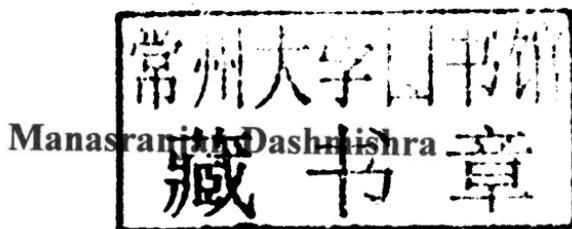


— Political Economy of Development & —

Environmental Degradation in India

Manasranjan Dashmishra

**Political Economy of
Development and
Environmental Degradation
in India**



CONCEPT PUBLISHING COMPANY PVT. LTD.
NEW DELHI-110059

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ISBN-13: 978-81-8069-722-7

First Published 2011

Published and Printed by



Since 1974

Concept Publishing Company Pvt. Ltd.

Regd. Office:

A/15-16, Commercial Block, Mohan Garden

New Delhi-110059 (India)

Phones : 25351460, 25351794, Fax : 091-11-25357109

Email : publishing@conceptpub.com

Website: www.conceptpub.com

Editorial Office:

H-13, Bali Nagar, New Delhi-110 015, India.

Cataloging in Publication Data--*Courtesy:* D.K. Agencies (P) Ltd. <docinfo@dkagencies.com>

Dashmishra, Manasranjan.

Political economy of development and environmental degradation in India /
Manasranjan Dashmishra.

p. cm.

Includes bibliographical references (p.) and index.

ISBN 9788180697227

1. Economic development--Environmental aspects--India. 2. Environmental degradation--India. 3. Agriculture--Environmental aspects--India. 4. Industries--Environmental aspects--India. I. Title.

DDC 338.954 22

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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(ISO 9001-2001 Certified)

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 internationalization 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

Dr. Satendra Kumar
Director

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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 internationalization 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 BAHA'I 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.

My special thanks are due for Mr. Netranand Rout, Mr. Khirod Kumar Kesh, Mr. Pradosh Kumar Dash, Dr. Gyanprakash, Dr. Nirupama Nagar, Dr. Kanhaiya Ahuja, Dr. Rekha Acharya, Dr. Hitendra Bargal, Dr. Ajay Kumar Singh, Dr. Anand Shrivastava, Dr. Kaushlendra Vikram Mishra, Mr. Manohar Kapse, Mrs. Anuradha Pathak, Mrs. Sonal Chaudhry, Mr. Sakharam Mujalde and many for their efforts to shape my academic acculturation.

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

and Documentation Centre, Pune. I have no word to express my gratitude to my wife Mrs. Pooja Pateria (Dashmishra) and our children Padmamurty, Ishaan, Shaswat, Saurish, and Padmasambhab encouraged my research pursuits with a lot of patience and forbearance.

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

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