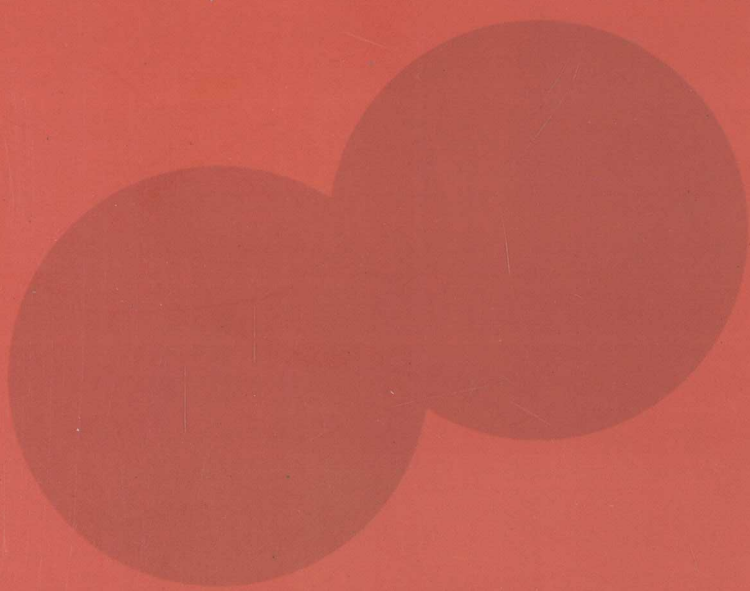


— Political Economy of Development & —

Environmental Degradation in India



Manasranjan Dashmishra

Political Economy of Development and Environmental Degradation in India



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Political Economy of Development and Environmental Degradation in India

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Dedicated to

My revered teacher who enlightened me

Professor Ganesh Kawadia

and

My dear beloved parents

Shri Bhimsen Dash & Smt. Puspita Dash

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Foreword

Environmental issues such as natural hazards, particularly cyclones and annual monsoon floods, population growth, increasing individual consumption, industrialization, infrastructural development, poor agricultural practices, and resource mal-distribution, are gaining utmost importance in the political agenda of developing countries with high industrial and modern agricultural activities. The growth expectations in these economies are still high to accommodate unsolved social and poverty problems. These generate heavy pressure on land, land degradation, forests, habitat destruction and loss of biodiversity. Changing consumption pattern has led to rising demand for energy. The final outcomes of this are air pollution, global warming, climate change, water scarcity and water pollution. As a result, the environmental concern in policy making is becoming more complex. When ecological degradation costs are not paid by those generating it, then there are externalities to the economic system. Economic activities are then planned without taking into account these environmental externalities and so people's consumption pattern are forged without any internalization of environmental cost. In this process, future generation will be left with degraded natural capital stock. Therefore, growth strategies should have proper government intervention for better utilization of environmental resources.

Government intervention is faced with challenges of balancing cost and benefit among the contemporary and future generation to justify policy action in a way to maximize social welfare. In the context of developing countries, where growth expectation are high, least cost environmental policies are crucial since they reduce the conflict with the environmental issues. Therefore, policy makers in the region must be aware of the specific issues of the relationship between economic aspects and environmental phenomena to offer policy initiatives, which can increase efficiency and provide equity.

The other important aspect of economic development of the developing countries is related to high level of poverty and poor social

sector development. Under these situations, there is lack of awareness in the public demand for quality of environments. This also creates pressure on quality of natural resources. Therefore, growth and poverty create two-way pressures on environmental resources. Thus, there is a need for appropriate growth strategies and government intervention to optimize growth with better quality of environment. With this view Dr. Manasranjan Dashmishra has made an excellent effort to unravel the role of political economy in development and the resulting environmental degradation in India.

In his book, the subject matter has been presented in ten chapters. The first chapter includes the introductory part of environmental concerns and its economic significance which highlights on sustainable development, the club of Rome, Rio conference on environment and development, the Kyoto Protocol, United Nations Environment Programme, global warming, Pachauri's thought on climate change and environmental laws in India. In the second chapter, he has given insights into four major aspects such as environmental issues, political issues of development, interlink between development strategies and environmental degradation and literature survey. The third chapter gives details about the models and theoretical framework of this book. The fourth chapter engraves the aspects related to economics of development in India, which includes various aspects of economic development during successive five year plans and new economic reforms era. The fifth chapter elucidates various environmental issues in India. These issues include land resources, forest resources, water resources and air pollutions in India. The chapter sixth tries to empirically interlink between economic development and environmental degradation. In the seventh, eighth and ninth chapter, Dr. Dashmishra has attempted to establish a trade-off between agricultural growth, industrial growth and trade liberalization and environmental degradation in India. The tenth chapter gives the summary of conclusions and suggestions regarding the role of political economy in development and environmental degradation in India.

The author has tackled this very vital aspect of economic development in relation to India very lucidly in a manner so as to make readers not only grasp the concepts which link economic development with environmental degradation but also to enable them to appreciate the phenomenon of environmental degradation as it holds the key of social and economic safety of our future generation. Very

little has been attempted by authors in this area of economic development and I am sure that this piece of academic work will be very useful and significantly enrich the readers' understanding about safer physical environment and how to achieve it.



July 28, 2010

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Preface

In the pace of rapid economic development, we have exploited our natural resources at a rapid rate. It has disturbed the ecological balance, and the environment has become unfriendly. With the process of development, the quality of environment is deteriorating. If such a process continues, then in the near future, we will not get good quality of environment, which is very essential for welfare of the people. This will adversely influence the process of economic growth as well as socio-economic life. Further, environmental issues are gaining importance in the political and economic agenda of developing countries like India with high industrial and modern agricultural and sophisticated trade activity.

Since independence, the Government of India has been formulating many plans and developing strategies for rapid overall development of the country and removing the country from the shackles of poverty. For this, various plans have been made and modified from time to time. Emphasis has been given to raise the productivity, remove poverty and avoid unemployment problems, etc. Not only this, economic reforms has been introduced in 1991, in which the motto of privatization, liberalization and globalization was fixed, but no consideration has been given to protect the environment so that economic development can be achieved at a faster rate without exploiting the environmental resources. As a result, the planning process in India has focused mainly on the maximization of growth with the given resources. This makes environmental concern in policy making more complex and difficult. When environmental degradation costs are not paid by those generating it, then they are externalities to the economic system. If economic activity are planned without taking into consideration these environmental externalities, then consumption patterns are forged without any internalization of environmental cost. In this process, future generations will be left with degraded natural capital stock. The main objective of this book is to critically synthesize and interpret the relationship between the process of economic

development and environmental issues. Will our country be able to sustain economic growth indefinitely without running into resource constraints or spoiling the environment beyond repair? What is the relationship between steadily increasing economic activity and environmental quality?

In compending this book, I owe thanks to a number of persons. First of all, my sincere regards are extended to the revered teachers, Dr. Ganesh Kawadia, Professor and Head, School of Economics and Dr. S. Mahalati (my spiritual mother), Professor and Head, Department of BAHAI Chair for Studies in Development, Devi Ahilya University, Indore (MP), who provided all academic and sympathetic support to carry out my higher studies. Boundless regards are due for Dr. R.K. Sharma, Professor and Director, Prestige Institute of Management and Research (Under-graduate Courses), Indore, Maj. Gen. Dr. J.R. Bhatti, Ex-Director, Shri Vaishnav Institute of Management, Indore, and Dr. Govind Singh Saun, Director, Indian Council of Social Science Research, New Delhi, for their valuable suggestions for the present book.

I would like to extend my sincere gratitude to Dr. Balbir Singh Butola, Associate Professor, Centre for the Study of Regional Development, School of Social Science, Jawaharlal Nehru University, New Delhi who showered knowledge and blessings on me. He generated academic inquisitiveness in me and went through the manuscript and many aspects dealt in this book have been modified through a series of interactions and debate.

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I am very much indebted to my beloved parents for their blessings, encouragement and support. I am really appreciative of my elder brother Dr. Chittaranjan Dash, OFS-I, Orissa, now holding the position of Deputy Director, in Madhusudan Das Regional Academy of Financial Management, Bhubaneswar, Orissa, who has really struggled and sacrificed a lot to cultivate my career, sister-in-law Sangeeta, loving sister Padmaja (Nani) and brother-in-law Dr. Rajib Lochan Sahoo, Archivist, Reserve Bank of India, Central Records

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Last but not the least I am highly thankful to the Librarians and Staff of different libraries from where I have collected research material for this study. My sincere thanks to my colleagues, the authors of different texts and researchers whose works and ideas I have significantly used and analyzed while doing my literary exercise.

Indore

Manasranjan Dashmishra

Contents

<i>Foreword by Dr. Satendra Kumar</i>	vii
<i>Preface</i>	xi
<i>List of Tables</i>	xvii
<i>List of Figures</i>	xix
1. Introduction	1
2. Political Economy of Development and Environmental Degradation	24
3. Models and Theoretical Framework	50
4. Economics of Development in India	64
5. Contextualizing Environmental Degradation in India	85
6. Trade-off between Economic Development and Environmental Degradation	111
7. Agricultural Growth and Environmental Degradation	124
8. Industrial Growth and Environmental Degradation	138
9. Trade Liberalization and Environmental Degradation	146
10. Conclusions and Suggestions	166
<i>Appendices</i>	
1. Land Use Classification in India	172
2. Land Utilization Pattern, 1990-91, 2000-01 to 2005-06	173
3. Compound Growth Rates of Land Utilization from 1950-51 to 2005-06	174
4. Category-wise Total Registered Motor Vehicles in Metropolitan Cities of India (As on 31st March, 2004) (Provisional)	175

5. State-wise Geographic Area, Recorded Forest Area and Actual Forest Cover in India (2001)	176
6. State-wise Forest Land Diverted for Non-Forestry Purposes in India (upto 31-10-2002)	177
7. Growth Rates of Production of Foodgrains, Non-Foodgrains and Principal Crops in India	178
8. Growth Rates of Area of Foodgrains, Non-Foodgrains and Principal Crops in India	179
9. Growth Rates of Yield of Foodgrains, Non-Foodgrains and Principal Crops in India	180
10. Bivariate Correlations	181
11. Year-wise Progress of Polluting Industries	182
12. Category-wise Distribution of Industries (as on 2001-02)	182
13. India's Polluting Products' Exports	183
14. Raw Data	184
<i>Bibliography</i>	185
<i>Index</i>	197

List of Tables

4.1.	Some Basic Growth Data, 1950-2004	68
4.2.	Economic Growth in Major Indian States, 1980-2004	69
4.3.	Some Basic Characteristics of Growth of Real GNP in India	73
4.4.	Growth of GDP at Constant Price	73
4.5.	Growth Rates of Real GDP	74
4.6.	Employment and Organized Sector Employment	76
4.7.	Foreign Investment Inflows by Different Category	77
4.8.	India's Foreign Trade	79
4.9.	Growth of Exports of Goods and Services	80
4.10.	Growth of Imports of Goods and Services	81
4.11.	India at a Glance	82
5.1:	Extent of Soil Degradation (Human Induced) under Different Degradation Types, 2002	90
5.2.	Class-wise Change in Forest Covers	92
5.3.	Forest Area and Deforestation Rate in Indian States	95
5.4.	A Two-Way Presentation of States	97
5.5:	Projected Population and Respectively Wastewater Generation in India	99
5.6.	Water use in India (Year 2000)	100
5.7:	Sector-wise Present Water-use and Future Requirement (During 1990-2050)	101
5.8.	Annual Water Resources of India, 1974 and 2025	102
5.9.	Range of Annual Averages of SPM in Major Indian Cities	106
5.10.	Compound Growth Rate of Carbon Emission from 1980-81 to 2004-05	108
6.1.	Trade-off between Economic Development and Environmental Degradation	116

6.2.	Trade-off between Economic Development and Environmental Degradation: An Alternative Approach	117
6.3.	Factors Affecting Deforestation	119
6.4.	Impact of Forest Degradation	121
7.1.	Share of Agricultural Sector in Total GDP at Factor Cost	126
7.2.	Fertilizer Consumption in India	128
7.3.	Trade-off between Agricultural Pricing and Environmental Degradation	134
7.4.	Model-1—Agricultural Pricing and Forest Area	135
7.5.	Model-2—Agricultural Pricing and Forest Area	135
8.1.	Industrial Contribution (%) to Pollution by Sub-sector	144
8.2.	Inter-linkage of Industrial Development and Environmental Degradation	145
9.1.	Growth of Exports of Leather and Leather Products (US Dollar)	157
9.2.	Growth of Exports of Chemicals (US Dollar)	158
9.3.	Growth of Exports of Marine Products (US Dollar)	159
9.4.	Trade Liberalization and Environmental Issues in India	161
9.5.	Impact of Trade Liberalization on the Environment	162
9.6.	Impact of Trade Liberalization on the Environment (Transformed)	163

List of Figures

1.1. Constituent Parts of Sustainable Development	6
4.1. Economic Growth in Major Indian States 1980-90	70
4.2. Economic Growth in Major Indian States 1990-2004	71
4.3. Economic Growth in Major Indian States 1980-2004	72
4.4. Sector-wise Composition of India's GDF	75
5.1. State-wise Geographic Area, Recorded Forest Area and Actual Forest Cover in India (2001)	93
5.2. State-wise Forest Land Diverted for Non-Forestry Purposes in India	94
5.3. Deforested and Afforested States of India	96
5.4. Sector-wise water use in India	100
7.1. Consumption of Total Plant Nutrient per hectare of Gross Cropped Area (1951-52 to 2000-01)	129
7.2. Consumption of Pesticides in India	131
8.1. Annual Growth Rate of Industrial Production in Major Sectors of Industry (Based on Index of Industrial Production Base: 1993-94 = 100)	139
8.2. Year-wise Progress of Polluting Industries in India	141
8.3. Category-wise Distribution of Industries (as on 2001-02)	142