



Block 4

**Some Contemporary Issues in
Economic Sociology**

Pignou
THE PEOPLE'S
UNIVERSITY

UNIT 12 SOCIAL DEVELOPMENT*

Structure

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12.0 OBJECTIVES

After reading this unit, you should be able to:

- define the concept of social development, and describe its nature;
- describe the prevailing ideas about social development; and
- give an account of the Indian experience of development.

12.1 INTRODUCTION

In Unit 11: Socialism, we examined the complex nature of social perspectives on economy and socialist system of production, circulation and consumption in society. Here in this unit on “Social Development’ and its associated meanings will be explained to you. Today, we use this term to describe the complex modes of social change, especially those which have been desired, planned, directed and stimulated in a society. We now have a ‘sociology of development’.

In order to understand the concept of social development, which has been defined and redefined over the years. This unit deals first with the broad nature and meaning of the concept of development. We describe the current views on social development, including a discussion on the ‘three worlds of development’ and some recent approaches to social development. Finally, we look at the ‘mixed’ path of development, including that of India.

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12.2 THE NATURE AND MEANING OF SOCIAL DEVELOPMENT

Development is a broad concept and, though interrelated, it differs from social change. Change is a value-neutral concept whereas development is a value-laden concept. The notion of development is, in other words, the process of desired change. All cases of change do not indicate development. Only planned and desired changes can be described as development. Thus, it is important to keep in mind the distinct character of the concept of development.

Secondly, we also need to distinguish between economic and sociological notions of development. This point becomes clearer as you read this unit. While speaking of social development, we emphasise the sociological understanding of the process of development. As a broad concept, social development refers to the overall transformation of individuals and society, which may enable every person to achieve moral, social physical and material well-being. Egalitarian development is a desired goal, but it remains only an 'ideal'. In spite of development efforts, disparities in various dimensions of development continue to widen between societies, regions and groups. Variations are observed when we compare various regions or countries.

Out of such comparisons have emerged the concepts of underdevelopment mainly in economic terms, such as per capita income, gross national product, level of the standard of living and degree of technological advancement. There are many criteria of 'over' and 'under' development. The simplest one of them is the ratio of industrial capacity to social utility. It means that the countries which are unable to produce sufficient goods to meet the requirements of their population, may be considered as underdevelopment, and those which produce more than what is required, as overdeveloped. In the overdeveloped category may be placed the countries such as America, and in the underdeveloped category, many Asian and African countries.

It is, however, a controversial point whether underdevelopment and over development can be identified with any particular country. Further the term underdevelopment is not acceptable, to some of the economically less developed countries, such as India. These countries consider themselves quite developed from social and cultural points of view. They prefer to be designated as 'developing' rather than as 'underdeveloped' countries.

An important idea implicit in the classification of countries, into developed and developing, is that the former became a 'model' for the latter. The developing countries may like to imitate or adopt the economic and technological systems of developed countries.

What is more important about this classification, with regard to the conceptual meaning of development, is the fact that the developing countries depended upon the developed ones for technology, skills and monetary aid. The latter tried to exploit the former. This is known as the dependency theory of development. Having realised the exploitative tendencies of the developed countries, the developing countries tried to be self-reliant in economic terms. Thus, substitution of economic dependence by self-reliance, emerged as an important indicator of

development. The greater the self-reliance, the higher the levels of development. Endeavours towards self-reliance resulted in import substitution by stopping the purchase of goods from developed countries and producing them in their own country.

Check Your Progress 1

- 1) Differentiate between change and development. Use four lines for your answer.

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- 2) What is the dependency theory of development? Use five lines for your answer.

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12.3 THE PREVAILING NOTIONS OF SOCIAL DEVELOPMENT

For a discussion of the contemporary sociological concerns about development, we can begin by outlining some of the views based on historical events, on the socio- cultural dimensions of development. But before we examine these dominant concerns regarding development, it would be useful to undertake a brief description of the “three worlds of development” as it had existed prior to the break-up of the Soviet Union. This had become an important part of the social scientists parlance since the middle of the 20th century. Earlier the world was divided into two i.e. it was a bi- polar world with the capitalist block of United States of America (USA), on the one side and the socialist block of the Soviet Union, on the other. After the break-up of Soviet Union, the ‘Cold War ‘ has ended and the world has become Unipolar, with USA as the most powerful nation of the world.

12.3.1 The Three Worlds of Development

The First World consist of North America, Western and Southern Europe. The countries were seen to be following mainly a capitalist model of development. The Second World had consisted of Soviet Union and the East European group such as, Poland, East Germany, Hungary etc. Many socio-political changes have occurred in these countries now and they do not remain a communist bloc any more. They were associated with the socialist model of development. The Third World was and to certain extent still is generally used to refer to the less developed or developing societies of Asia, Africa and Latin America. Most of these countries

emerged out of colonial rule to attain political independence only in the middle of the 20th century. The majority of the third world countries are characterised by low per capita income, high rates of illiteracy and infant mortality. These were generally agriculture-based economies where people had short life expectancies, low degree of social mobility and strong attachment to tradition (Estes, R.J., p. 92). The countries, though subject to influence by the erstwhile First and the Second World countries, have devised their own national strategy and path of development. The First and the Second World's models of development had laid primary emphasis on economic growth.

i) The Capitalist Model of Development of the First World

The main characteristics of the capitalist model of development are:

- a) provision for private ownership of property and means of production,
- b) promotion of economic activities through private enterprises, and
- c) minimum possible state regulation and control on private enterprises. Thus the capitalist model is characterised by a free economy regulated by competition.

ii) The Socialist Model of Development of the Second World

The socialist path of development adopted by the Second World, was seen to be opposite or dichotomous to the capitalist path of development. The former, contrary to the latter, is characterised by state ownership of property and means of production, public enterprises and complete state regulation of economic activities. Thus, the socialist model refers to a regulated economy.

The main allegation against the capitalist model is that, since it permits minimum state regulation, its economic system becomes exploitative in the sense that the working class people (proletariat) do not get their due share. The capitalists enjoy a major share of the nation's resources. Hence it contributes to inequalities so that a few are very rich and the majority is very poor.

The capitalist model is, therefore, alleged to be exploitative and non-egalitarian. On the contrary, the socialist model was ideally considered as non-exploitative and egalitarian. Private ownership and the lack of state regulation, were considered to be important measures of exploitation of the weaker sections and hence the causes of income inequalities. Since, the socialist state did not allow private ownership of property, there was a strong belief that there was no room for exploitation and inequality in it. However, historical events proved this belief to be incorrect as the Soviet Union could not survive for long. The period of "Glasnost" and "perestroika" led by Gorbachev, the erstwhile Russian Prime Minister during the 1980's, dismantled the communist political and economic structure. The Soviet Union broke-up into several small countries and the socialist ideology gave way to capitalist tendencies. However, China still follows a socialistic socio-political order.

The two models had also differed in their conception of development. Whereas the capitalist model lays greater stress on economic growth, than on equal distribution of the fruits of economic growth. The socialist model laid equal stress on both resource generation and equal distribution of income, and tried to

change the social system in such a way that greater social justice could be ensured. In reality, socialist model did not give much space to individual initiative and consumeristic desires.

The foregoing discussion implies another difference between these models. The capitalist model does not see any major conflict in the interests of the two classes—workers and capitalists. In its eyes both the classes are complementary to each other; they are functionally interdependent. The rules of society, particularly about ownership of property and distribution of income, are supposed to be based on consensus.

Hence according to this model, there is no need to change the economic structure.

On the contrary, the socialist model saw inherent conflict in the interests of the workers and the capitalists. According to it, rules are not based on consensus but are imposed on the weaker section by the stronger one. This leads to the exploitation of the weak by the strong, which is likely to result in conflicts, and in revolution by the exploited people who want radical change in the system itself. Thus, the capitalist model is sometimes designated as functionalist or consensual, and the socialist as a conflict, radical or revolutionary model.

In practice, as observed by some researchers, these two models have entered a process of convergence. For instance now, there is an increased state regulation on private economic enterprises in the USA. There has been a relaxation in grants to private enterprises in Russia. One could see income inequalities, and a tendency to resist alterations in political and economic systems in both the Worlds.

Box 12.0

The concept of a “third world” is of European origin. It can be traced back to France in the 1940s as a description of the political parties distinct from both de Gaulle’s Rassemblement des Peuple Francais and the Fourth Republic (Saffire 1978). Another author, Clegem (1978) has compared the idea of the ‘third world’ with the ‘Third Estate’, the rising but under-represented bourgeoisie during the French Revolution of 1789. Wolf-Phillips (1979) credit the French demographer, Alfred Sawy with coining the term in 1962.

However, the credit for “the worlds of development” belongs to sociologist Louis Irwing Horowitz. In his book, *Three Worlds of Development: The Theory and Practice of International Stratification* (1972), Horowitz used a variety of criteria to distinguish between groups of countries that share more or less similar patterns of socio-economic development.

In recent times there has developed a new concept of “fourth world” of development as identified first by Manuel and Posluns (1974) and Hamalian and Karl (1974 : 13). They used this concept to describe “a community of the powerless, the oppressed and the dispossed”. According to them all the other “worlds of development” i.e. the First, the Second and the Third, share the people who belong to the Fourth world of development. In current usage, the countries which belong to the First world are referred to as “developed Market Economies” (DMEs); those belonging to the Second World are referred to as the “Eastern Trading Area (ETAs); and those belonging to the Third World are referred to as the “Developing Countries”. The countries of the Fourth World are referred to as

“least Developing Countries” (LDCs). (Quoted in Estes, Richard J.’s” World’s of Development, www. google.com website).

iii) Development of the Third World

It is difficult to specify the model of development, adopted by the majority of the. Third World countries as there are variations among them, dictated mainly by their historical and socio-cultural circumstances. What they seem to share in common is that:

- a) They are economically and technologically underdeveloped in comparison to the countries of the so called developed world.
- b) Social planning is a key element in their development process. Their plans of development incorporate not only economic concerns, especially removal of poverty, but also concerns regarding nation building, national culture and social transformation.
- c) They have been seeking technological and economic aid from the developed countries. The developed countries have given them economic assistance, but they have also been increasingly attempting to extend their political influence in the developing countries. It has been noted that the global military defence strategy is, the major consideration of the developed countries, in extending their economic and political influence to the developing countries.

In fact, the idea of the Third World is associated with the emergence of consciousness among developing countries, of being exploited by the developed countries in the garb of monetary help and expert advice. Some nations had become conscious of exploitation much earlier, but others, understood this fact only after seeing the disastrous role of big powers in the developing countries, e.g., the role of the USA in Vietnam or the USSR in Afghanistan. The social analysts have played a very significant role both in appreciating the help, as well as analysing the “games” of the big powers in the developing countries.

Against this background of information about the First, the Second and the Third Worlds we will now proceed to look at some of the prevailing conceptions about development across the world.

Activity 1

Interview at least five people of your Grandfather’s generation and ask them about their memories of the First & the Second World Wars. What were the impact of these wars on Indian people. Write a one page note on the “Impact of First and Second World War on Indian Society”. Compare your note with the note of other students at your Study Centre.

Check Your Progress 2

- 1) Name two countries, which follow the capitalist model of development
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- 2) Fill in the blanks:
- The First World was characterised mainly by a model of development.
 - The Second World countries had adopted a model of development.
- 3) List out some countries which were generally identified as the Third World countries. Use three lines for your answer.
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- 4) What are the three common characteristics that the Third World or the developing countries seem to share? Use eight lines for your answer.
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12.3.2 Socio-cultural Dimensions of Development

The concept of development has encompassed many dimensions over the years. One of the popular notions that economic growth, was a sufficient and a necessary condition to stimulate development of all the sections of a society has been proved incorrect. Economic advancement of a class of people has not, and does not trickle down to the entire population. Similarly, the attainment of high levels of economic growth by some of the developed countries has not helped to solve some of their serious problems. In fact affluence has given rise to new and more social problems. It is, therefore, now realised that if the ultimate aim of development is the improvement of the quality of life of every human being in society, it cannot be achieved as a consequence of economic growth or capital accumulation.

Sociologists now believe that it is necessary to lay stress on socio-cultural dimensions of development. To elaborate, social development includes:

- Proper satisfaction of basic needs, such as, food, shelter and clothing.
- Availability of essential amenities such as electricity, transportation, communication and water.
- Good physical and mental health, measurable in terms of increased life chances, abolition of environmental pollution, nutritious diet, medical care etc.

- d) Economic welfare i.e. opportunities for employment in economic activities and high level of living.
- e) Development of human beings i.e. enhancement of literacy, vocational education, moral education, creative personality etc.
- f) Social integration i.e. involvement and participation of people in social, political and economic processes and establishment and maintenance of effective social institutions.
- g) Minimisation of disparities in access to various resources and opportunities-economic, social and political

Some sociologists have laid a special emphasis on the psychological, social and moral dimensions while talking about the “holistic” approach to development. They look at development as an improvement in the overall quality of life including physical, psychological, social and cultural. They emphasise that these dimensions are very closely interlinked. For instance, an improvement in the psychological quality of life, entails the idea of life satisfaction including positive mental health. This requires a proper and effective balance between material and non-material life-goals of people and between instrumental and intrinsic values of society.

This subjective dimension is very closely linked with the social quality of life. The improvement in social quality, means an increase in the strength of family stability, interpersonal bonds and social solidarity. An improvement in the cultural quality of life signifies the upsurge of the moral dimensions. A concern for others is the essence of social morality. They have pointed out that in many developed societies there is more concern ‘for self than for others’, hence no true development (Sharma 1986: 20).

Thus, the sociological approach to development looks upon the development process as alterations that affect the whole socio-cultural matrix of society. In the modern sense, development refers to the planned, stimulated movement of the entire system in the direction of the overall desirable goals of a given society. Today we have a “Sociology of Development” which is seen to be growing in two directions – towards the analysis of internal structures and of historical linkages. A look at the studies in this field provides us with an idea of the following approaches to social development.

Approaches to Social Development

Approaches to development may be discerned on the basis of two criteria, (i) centralisation versus decentralisation of development schemes and resources, and (ii) unit of development, i.e., the focus of development – individual, group, village etc. The first criterion given rise to two approaches, namely, development from the top and development from the bottom. The second criterion gives rise to the three approaches –sectoral development, areas development and target group development. Let us now review briefly the five approaches.

i) Development from the top

The approach of development from the top envisages the planning and execution, of development schemes by the central or apex bodies of administration. In other words, the central organisations decide the nature and direction of plan, formulate

projects and impose them on the people. For instance, the ministers and high officials sitting in the capital, make the development plans for rural people without fully realising their problems.

Implicit in this approach is the assumption that the people who need development are incapable of understanding their needs, of devising development schemes and of executing them on their own. Hence the need for experts and outside agencies. In fact, this assumption is baseless. The elite at the top have a vested interest in making such assumptions. Their major interest is to hold control on resources and mobilise them for their own benefits. The people accept the development schemes, because they have neither sufficient resources of their own, nor any control on the resources of the community. As a result, most of the schemes imposed from the top fail to yield the desired results.

This happens in most of the cases. A large part of the funds of development schemes is eaten up in one way or the other, by the experts and executive personnel deputed or employed by the sponsors of the scheme, be it own government or any foreign agency. The major drawback of this approach is that it fails to involve the beneficiaries, in the development process. Instead, it generates a feeling of alienation among them. For these reasons this approach has been characterised by a higher degree of centralisation and bureaucratisation.

ii) Development from bottom

The exponents of second approach of development from the bottom, on the contrary, believe the fairness of intentions and abilities of the people who need development. They are given an opportunity to articulate their problems as well as the ways to solve them. They are trained and made capable, and are prepared for self-help. Utilisations of resources for development schemes is decided, by the concerned people themselves or by their representatives at the local level. Thus, there is a greater decentralisation of plans and higher participation of people.

While the planners realise the importance of development from the bottom, and claim that they adopt this approach, in practice, they often adopt the approach of development from the top. The result is ineffectiveness of the development schemes.

iii) Sectoral development

on the basis of 'unit' of development, as mentioned earlier, three approaches are envisaged, viz., sectoral development, area development and target group development. Sectoral development approach refers to formulation and execution of schemes for development, of a particular sector of economy like agriculture or industry. For instance, the Indian planners thought of developing industries just after the Independence. Therefore they made plans to develop technology or borrow it from other countries. Stress was laid on technological education. Many institutes and colleges were established, independently or in collaboration with other countries, such as the United States of America, Russia and England.

On the other side, funds were made available for heavy industries such as textile, steel and cement. Later on, when the country faced a food problem in the early sixties, the planners thought of developing the agricultural sector. As a result, many agricultural universities were set up, which helped in evolving high yielding

varieties of crops, insecticides and pesticides, and farm implements, like threshers. Extension services were made available to educate and persuade farmers, to adopt new agricultural technology, and loans were advanced to farmers quite liberally. You have seen the results of these efforts in the form of the green revolution. The country is now almost self-reliant in food.

iv) Area development

All regions are not equally developed. Some are more affluent than others. The underdevelopment of regions is due to the lack of infrastructural development—roads, railways, electrification etc. or due to the problems of floods and drought. When schemes are devised for the infrastructural development of an area or region, we call it area development approach. The Command Area Development Scheme, introduced in India in 1974 for the development of irrigation resources in certain regions, illustrates this approach.

v) Target group development

Target group approach has its focus on a particular category of people, such as small farmers, women and farm labourers. Schemes, such as Small Farmers Development Agency (SFDA) and reservation of seats in schools and colleges, and in employment for scheduled castes, exemplify the target group approach. There is another approach to development, which has its focus on the overall development of the people residing in a locality – village or town. This is known as a community development approach. This approach lays stress on the development of education, health facilities, economic and social activities, and other infrastructural facilities.

Activity 2

Visit the local Block Development Officers (BDO's) office in your area and interview one or two officers working there regarding the development activities going on in this area. The nature and types of programmes going on and its impact on the different communities in your area. Write a report of one page on "Social Development and the role of Government". Compare your note with other students at your Study Centre and discuss your findings with your Academic Counsellor.

Check Your Progress 3

1) Economic growth is a sufficient and a necessary condition to stimulate development of all the sections of a society. Tick the correct box.

Yes No

2) List out the socio-cultural dimensions of development. Use four lines for your answer.

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- 3) What are the five approaches to social development? Use seven lines for the answer

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12.4 INDIAN EXPERIENCE OF DEVELOPMENT AFTER INDEPENDENCE

There have been schemes and plans of development in almost all dimensions of socio economic life, such as health, education, population control, industry, transport, irrigation communication and agriculture. It is neither possible to present here a list of all the development schemes, nor are you expected to know about all of them. Therefore our main objective is to present a synoptic view of the development schemes in India, introduced after Independence with a view to illustrate some of the approaches to development, discussed in the preceding section.

After Independence, India did not follow either the First or the Second World, it adopted neither the capitalist (North American) nor the socialist model of development. It adopted a path of development in-between the two models, which is known as ‘mixed economy’. On the one hand, India encouraged private business and industry and gave opportunity to big business houses, such as the Birla’s and Tata’s, and other medium and small size entrepreneurs. On the other hand it has almost full control, at least in principle, over all the entrepreneurial and business activities.

12.4.1 Socialist Path and Mixed Economy

The state also acts as an entrepreneur in setting up heavy industries, such as the manufacture of steel and generation of electricity. The banks have been nationalised. The state has full control over railways and postal departments. These measures are illustrative of a socialist path of development. On the other hand, certain industries are reserved for private entrepreneurs – both small and large. In some industries, such as textile and cement, both private and state enterprises have been allowed to operate. In many other activities, too, such as education, health and transport both private and state agencies work, either independently or in collaboration.

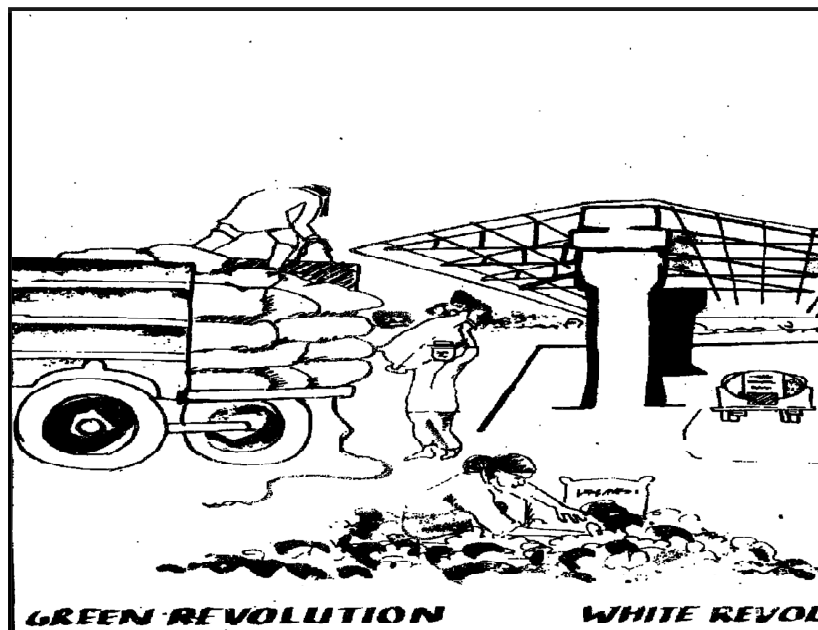
It is true that India adopted a ‘mixed’ path of development, but scholars differ in their opinion about the real functioning of the economy. One view is that India’s path of development is a capitalist one. Entry of state in heavy industries was, in fact, meant to support private enterprise, in the sense that these industries did not yield high profits and required a long gestation period and high capital investment.

Hence they did not attract private entrepreneurs, and at the same time industrial development was not possible without basic industries. Similarly, it has been argued that big enterprises still dominate over the small ones, and the industrial sector over the agricultural one. Also there is a concentration of economic power in a few big business houses. The other view is that our bias has been increasing towards a socialist model, as is evident from the facts such as nationalisation of banks. These are controversial arguments which cannot be sorted out here. The fact remains that India pursues a 'mixed' path of development.

12.4.2 Sectoral Development

No doubt India has progressed a lot in industrial and agricultural sectors, but there has been relatively less progress in the latter. Many policies and plans were adopted, which showed results, that were far below the expectations. The major policies for the development of agriculture after Independence were: abolition of landlordism (zamindari), consolidation of land holding, and land ceiling. Whereas the first two policies succeeded, the last one was made ineffective due to several factors including the vested interests of large farmers. However, due to increase in population there has a natural curtailment of farm size, and it has been that further ceiling on farm size, will come in the way of raising the productivity. All these policies reflect a sectoral development approach.

The sectoral approach got further accentuated in the 'green' and 'white' revolutions, i.e., development of cash crops, and dairy products, respectively. Such revolutions have not been widespread. They are confined to a few states, such as Punjab, Haryana, Tamil Nadu, Gujarat and Maharashtra. The important thing is that the farmers, even in these states, do not get remunerative returns from farm produce, because of an absence of check on the rise of prices of farm inputs – machines, fertilisers, insecticides, pesticides etc., which come from industrial sector, and also because of a strict control on the prices of farm outputs, with the rationale that high rise in the prices of food grains will adversely affect the masses. This indicates discrimination against the farm sector. The majority of people depend upon agriculture even today. Therefore non-remunerative farm return keep the agricultural sections in poverty.



12.4.3 Community Development and Cooperative Movement

Besides this sectoral approach, a community development scheme was initiated in 1952 for overall development of villages. The philosophy of this programme was to educate, encourage and enable the people to develop themselves, with their own efforts and resources. But the programme was not very successful. It was realised that a greater participation of the rural people in the preparation and execution of development schemes was essential. In other words, it required a greater administrative decentralisation. Hence Panchayati Raj System was introduced in 1957. It envisaged a three-tier system, viz., Village Panchayat (village level), Panchayat Samities (block level) and Zila Parishad (district level). This system involved the people at local level, in both planning and execution of development schemes. It was an effort towards development from the bottom. But unfortunately the unholy alliance between the rural elite (rich farmers), on the one hand, and the administrative and political elites, on the other, at the block and district levels made the system weak.

The same fate met the cooperative movement. India wanted cooperative cultivation on the Chinese pattern, in which the land is owned by the community (village) and the farmers have their shares. But this did not work in India due to the country's political system which did not permit abolition of private ownership of land, and because the farmers did not surrender land to the community voluntarily, in spite of the appeal of "Bhoo Dan" (land donation) movement of Vinoba Bhave. However, credit societies which granted short term agricultural credit did become popular. But today many of the credit societies have become defunct, or are not functioning effectively. The member borrowers usually become defaulters. The important point is that there is no spirit of cooperating among the local people, because most of the affairs of these cooperatives are managed by the government or semi-government officials, such as the Registrar, Managing Director, Administrator etc. In many cases the nationalised banks provide funds to cooperatives for advancing loans to their members.

The rural credit cooperative are relatively effective in Maharashtra, particularly among the sugarcane producers, who also have cooperative sugar mills. In other fields, too, there are exceptionally successful cases of cooperative, viz., Milk Producers Cooperative at Anand in Gujarat. Anand Milk Producers' Union Limited (AMUL) emerged out of the farmers' cooperative efforts at the village of Anand which now has an important place among the rural cooperatives in Asia.

12.4.4 Target Group Planning

There are many other rural development programmes for certain target groups, under the 20-point economic programmes. Integrated Rural Development Programme (IRDP) is one of them which combines both the area development and target group approaches, since it includes the Command Area Development Programme. Drought Prone Area Programme and Small Farmers' Development Agency. As a target group programme, its focus is on the poorest of the poor, and the unit of assistance is the 'family', and not a person. It proposes to cover about 3,000 families in each block over a period of five years. Under IRDP there are special programmes for employment, like Training Rural Youth for Self-employment (TRYSEM). Besides there are other programmes such as the National Rural Employment Programme (NREP). Evaluation reports of these programme,

however, indicate the failure of the programme in reaching the real beneficiaries and in raising their economic status. The blame is laid on the executive personnel, and the rural elite who consume a large share of the resources, meant for these programmes. In other fields also India has made a good deal of progress. We have big hospital and primary healthcare centres. Life expectancy has increased and many diseases such as malaria, Polio and small pox have been controlled, and infant mortality reduced. Now we have a large network of transport and communication. . But the results of development have reached largely the urban population. Rural people still do not have good schools, proper electrification, clean water and hospitals. There are no good teachers, or proper infrastructure in schools, such as furniture, including blackboards in many schools, and no doctors, nurse or medicines in many primary healthcare centres. Besides this we find increased unemployment, a state of lawlessness, an increase in social and communal tension, and a lack of social and national concern. This shows that the country has achieved more of a quantitative than qualitative development.

However, in terms of social political and economic awareness India and its villages are doing fairly well. Being one of the largest Democratic nations of the world, with an extremely vibrant political and economic structure, some amount of social unrest is inevitable. The policies of the Government are geared towards removing extreme inequalities and bringing about social justice.

Check Your Progress 4

- 1) Which path of development has been followed by India after its Independence? Use three lines for your answer.

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- 2) Integrated Rural Development Programme (IRDP) is an example of sectoral development. Tick the correct box.

Yes	No
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12.5 LET US SUM UP

This unit has explained that development is a much broader concept than economic growth. It includes social, economic, moral, educational, physical and mental development of people. We discussed the prevailing ideas about social development. Then we reviewed the five approaches to social development. In the end, we described the ‘mixed’ path of development, i.e. a combination of capitalism and socialism, followed by India today.

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12.7 SPECIMEN ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- 1) Change is a value-neutral concept while development is a value-laden concept. All cases of change do not indicate development. Only planned-desired changes can be termed development
- 2) The developing countries depend upon the developed countries for technological and financial aid. In the process of providing this aid, the developed countries try to exploit the developing countries. This view is called the dependency theory of development.

Check Your Progress 2

- 1) The United States of America and the United Kingdom.
- 2) a) capitalist
b) socialist
- 3) India, Pakistan, Thailand, Vietnam, Venezuela, Nicaragua – these countries are generally identified as the Third World countries or the developing countries.
- 4) Common characteristics shared by the Third World countries are:
 - a) underdeveloped economy and technology
 - b) a wider meaning of development which includes social transformation
 - c) The Third World countries were pressurised by the developed countries to follow their dictates.

Check Your Progress 3

- 1) No
- 2) Socio-cultural dimensions of development are proper satisfaction of basic needs, availability of necessary amenities, economic welfare, access to educational development, social integration and minimisation of inequalities in society.
- 3) Basing on the two criteria of the centralisation and decentralisation of development schemes and resources, the five approaches to social development are:
 - a) development from the top
 - b) development from the bottom
 - c) sectoral development

- d) area development
- e) target group development

Check Your Progress 4

- 1) India has followed a 'mixed' path of development. India encourage private business and industry and also exercises almost full control on the entrepreneurial and business activities. It has recently began to focus on area development and target group development, thus taking care of socio-cultural dimensions of development.
- 2) No



UNIT 13 GLOBALIZATION*

Structure

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Meaning of Globalization
- 13.3 The Background of Globalization
- 13.4 Impact of Globalization
- 13.5 Globalization: Indian Scenario
 - 13.5.1 Various Sectors of Indian Economy
 - 13.5.2 Impact of Globalization on India
- 13.6 Merits and Demerits of Globalization
- 13.7 Let Us Sum Up
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13.0 OBJECTIVES

After going through this unit you will be able to:

- discuss the meaning of Globalization;
- describe the background of the process of Globalization;
- explain the impact of Globalization on society; and finally
- discuss its merits and demerits.

13.1 INTRODUCTION

In the previous unit, unit 12 you had learnt about Social Development. In this last unit of this course we have focused on the process of Globalization.

People all over the world have become closer than ever before. We see an increased movement of people, knowledge and ideas, and goods and money across national borders that have led to increased interconnectedness among the world population -economically, politically, socially and culturally.

We are living in an era of globalization.

13.2 MEANING OF GLOBALIZATION

The term Globalization has been used to define various aspects of global expansion in the past decades. It is centred on the integration of international markets for goods, services, technology, finance and labour. This essentially means opening

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up of national economies to global market forces and corresponding reduction in the scope of state to shape macro-economic policies.

Simply put, there is a growing integration of various countries to the world economy. It results mostly from a freer movement of capital, products and information, which affects not just the economy, but also, the political, cultural, social and environmental arenas.

Box 13.0

Antony Giddens, a Sociologist, defined globalisation as an intensification of worldwide social relations, via which faraway places are linked together in such a way that those events in one place are affected by a process taking place many miles away and vice versa.

Globalisation has resulted in:

- increased international trade
- a company operating in more than one country
- greater dependence on the global economy
- freer movement of capital, goods, and services

Globalisation has resulted in many businesses setting up or buying operations in other countries. Companies that operate in several countries are called multinational corporations (MNCs) or transnational corporations (TNCs) such as Walmart, Honda, Vodafone, and Siemens.

Factors attracting TNCs to a country may include:

- cheap raw materials
- cheap labour supply
- good transport
- access to markets where the goods are sold
- friendly government policies

13.3 THE BACKGROUND OF GLOBALIZATION

The process of globalization is not new. But earlier the pace of such a process was so slow that we hardly noticed it. However, now with the advent of the information technology, newer means of communication have made the world a very small place. Not only the pace of the globalization process, but the penetration and integration of the changes induced in our day to day life has made the impact of globalization many fold higher. With this process the world has become one huge market place.

The term “globalization” began to be used more commonly in the 1980s, reflecting technological advances that made international transactions easier and quicker —both trade and financial flows.

There are several key factors which have influenced the process of globalisation:

- Rapidly changing technologies for transportation and communications continue to dissolve the barriers of time, distance, and ignorance. In the twentieth century some of the most important technological innovations that changed diplomacy were the jet plane, satellite communications, fibre-optic cables, and the Internet. Internet and mobile technology has allowed greater communication between people in different countries.
- Freedom of trade - organisations like the World Trade Organisation (WTO) promote free trade between countries, which help to remove barriers between countries.
- Labour availability and skills - countries such as India have lower labour costs and also high skill levels. Labour intensive industries such as clothing can take advantage of cheaper labour costs and reduced legal restrictions in LEDCs.
- Ideas also shape globalization, particularly the widespread belief that free trade, private enterprise, and competitive markets promote efficiency and economic growth.

Activity 1

Do you think the spread of the Covid-19 pandemic all over the world is related with the process of Globalization? Comment in a note of one page. Discuss with other learners at your Study Centre.

In the late 1980s, due to poor economic performance under protectionist policies and various economic crises, many developing countries began to dismantle their barriers to international trade. Many former Eastern bloc countries integrated into the global trading system and developing Asia (one of the most closed regions to trade in 1980s) progressively dismantled barriers to trade.

Hence the changed world economic order in the 1990s and due to heavy pressures from rich countries like USA, Japan, European countries dominating the WTO (World Trade Organisation having 135 members, established in 1995) and IMF (International Monetary Fund) and World Bank (engaged in development financing activities), the developing and the poor countries all over the world were forced to open their trade and market and allow foreigners to enter the domestic market.

Globalization process has sped up with the increasing usage of Information and Communication Technologies (ICT). Greater awareness of markets and knowledge of Capital resources have opened up International competition and trade.

13.4 IMPACT OF GLOALIZATION

The impact of globalization on the society is multi-dimensional and all-pervasive. The broad reach of globalization easily extends to daily choices of personal, economic, and political life. Globalization can also create a framework for

cooperation among nations on a range of non-economic issues that have cross-border implications, such as immigration, the environment, and legal issues.

At the economic level, there is a trend towards increasing economic liberalization. This is reflected in freer trade, more deregulated labour, goods and financial markets. There is a marked increase in exports of goods and services in which nations have their respective competencies.

One of the major impacts of globalization in the political sphere is that it reduces the importance of nation states. Many have organized themselves into trade blocs. Emergence of supranational institutions such as the European Union, the WTO, The International Criminal Court etc. replaced or extended the national functions to facilitate international agreement.

Another major impact of globalization is the increased influence of Non-Governmental Organizations (NGOs) in humanitarian aid, developmental efforts etc.

Globalisation boosts international travel and tourism indirectly due to the international business. Immigration between countries, formation of free trade zones, growth of cross cultural contacts, enhancement in worldwide culture etc. is increasing due to the globalisation.

There has been a tremendous increase in consumerism, for goods and services, whether necessary or perceived. A distinct change in life-styles with rapid adaptation to worldwide trends is on the rise. The overall result has been the emergence of a global consumer society with a tendency towards greater cultural homogenization. The contemporary revolution in communication technology has had a dramatic impact in the arena of popular culture. Information technology enables a wide diversity of locally-based popular culture to develop and reach a larger audience. For example, “world music” has developed a major international audience. Old and new musical traditions that a few years ago were limited to a small local audience are now playing on the world stage.

Box 13.1

A TRANSNATIONAL CONTRACTING OUT

Peter Dicken’s definition of a transnational corporation is ‘a firm which has the power to co-ordinate and control operations in more than one country, even if it does not own them.’ Some of the most high profile TNCs such as Nike do not actually own any factories abroad. Nike, the world’s largest maker of athletic shoes, does not make any clothes or shoes itself. It contracts out production to South Korean and Taiwanese companies. These companies operate not only in their home countries but also in lower wage economies such as the Philippines and Vietnam. Nike’s expertise is in design, development, marketing and sales. Phil Knight, co-founder and chief executive, is the public face of the company.

Nike currently produces its products in more than 800 contract factories, employing more than 600,000 people, in more than 50 countries throughout the world, including the United States. In mid-2003 Nike paid \$305 million to acquire retro shoemaker Converse. Most large transnationals grow by acquiring other businesses as well as generating their own growth.

Check Your Progress 1

1) What is Globalization?

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2) Explain some of the major impact of Globalization

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3) Globalization has declined in modern India. True or False.

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13.5 GLOBALIZATION: INDIAN SCENARIO

Indian economy experienced major policy changes in early 1990s. The new economic reform, popularly known as, Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive. The series of reforms undertaken with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient.

It also marks the advent of the real integration of the Indian economy into the global economy.

The acceptance of structural adjustment program in 1991 was the first step towards liberalization of the Indian economy. The essentials of the New Economy policy (NEP) are: Privatization, Globalization, Modernization, Improving productive efficiency and growth rate.

The structural Adjustment involved in seeking these objectives are:

- Decontrol and deregulation
- Freedom of entry to foreign goods and investments
- Adoption of market-friendly fiscal, exchange, trade and credit policy
- Cutback in public expenditure
- Limitation of fiscal deficit to low levels
- Adoption of up-to-date technologies

- Concentration of government investment in infrastructure, health, education and similar areas.
- Exit Policy
- Withdrawal of subsidies of all kinds

(Krishnamurthy 1991)

13.5.1 Various Sectors of Indian Economy

Since India is an agrarian economy, globalisation has touched every aspect of agriculture like technological advancement, improved production techniques and quality based enhancement. All three sectors of agriculture viz. farming, marketing and industrial support have made tremendous progress. In farming, globalisation has introduced complete mechanisation of the farms. Many new techniques are being used for seed development and production. Introduction of organic and hybrid varieties of seeds has revitalised the entire sector. Furthermore, new irrigation methods and techniques have also been used. In marketing of the produce, globalisation has helped farmers fetch new markets. This has given a boost to the agricultural exports. Introduction of big retailers from abroad offer them good procurement price and a continuous market for the produce. Also, e-commerce has helped in the post production activities like selling. Industrial development also is a direct by-product of globalisation as it has led to highly sophisticated farm machinery, fertilizer etc. Also, there is a growth in food processing industry due to increased consumerism. On the other hand, there are issues like GM crops, competition in pricing, WTO compliance issues which limits the support the governments can extend to farmers etc.

Many foreign companies have set up industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors and this helped to provide employment to many people in the country. Also the foreign companies brought in highly advanced technology with them and this helped to make the Indian Industry more competitive and technologically advanced. However with the introduction of new technologies, the requirement of labour decreased resulting in loss of jobs. This happened mainly in the pharmaceutical, chemical, manufacturing, and cement industries. Also, the entry of MNCs has added to competition in the market and has led to excessive pressure on domestic companies to both raise quality and productivity to ensure survival.

Many Indian industries have invested abroad and have entered into various kinds of agreements like joint ventures or mergers and acquisitions etc. This has raised their global competitiveness. Relaxation of investment norms and licences has attracted huge amounts of foreign investment especially in services, telecommunications, electrical equipment etc. The export-orientation is also increasing by setting up of various Special Economic Zones (SEZs). The government is giving a lot of impetus to the small scale industrial sector. There is an abundant availability of loans, microfinance and even other forms of easy credit.

Globalisation has opened door to foreign investors to enter the domestic market. This has led to more competition as innovation has become the new norm. The domestic financial intermediaries have taken on more risk-intensive roles to ensure

survival in this highly competitive age. Banking structures and products have become more streamlined and efficient due to the stiff competition by the customer- responsive and efficient private banks.

One of the major forces of globalization in India has been in the growth of outsourced IT and business process outsourcing (BPO) services. The last few years have seen an increase in the number of skilled professionals in India employed by both local and foreign companies to service customers in the US and Europe in particular. Taking advantage of India's lower cost but educated and English-speaking work force, and utilizing global communications technologies such as voice-over IP (VOIP), email and the internet, international enterprises have been able to lower their cost base by establishing outsourced knowledge-worker operations in India.

13.5.2 Impact of Globalization in India

Globalization has helped in:

- Raising living standards,
- Alleviating poverty,
- Assuring food security,
- Generating buoyant market for expansion of industry and services, and
- Making substantial contribution to the national economic growth.

Box 13.2

GLOBALIZATION ENABLED SPURT IN MEDICAL TOURISM

Medical tourism is a new form of niche tourism increasingly becoming popular in the global world. More recently there has been a spatial shift in medical travel especially to Asian countries from advanced economies. Medical tourism is a popular mass culture where people travel to overseas countries to obtain healthcare services and facilities such as medical, dental and surgical care, whilst having the opportunity to visit tourist spots of that country.

India has emerged as a popular destination for providing Global standards of health care at affordable costs.

Medical Tourism in India is one of the best options available to people across the globe. Millions come every year to get treated and then enjoy their recuperative holidays across India. India provides world class medical facilities with hospitals and specialized multi-specialty health centres providing their expertise in the areas of cosmetic surgery, dental care, heart surgeries, coronary by-pass, heart check-up, valve replacements, knee replacements, eye surgeries.

Indian traditional treatments like Ayurveda therapies and much more, practically covering every aspect of medicine combining modern treatments with traditional experience. The Associated Chambers of Commerce and Industry of India (ASSOCHAM) estimates the current earnings accruing through medical tourism annually at Rs.3500 crore, while pegging the future foreign exchange earnings estimates to around Rs.9500 crores in 2015. These estimates have

been proposed by a health committee on Prospects of medical tourism chaired by the Chairman, Sir Ganga Ram Hospital, along with other leading doctors from AIIMS and other prestigious hospitals of New Delhi (Upadhyay P., 2011).

13.6 MERITS AND DEMERITS OF GLOBALIZATION

There are debates about globalization and its positive and negative effects. While globalization is thought of by many as having the potential to make societies richer through trade and to bring knowledge and information to people around the world, there are many others who perceive globalization as contributing to the exploitation of the poor by the rich, and as a threat to traditional cultures as the process of modernization changes societies.

The Merits of Globalization are as follows:

- There is an International market for companies and for consumers there is a wider range of products to choose from.
- Increase in flow of investments from developed countries to developing countries, which can be used for economic reconstruction. Foreign direct investment (“FDI”) tends to increase at a much greater rate than the growth in world trade, helping boost technology transfer, industrial restructuring, and the growth of global companies.
- Greater and faster flow of information (through TV, Internet) between countries and greater cultural interaction has helped to overcome cultural barriers.
- Technological development has resulted in reverse brain drain in developing countries.
- Economies of Scale- Globalization enables large companies to realize economies of scale that reduce costs and prices, which in turn supports further economic growth, although this can hurt many small businesses attempting to compete domestically.

The Demerits of Globalization are as follows:

- The outsourcing of jobs to developing countries has resulted in loss of jobs in developed countries as a result, now they are following protectionism measures, for example USA is restricting BPO.
- There is a greater threat of spread of communicable diseases.
- There is an underlying threat of multinational corporations with immense power ruling the globe. For smaller developing nations at the receiving end, it could indirectly lead to a subtle form of colonization.
- Exploitation of labour by offering low wages
- Increase in global terrorism
- Environmental concerns such as worldwide increase in pollution

Box 13.3**GLOBALIZATION, TRADE, AND THE ENVIRONMENT: THE CASE OF BRAZIL**

Globalization has featured extensively in the debates on environmentalism, and green activists have highlighted its far-reaching effects such as widespread environmental pollution. While some researchers are of the view that the answer to this problem lies in the problem itself, that is, globalization itself can lend support to building a better structure which is economically feasible and environment-friendly.

Soybean production has become a significant force for economic development in Brazil, but has come at the cost of expansion into non-protected forests in the Amazon and native savanna in the Cerrado. Over the past fifty years, production has increased from 26 million to 260 million tons. Area planted to soybeans has increased from roughly 1 million hectares in 1970 to more than 23 million hectares in 2010, second only to the United States.

For more than three decades, deforestation in the Amazon has been driven by the expansion of pasturelands for cattle production. Pasture area also expanded rapidly because soils found throughout much of the region are poor in nutrients following forest slash and burn, and crop production cannot be maintained in the face of degradation of soils and lost vegetation productivity. In the late 1990s, multi-national corporations such as Cargill began investing in infrastructure throughout the south-central Amazon. New river ports, fertilizer and mechanization have fuelled explosive growth in the crop agricultural sector, especially for soybeans. For example, in the State of Mato Grosso, soybean agriculture has increased at a rate of 1,000 to 2,000 kms per year since 2000, making it the fastest growing form of land use regionally. Much of this deforestation is now being driven directly by conversion to soybean fields, the soy oil and meal from which are being used largely by the growing industrial livestock sector in Brazil, China, India, and other countries around the world.

In the same period that soy agriculture has boomed in the Brazilian Amazon, the power of satellite monitoring technology has also gone through a revolution. Since 2000, it has been possible to monitor not only rates of deforestation on a weekly basis (it was done annually prior to 2000), but also to differentiate between forest areas cleared for cattle pasture or crop agriculture.

Check Your Progress 2

- 1) List two merits and two de-merits of globalization.

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- 2) Fill in the blank-
- a) Globalization process prior to the advent of modern transport and communication was
 - b) Globalization can lead to the spread of much faster.
 - c) Global is a serious problem for all nations.

13.7 LET US SUM UP

Globalization is the free movement of goods, services and people across the world in a seamless and integrated manner. Globalization can be thought of to be the result of the opening up of the global economy and the consequent increase in trade between nations. In other words, when countries that were earlier closed to trade and foreign investment open up their economies and go global, the result is an increasing interconnectedness and integration of the economies of the world.

Globalization is a process that is driven by the liberalization of trade, investment and capital flow, technological advances, and pressures for assimilation towards international standards. It has reduced barriers between countries, thus resulting in strengthening of economic competition among nations, dissemination of advanced management practices and newer forms of work organization, and sharing of internationally accepted labour standards.

In context to India, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India, removing constraints and obstacles to the entry of MNCs in India, allowing Indian companies to enter into foreign collaborations and also encouraging them to set up joint ventures abroad; carrying out massive import liberalization programs by switching over from quantitative restrictions to tariffs and import duties, therefore globalization has been identified with the policy reforms of 1991 in India.

Globalization has impacted nearly every aspect of modern life and continues to be a growing force in the global economy. While there are a few drawbacks to globalization, most economists agree that it's a force that's both unstoppable and net beneficial to the world economy. There have always been periods of protectionism and nationalism in the past, but globalization continues to be the most widely accepted solution to ensuring consistent economic growth around the world.

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13.9 SPECIMEN ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- 1) Globalization is a process of social change whereby the world and its countries get linked with each other through trade, commerce, scientific innovations exchange of ideas, cultural and social interaction.
- 2) The major impact of Globalization are: (i) Economic- Economies and societies are getting more liberalised (ii) Politically it reduces the importance of nation states. (iii) It has led to the increased influence of Non-Governmental organisation (NGO) in humanitarian aid, and developmental; activities etc.
- 3) False.

Check Your Progress 2

- 1) Merits

-There is increase in the flow of investments from the developed to the developing countries.

-Increased dissemination of information and knowledge.

Demerits

-The outsourcing of jobs from developed to developing countries.

-Impact on environment and rise of worldwide pollution.

- 2) a) Slow
- b) Epidemics
- c) Terrorism

GLOSSARY

Band	: A band is smallest unit in hunting and gathering societies.
Capitalist	: Ruling class who control the means of production; i.e. they are the owners of the means of production
Commodity money	: Commodities used in exchange and having certain intrinsic value.
Competition	: Struggle between various owners for profit.
Dictatorship	: An absolute power to rule the other.
Distributive justice	: The process of equal or fair (or reasonable) distribution of goods and services.
Division of labour	: Distribution of labour work among the labourers depending on their skills
Domestic	: Anything concerning family or household material or non material.
Enforcement	: The process of making something obligatory.
Ethnocentric	: Belief in the superiority of one's own group.
Exchange	: To and fro transmission of goods between people.
Exchange	: A process of give and take characterised by mutual dependence.
Family labour	: Labour in which members of a particular family are involve
Farmland	: Land which peasants cultivate to earn their livelihood
Forces of Production	: Technological aspects of production including labour power that are essential for the production of goods.
Gift	: Tangible or intangible substance given to others without immediate expectations of the return.
Gross National Product (GNP)	: It is the total flow of goods and services produced by the economy over a specified time period, usually one year.
Headman	: An authoritative figure among the hunters and gatherers who controls a band in their societies.

Horticulturalist	: A person involved in the cultivation of multipurpose plants.
Hunting and gathering	: A form of society characterised by mode of subsistence.
Inequality	: Differences of income among two classes in capitalism.
Kinship	: Kinship is a form of group based on the relationship among various people.
Legitimate	: Legal sanction binding upon all.
Medium of exchange	: Anything that is given in exchange to goods or services.
Mode of Production	: Relationship between the relations of production and the forces of production; a process in which there is the conversion of human labour into energy through the use of technology.
Money	: Legitimate currency (of a country) and a medium of exchange used to attach value to the commodities.
Movement	: Agitation initiated by peasants against certain demands
Natural resources	: Resources such as eatables available in the natural (wild) environment.
Nomads	: Migratory communities people who move from one place to another in search of food.
Olericulture	: Horticulture involving cultivation of vegetables.
Ornamental	: horticulture involving cultivation of decorative plants.
Paper money	: A legal tender used as a medium of exchange with no intrinsic value.
Pastoralist	: A person involved in the domestication of livestock.
Peasant economy	: A kind of rural economy generated out of the agriculture produce
Peasant	: A person who carries out agricultural land work for livelihood
Planned Socialism	: Socialism in which planning to produce and distribute is done by state through proper planning.

Pomology	: Horticulture involving cultivation of fruits.
Price mechanism	: Price of goods determined by demand and supply.
Reciprocity	: Returning something against what is received to form relationships.
Relations of Production	: Social relationships constructed in the production process such as relationship between owners and labourers.
Revolution	: Uprising for the transformation of society
Socialist Society	: A society which is based on the idea of equality, justice, cooperation and good will for all.
State Socialism	: Involvement of state in the abolition of capitalism.
Transhumant	: Seasonal movement of hired pastoralists along with livestock.
Value-laden	: Attributing a value, as good or evil, desirable or undesirable,
Value-neutral	: Interpreting objectively, without taking sides.

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