Sep)	2013-14 (Apr-Sep)	September	
			2012-13	2013-14
Exports	144673.91	152105.4	24902	27679.33
Imports	236493.90	232231.64	42051.45	34439.5
Oil Imports	80011.60	82876.10	14029.50	13196.50
Non-Oil Imports	156482.30	149355.50	28022.00	21243.00
Trade Balance	-91819.99	-80126.24	-17149.45	-6760.17

Source: Ministry of Commerce and Industry

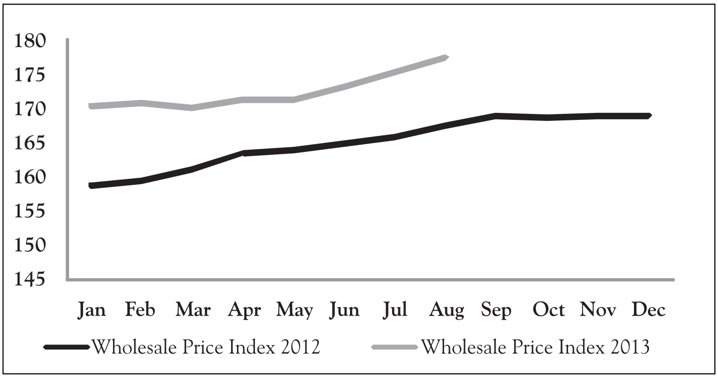
Foreign Currency Assets			
For the Quarter Jul-Sep 2013			
Currency	Rate	Currency	Rate
USD	62.0600	AUD	56.8325
GBP	96.2150	HKD	8.0025
EURO	82.2000	SGD	48.9350
JPY	62.7250	CAD	59.7025
CHF	66.5825		

Source: Foreign Exchange Dealers' Association of India

Prices

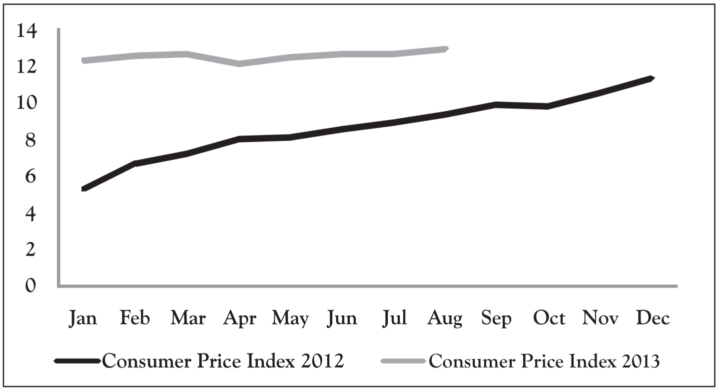
Current price situation based on monthly Wholesale Price Index in Aug, 2013 (Base: 2004-05=100)

Items/Groups	Weight (%)	Cumulative Change (%) Since March		Inflation (%) (Year-on-Year)		Inflation(%) Average of Last 12 Months	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
ALL Commodities	100	4.35	3.91	6.10	8.01	1.20	0.00
Primary Articles	20.12	11.07	6.74	11.72	11.23	3.77	1.23
Food Articles	14.34	16.91	7.46	18.18	9.34	5.30	-0.28
Fuel and Power	14.91	5.58	2.19	11.34	8.74	1.25	1.23
Manufactured Products	64.97	0.87	3.23	1.90	6.36	-0.13	0.75



All Commodities Wholesale Price Index Base 2004-05= 100

Point to Point Rate of Growth



Point to Point Rate of Inflation (%) Base 2001= 100

World Prices of Select Commodities

Commodity	Unit	Annual Averages			Monthly Averages		
		Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Jun 2013	Jul 2013	Aug 2013
Energy							
Coal, Australia	$/mt	99.0	121.5	96.4	82.8	77.3	77.0
Crude Oil, Average	$/bbl	79.0	104.0	105.4	99.7	105.3	108.2
Crude Oil,Brent	$/bbl	79.6	110.9	112.0	103.1	107.7	111.0
Crude oil,Dubai	$/bbl	78.1	106.0	108.9	100.3	103.4	107.0
Crude oil, West Texas Int.	$/bbl	79.4	95.1	94.2	95.8	104.7	106.5
Natural gas, Europe	$/mmbtu	8.3	10.5	11.5	11.9	11.6	11.1
Agriculture Beverages							
Coffee, robusta	c/kg	173.6	240.8	226.7	200.1	209.9	207.3
Tea,auctions(3),average	c/kg	288.5	292.1	289.8	283.5	283.2	281.2
Food							
Coconut oil	$/mt	1124.0	1730.0	1111.0	895.0	861.0	891.0
Groundnut oil	$/mt	1404.0	1988.0	–	1813.0	1758.0	1685.0
Copra	$/mt	750.0	1157.0	741.0	601.0	569.0	587.0
Palm oil	$/mt	901.0	1125.0	999.0	860.0	833.0	828.0
Palmkernel oil	$/mt	1184.0	1648.0	1110.0	854.0	836.0	866.0
Soybean meal	$/mt	378.0	398.0	524.0	558.0	563.0	524.0
Soybean oil	$/mt	1005.0	1299.0	1226.0	1041.0	995.0	997.0
Soybeans	$/mt	450.0	541.0	591.0	524.0	509.0	514.0
Grains							
Barley	$/mt	158.4	207.2	240.3	229.9	214.0	189.0
Maize	$/mt	185.9	291.7	298.4	298.4	279.5	238.7
Rice,Thailand, 25%	$/mt	441.5	506.0	–	483.8	454.0	425.0
Wheat, Canada	$/mt	312.4	439.6	–	–	–	–
Sugar,world	c/kg	46.9	57.3	47.9	37.7	37.1	37.5
Raw Materials							
Logs,Malaysia	$/cum	278.2	390.5	360.5	306.0	298.8	304.4
Plywood	c/sheets	569.1	607.5	610.3	561.3	548.0	558.3
Cotton	c/kg	228.3	332.9	196.7	205.2	204.2	204.5
Rubber RSS3	c/kg	365.4	482.3	337.7	281.0	256.3	256.9
Metals and Minerals							
Aluminium	$/mt	2173.0	2401.0	2023.0	1814.5	1769.6	1817.6
Copper	$/mt	7534.8	8828.2	7962.3	7000.2	6906.6	7192.9
Iron ore	c/dmt	145.9	167.8	128.5	114.8	127.2	136.7
Gold	$/toz	1225.0	1569.0	1670.0	1343.4	1285.5	1351.7

Source: World bank-The Pink Sheet

Government Accounts

Trends in Central Government Finances: from April- Mar 2013-14

(₹ in Crores) @@

		Budget Estimates 2013-14*	Actuals @ upto August -13	% of Actuals to Budget Estimates	
		₹	₹	Current	COPPY**
1	**Revenue Receipts**	**1056331**	**254272**	**23.9%**	**(23.8%)**
2	Tax Revenue (Net)	884078	183686	20.80%	-22.70%
3	Non-Tax Revenue	172252	68786	39.90%	-29.00%
4	**Non-Debt Capital Receipts**	**66468**	**5813**	**8.70%**	**-12.20%**
5	Recovery of Loans	10654	4379	41.10%	-11.60%
6	Other Receipts	55814	1434	2.60%	-12.40%
7	Total Receipts (1+4)	1122799	258285	23.00%	-23.30%
8	**Non-Plan Expenditure**	**1109975**	**479845**	**43.20%**	**-43.00%**
9	On Revenue Account	992908	435111	43.80%	-43.90%
	(i) of which Interest Payments	370684	128176	34.60%	-35.60%
10	On Capital Account	117067	44734	38.20%	-36.00%
	(i) of which Loans disbursed	337	10019	2973.00%	-1128.00%
11	**Plan Expenditure**	**555322**	**183091**	**33.00%**	**-28.40%**
12	On Revenue Account	443260	149188	33.70%	-28.60%
13	On Capital Account	112062	33903	30.30%	-27.50%
	(i) of which Loans disbursed	19732		35.40%	-28.20%
			6983		
14	Total Expenditure (8+11)	1665297	662936	39.80%	-37.90%
15	Fiscal Deficit (14-7)	542499	404651	74.60%	-65.70%
16	Revenue Deficit (9+12-1)	379838	331827	87.40%	-79.20%
17	Primary Deficit {15-9(i)}	171814	276475	160.90%	-115.40%

**COPPY : Corresponding Period of the Previous Year
@ Actuals are unaudited provisional figures.
@@ 1 Crore = 10 Millions
Source: Review of Union Government Accounts,August, 2013

Money & Banking

Money Stock: Components and Sources						(₹ Billion)
Item	Outstanding as on		Variation over			
	2013		Financial Year so far		Year-on-Year	
			2012-13	2013-14	2012	2013
	Mar. 31	Sep. 20	Amount	Amount	Amount	Amount
M3	83,820.2	87,949.2	4,517.5	4,129.0	9,378.1	9,783.3
1 Components						
1.1 Currency with the Public	11,447.4	11,666.9	410.6	219.5	1,225.1	1,029.8
1.2 Demand Deposits with Banks	7,469.6	7,837.0	–294.8	367.5	422.0	1,022.1
1.3 Time Deposits with Banks	64,870.9	68,404.8	4,413.3	3,533.9	7,737.5	7,707.5
1.4 'Other' Deposits with Reserve Bank	32.4	40.5	–11.6	8.1	–6.5	23.9
2 Sources (2.1+2.2+2.3+2.4-2.5)						
2.1 Net Bank Credit to Government	27,072.1	29,039.7	2,183.8	1,967.6	4,377.8	3,139.0
2.1.1 Reserve Bank	5,905.8	6,798.1	4.7	892.4	1,795.4	1,436.1
2.1.2 Other Banks	21,166.3	22,241.5	2,179.1	1,075.2	2,582.3	1,702.9
2.2 Bank Credit to Commercial Sector	56,646.6	59,979.2	1,868.5	3,332.5	7,285.9	8,526.2
2.2.1 Reserve Bank	30.6	37.8	–3.4	7.2	18.3	1.6
2.2.2 Other Banks	56,616.1	59,941.4	1,872.0	3,325.3	7,267.6	8,524.6
2.3 Net Foreign Exchange Assets of Banking Sector	16,366.6	17,225.5	592.9	858.9	492.3	1,194.8
2.4 Government's Currency Liabilities to the Public	153.4	157.2	9.3	3.8	18.9	13.5
2.5 Banking Sector's Net Non-Monetary Liabilities	16,418.5	18,452.3	136.9	2,033.8	2,796.8	3,090.1
2.5.1 Net Non-Monetary Liabilities of RBI	6,925.0	8,855.7	763.3	1,930.7	1,534.9	2,054.0

*: Includes Investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009

Note: Government Balances as on March 31, 2013 are before closure of accounts

Select Scheduled Commercial Banks - Business in IndiaPercentage Variation						
Item	2013-14 Outstanding as on (₹ Billion)		Percentage Variation			
			Financial Year So Far		Year on Year	
	Sep,20	2012-13	2013-14	2012	2013	2013
Bank Credit	56,171.8	1518.9	3567.2	6689.1	8534.4	15.4
Non-Food Credits	55,180.3	1406.1	3539.9	6445.8	8468.7	15.5
Aggregate Deposits	71,763.5	3830.9	4259.0	7573.2	8841.8	14.5

Cash Reserve Ratio/ Interest Rate		
Item/Week Ended	2012	2013
	Sep.21	Sep.20
Cash Reserve Ratio (per cent) (1)	4.75	4.00
Bank Rate	9.00	9.50
Base Rate	9.75/10.50	9.80/10.25
Term Deposit Rate(2)	8.50/9.25	8.00/9.00
Saving Deposit Rate	4.00	4.00
Call Money Rate	8.02	10.29

(1) Cash Reserve Ratio relates to the Scheduled Commercial Banks (exclusing Regional Rural Banks)
(2) Deposit Rate related to major Banks for deposits of more than one year maturity.

BOMBAY CHAMBER
Leadership in Business

The Banking, Finance & Economics Committee
Announces an Interactive Session
on

India's Current Account Woes What Will it take to Rectify Them

with

Panel Discussion on

"Drop in India's Growth Potential & its Implications"

Date:	**10 - Dec - 2013**
Time:	**10:30 am-1:00 pm**

Participation Fee -	
Members: ₹ 800/- per person plus 12.36% taxes	Non-Members: ₹ 1500 /- per person plus 12.36% taxes

Mode of payment:

- **Cheque :** To be drawn in favour of "BOMBAY CHAMBER OF COMMERCE AND INDUSTRY"
- **NEFT:**
  Details for Name of Bank: State Bank of India
  A/C No: 10996680930
  Bank Address: Institutional Banking Division, Mumbai Main Branch, Bombay Samachar Marg, Fort, Mumbai - 400 001
  IFSC Code: SBIN0000300
  MICR No: 400002010
- **Cash/ DD**

➢ **Discount:** 10% discount will be offered for nomination of more than 3 participants from one organization

➢ Once you are done with NEFT, please mail the details to the given e-mail Id's

For Registration:	**Contact :**
1. Go to our Committee's website Or, **2. Submit the registration form to the given e-mail Id**	Ms. Neelkamal Saxena - neelkamal@bombaychamber.com , 022 6120 0248 (D), 6120 0200 (B) Ms. Rozina Mithani - rozina.m@bombaychamber.com , 022 6120 0227(D),6120 0200(B)

Note To make the Event more fruitful kindly make it convenient to attend the session. In case of your prior commitment, please nominate or depute officials from your organization.

REGISTRATION FORM

Banking, Finance & Economics Committee

An Interactive Session On

India's Current Account Woes What Will it Take to Rectify Them

with

Panel Discussion On

"Drop in India's Growth Potential & its Implications"

Date & Time: 10 - Dec - 2013 from 10:30 am - 1:00 pm

PARTICIPATION FEE (exclusive of taxes@ 12.36%): For Members – ₹ 800/-
For Non-members – ₹ 1500/-

The following participants will attend the lecture from our organization:

COMPANY DETAILS

Company :

Address : ____

____

PARTICIPANT'S DETAILS (Please photocopy for extra participants)

Name : ____

Position : ____

Mobile No. : ____

Email : ____

Name : ____

Position : ____

Mobile No. : ____

Email : ____

Terms and conditions: The registration substitution is permissible.

To register, please email the filled out forms to:

neelkamal@bombaychamber.com / +91 22 6120 0248 &
rozina.m@bombaychamber.com /+91 22 6120 0227.

****

Bombay Chamber of Commerce and Industry Trust for Economic and Management Studies

The Bombay Chamber of Commerce and Industry Trust for Economic and Management Studies was constituted in 1996 by the Bombay Chamber of Commerce and Industry to undertake independent research activities on various economic and management issues and for providing analytical views on macro-economic scenario, industrial performance and other issues of topical interest.

The Trust started publishing the quarterly magazine 'AnalytiQue' for the quarter October-December in the year of 1999 to serve as an effective vehicle of communication between the government, industry, economists, thinkers, management consultants and scholars. In its short journey the magazine had some trying spells and after the issue of January-March, 2006 there has been no issue. However, after four years, the Trust published the next issue as Journal in March, 2010. While retaining its basic purpose and character, AnalytiQue now continues to serve members, who are drawn mainly from the world of business and commerce and deals with contemporary economic issues while documenting some of the important developments of the Indian economy.

Bombay Chamber of Commerce & Industry Trust for
Economic and Management Studies
Mackinnon Mackenzie Building, Ballard Estate, Mumbai 400 001
Tel: 91-22-4910 0200
Email: analytique@bombaychamber.com

“E - Information Service”

The **“E - Information Service”** is provided through an online newsletter called **‘E - weekly’** to disseminate useful information on business and commerce in India and International countries. This service is provided to both the members of Bombay Chamber as well as non-members. The information contains notifications, circulars and reports issued by respective Department on:

- Banking & Taxation
- Customs & Central Excise
- D. A. circulars, Industrial Relation and Labour Laws
- Selected Statistical Data
- International Trade Information through Economic and Commercial Reports
- World Bank news on Loan and Credit Summary
- Shipping

For Further information on prescribed fess and registration please refer the link below:

http://www.bombaychamber.com/Uploads/Document/104/E-info_Form.pdf