

MY GREAT

INDIA

Economic Development & Glaring Disparities

BROJENDRA NATH BANERJEE

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DEDICATION

This book — *MY GREAT INDIA:
Economic Development and Glaring Disparities*
is being dedicated with humility, honour, respect and love
to
Raymond and Barbara Livingston

A good name is more desirable
than great riches;
to be esteemed is better than silver or
gold.

Rich and poor have this in common:
The Lord is the Maker of them all.

A prudent man sees danger and takes
refuge,
But the simple keep going and suffer
for it.

Humility and the fear of the Lord
bring wealth and honour and life.

Proverbs 22:1-4

The Sunset of the Century

by

Rabindra Nath Tagore

The last sun of the century sets
Amidst the blood-red
Clouds of the West and the whirl-wind of hatred
The naked passion of self-love of Nations, in its drunken
Delirium of greed, is dancing to the clash of steel and the
Howling verses of vengeance.

Keep watch, India
Bring your offerings of worship for that sacred sunrise.
Let the first hymn of its welcome
Sound in your voice, and sing,
Come, peace, thou daughter of Gods own great suffering.

Let us pray that peace will not elude us in the new millennium!

ABOUT THE AUTHOR

Dr. Brojendra Nath Banerjee (1936), MA (Econ), MA (Commn), D.Litt (Econ) has had a varied professional background ranging from International Development Agencies — The Ford Foundation India Field Office in New Delhi, United Nations Development Programme (UNDP) to Indo-German Chamber of Commerce, New Delhi.

Dr. Banerjee began his career with a two-year stint with Indian Council of Agricultural Research (ICAR) as a Research Fellow at the Department of Agriculture, Science College, Calcutta University. He also spent a few profitable years with Japanese National Professor Noboru Tabe at the Institute of Asian Economic Affairs, Tokyo in collaboration with the Indian Statistical Institute, Calcutta for a Research Project on Industrial Productivity. In addition, he was actively involved in promoting corporate identity of Indian Tourism Development Corporation (ITDC) and Processed Foods Export Promotion Council, Ministry of Commerce, Government of India.

He is well-known as a scholar in Economic Development, International Relations, Environmental awareness and Religion. He has made a major contribution to Social Sciences with more than two dozen scholarly books to his credit. He is also elected to the Dictionary of International Biography's International Men of Achievement and International WHO's WHO and Asian Authors' WHO's WHO. His name also appears in India WHO's WHO.

Dr. Banerjee is the Founder-Member and Member-Secretary of Evangelical Trust Association of North India (ETANI) for almost a decade since its inception. He was actively associated as one of the founders of Emmanuel Hospital Association (EHA) to promote the cause of health care among the disadvantaged suffering humanity in rural areas of North India for almost half-a-decade. He was elected on the Board of Governors of Union Biblical Seminary. He is currently an Advisor to the Christian Institute for the Study of Religion and Society (CISRS), New Delhi, a member and guest-preacher at the Cathedral Church of the Redemption, New Delhi.

Foreword

F

Glaring Contradictions in the National Development priorities

The fifty years of our Republic and planned national development have taken the country several steps forward in various sectors of human development. Truly, the increases in food production, the diversity of our skills and talents, industrial, commercial and Information Technology areas and the breadth and the depth of India's scientific advancements are widely recognized examples of accomplishments unparalleled in recent history.

In these fifty years (1950-2000), the official figures show that literacy has gone up from 17 per cent to 56 per cent, steel production from 1.5 million tonnes to 20 million tonnes, electricity generation from 3.5 million KW to 90 million KW, and foodgrain production from 50 million tonnes to almost 200 million tonnes.

According to some experts, nearly 10 million Indians can today consider themselves a part of the global elite, holding their own on every front: material possessions, energy consumption, physical comforts, mobility, wealth and worldwide influence. In the US alone 1.15 million American Indians are millionaires. Another 10 million people live in relatively comfortable economic environment, comparable to those in middle-income countries. And, perhaps, yet another 200 million manage a passable existence, with access to television, telephones, modern transport, networks and computers, including public facilities. As a nation progressing towards a modern technological revolution, we have something to be proud of our great India.

The flip side of the development coin is, however, not so pretty. Still a large majority of India's people is on a never-ending treadmill of poverty, and deprivation. The remaining 600 million of our fellow citizens live in conditions that vary from the sub-human to the abysmal, comparable to those in other least developed economies on earth. Almost none of these people have drinking water sources or toilets in their homeless dwelling places, let alone electricity or road connections or other modern facilities for their day-to-day basic minimum necessities of life just to survive.

Many among the last 300 million, which consists of a population greater than that of North America or Europe, do not even have proper or adequate shelter nor safe drinking water within reasonable distance of their so-called dwelling places. They have no school for their children, no primary health centers for the sick. In other words, they have access to virtually no product or service consequent upon the benefits of the planned development. The modern consumer items they have do not extend beyond safety matches, kerosene lamps, bicycles, and of course, the transistor radio. And the kerosene or batteries are often too costly or difficult for them to get in the open market.

The New Economy is volatile

Shares slide to 6-month lows, more losses are seen. Indian shares shrugged off Wall Streets overnight rises to log Asia's sleepless decline on May 2, 2000 (Tuesday) with a broad sell-off pulling down the main BSE Sensex to six month lows. Equity analysts and dealers said the extent of Tuesdays fall and growing concerns about the impact on the economy of a drought in some western states of India had dampened sentiments further and more declines were likely.

FM rolls back taxes, not prices

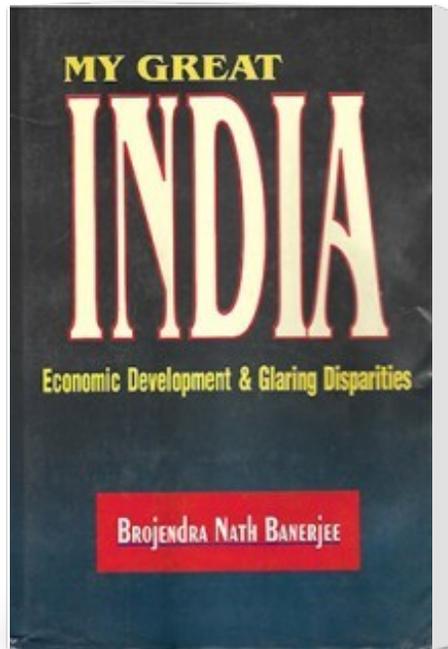
With eyes planted firmly on a nervous Sensex, finance minister Yashwant Sinha on May 3, 2000 showered the country's drought-hit IT, pharmaceutical and biotech industries with a torrent of tax breaks while moving the Finance Bill for 2000-2001 in the Lok Sabha. Sinha announced there would be no tax on the income of Venture Capital Funds and shares issued under employee Stock-Option Plans (ESOPs) would be taxed only once "as capital gains at the time of sale." Following the larger number of concessions to IT industry, the Bombay Stock Exchange livened up in the last hour of trading to recover 250 points.

Sinha had a free hand to soften only those budgetary provisions that the financial markets wanted him to. The one key demand of industry he did not grant: a rollback of the increase in the dividend tax from 10 per cent to 20 per cent. The main concession came in direct taxes. Venture capital funds will enjoy a complete pass through status: there will be no tax on their distributed or undistributed income. Similarly, ESOP shares will not be taxed as perks. Pharma and biotech companies will avail of a higher weighted deduction of 150 per cent against 125 per cent for R&D expenses. R&D companies themselves will enjoy a 10-year tax holiday.

The government had made pre-budget promises to the new economy, most of which had not been fulfilled in the budget. The recent announcements are thus only a correction. In effect, it is a recognition of the fact that the brave world of e-commerce too needs a little bit of help, much like its older brick and mortar counterparts had received in the age of socialism. After all, in the first 40 years after Independence the state had helped steel, cement and heavy industries stand on their own feet, through protective tariff regimes, cheap electricity, free roads, subsidized fuel, etc. There is nothing wrong then in helping out Infotech, pharma and bio-tech companies to compete in the international market, and the no-tax encouragement to R&D is a very positive step indeed.

Given these concessions, political circles expect the FM to do more for the common man as well. It is expected at least a partial rollback of wheat and rice

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