



Social Development and Inclusive Growth

Dr. C Rangarajan

Chairman

Economic Advisory Council to Prime Minister
New Delhi



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BASIX Academy for Livelihoods
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About Late Professor Ranjit Gupta

Born in 1934, Prof. Ranjit Gupta is one of the very distinguished and eminent social Development thinkers that India produced. He did his Masters in Arts with specialization in Economics from Lucknow University in 1954. He joined as a Research Scholar in the same University and rose to Research Director's position. He was an academician par excellence, scholar in many domains with lasting imprints in the minds of people and transcended gradually into an activist in development sector. He worked with Jay Prakash Narayan in the Association for Voluntary Agencies in Rural Development (AVARD). He was a revered faculty member at the Indian Institute of Management, Ahmedabad (IIM-A). Along with Prof. Ravi Matthai, he conceived and ran the Rural University project in Jawaja, southern Rajasthan, which inspired dozens of IIM-A graduates to work in rural development. He was the Founder Secretary & Research Director of Institute of Social Studies Trust (ISST), New Delhi. Later, in the mid 70s, he worked as a Consultant, Ford Foundation, New Delhi. He was also the Faculty & Chairman of Centre for Management (CMA), IIM-A and was instrumental in the establishment of IIM-A's Prof Ravi J. Matthai Centre for Educational Innovation. He was Hon. Adviser and founder of the TATA DHAN Academy in Madurai that has evolved as a centre of excellence in development education.

He served as a member on many Task Forces/ Working Groups appointed by the Government of India and Planning Commission in 70's like Whole Village Development, National Commission on Agriculture, Command Area Development, Drought Prone Areas Development etc. He had rich and varied experience in Institution Building. He was a member of Governing Body, Indian Institute of Forest Management, Bhopal (1982-94); IGNOU, New Delhi (1986-87-1988-89); Chairman of Governing Body, Pradan, New Delhi (1988-95) and Board of Trustees, Institute of Social Studies Trust, New Delhi (1994-2000). He was the President of Sampark, Bangalore (1996-2002) and Trustee, CDL, Bangalore.

He authored, co-authored and edited several books and monographs, and research papers. He had a keen interest in Development Management / Education Sectors and special corner for NGOs in Development sector. He believed in working with a focus on the disadvantaged groups by enabling development professionals to build people. Though he passed away in October 2008, he leaves behind a worthy legacy through his rich work and the contribution made to the sector.

Professor Ranjit Gupta Memorial Lecture Series

- 2009 - Revisiting Rural Finance in India, Dr. Y S P Thorat, Former Chairman, NABARD, Mumbai;
- 2010 - India Shining VS India inclusive - A Balance required through Institutional Innovation, Padma Shri Aloysius P Fernandez, Member Secretary, MYRADA, Bangalore;
- 2011 - Grassroots Governance: An abiding Challenge before India, Padma Shri Deep Joshi, Co-Founder, PRADAN.



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Social Development and Inclusive Growth

I am indeed very happy to be in your midst this evening and to deliver the Professor Ranjit Gupta Memorial Lecture instituted by BASIX. Professor Ranjit Gupta whom I had known while both of us were together at the Indian Institute of Management, Ahmedabad is one of the very distinguished social development thinkers of our country. He was not only a serious academic but was deeply involved in working with various organisations at the grass-root level in order to improve the living conditions of the poor and the vulnerable groups. I have, therefore, decided to speak today on the link between social development and inclusive growth.

Economic growth, as it is normally understood, means an acceleration of the output of goods and services. Social development, on the other hand, implies that every citizen would have his or her basic needs met. Economic growth in a broader sense includes social development. We have come to describe it as “inclusive growth”. However, analytically speaking, social development and economic growth are two separate concepts and there is need to understand fully the implications of each one of them. On the relationship between the two, some key questions that arise are:

How far is social progress possible without adequate economic growth? What are the synergies between social development and economic growth? Can expenditures on social sectors by themselves ensure better social progress? What are the organizational and motivational factors necessary to secure better returns from expenditure? What should be the role of the state and the private sector in relation to social development activities?

Evolution of Thinking on Growth

One can see five stages in the evolution of thought on economic growth in our country. The chronological sequence is not without some overlap. In the first stage, the major concern was simply to accelerate economic growth. Growth

was identified with the increase in the availability of material goods and services and was to be achieved through capital formation. Better life was identified with enhanced production of goods and services. The need for accelerating growth in this sense was felt even more strongly in developing economies, which started out with very low living standards. Eradication of poverty was to be achieved through faster economic growth. In the second stage, a distinction was made between growth and development. A greater concern with the distribution of income emerged. Development was seen as going beyond mere economic growth and bringing about changes in the structure of the economy. Equitable distribution of the benefits of economic growth became an independent goal. Balanced regional development also became a concern in large economies. In the third stage, the concept of equity was interpreted to mean the provision to everyone of what came to be described as 'basic needs' which included the basic requirements of life such as food, education, and safe drinking water and health services. In essence, this approach stressed the need to provide to all human beings the opportunities for a 'richer and more varied life' as one of our plan documents put it. The fourth stage in the evolution of economic thinking on growth was the emergence of the concept of 'sustainable development' which became relevant in the context of the environmental degradation caused in the process of economic growth. Sustainable development focuses attention on balancing today's concerns with tomorrow's requirements. In the current and fifth stage of thinking on growth, the concept of basic needs has been widened and the objective of growth is set as "human development" which means an improvement in the quality of life of the people. Enhancement of human development should lead on the one hand to the creation of human capabilities through improved health, knowledge and skills and on the other the opportunities for the people to make use of these capabilities. In a broader sense, human development implies human rights and participation and freedom of choice. In addition, the accent has shifted from the mere processes and dynamics of growth to include also the institutions which should deliver the benefits of growth to the poor and disadvantaged. Under this approach, economic growth becomes only one aspect of human development.

Performance of the Indian Economy

The performance of the Indian economy since Independence as measured by the normal indicators of economic growth has been impressive. The Indian economy was literally stagnant during the first half of this century. With population growing fast, the per capita income showed a steady decline. The growth momentum started with the attaining of independence. The annual growth rate in GDP, however, remained below 4 per cent until the end of 70s. It was only in the 80s that the annual growth rate crossed the 5 per cent figure. Between 1981-82 and 1990-91, the growth rate of the economy was 5.7 per cent per annum. In the post liberalization period between 1992-93 and 2011-12 the average annual growth rate was 6.9 per cent. In the seven year period barring 2005-06, the average annual rate of growth has been 8.3 per cent. The current phase of slowdown in growth is causing some concern.

Obviously the growth in national income and per capita income is reflected in a number of social performance parameters such as rise in the literacy rate, the availability of medical and health facilities, expansion in education etc.

As measured by the social indicators, the performance of the country is less impressive. India ranks low in the Human Development Index. As per the Human Development Report 2011 of UNDP, India's rank was 134 among a total of 187 countries. It is, however, to be noted that India, with the Human Development Index value at 0.547, is included among the Medium Human Development countries. The three components of the Human Development Index are Life Expectancy, Education and per capita GDP. Of these three, India's life expectancy index at 0.72 is near the world average of 0.79. But with respect to education and per capita GDP, our indices at 0.45 and 0.51 are much lower than the world average of 0.61 and 0.66 respectively. Admittedly, the computation of these indices is debatable. The HDI also does not take into account many other aspects of social development as well as institutional dimensions like the freedoms enjoyed by people in making political and economic choices. The index may thus understate to some extent India's achievements. However, the deprivation in India in terms of health and education facilities has been documented by several other studies

as well. According to a recent study, children in the age group of 6-13 not attending school were estimated at 17.80 per cent. Sixty seven per cent of deliveries were not done in institutions. 22 per cent of the population did not have access to safe drinking water and 14.4 per cent of children were not fully immunized. Nearly 40 per cent of the population was not living in electrified houses. Infant mortality rate in India is 47 per thousand live births as compared to 37 for Bangladesh, 14 for Brazil and 13 for Mexico. Similarly, under-5 mortality rate was lower in Bangladesh, Brazil and Mexico than in India. The number of people living below the poverty line is close to 310 million. Table 1 shows the level of performance of India in relation to various health and social indicators. Table 2 compares India's performance with those of Bangladesh, Brazil and Mexico. While in one sense there has been significant progress in the provision of medical and educational facilities as reflected in the improvement in life expectancy and in literacy rates, we still have a long way to go before we can claim a satisfactory level of performance in meeting basic needs.

Table 1
Social Development Indicators for India

Indicators	1990	Latest Data	2015 MDG Target
Percentage of Population below poverty	47.8	29.8 (2010)	18.75
Out-of-school children (million)	50	4.8 (2008)	0
Primary school dropout rate (%)	42	28.9 (2011)	0
Under 5 mortality rate (per 1000 live births)	125	59 (2010)	41
Infant mortality rate (per 1000 live births)	80	47 (2010)	27
Maternal mortality rate (per lakh live births)	437	212 (2010)	109
Access to sanitation – urban (%)	47	88.7 (2010)	72
Access to sanitation – rural (%)	9.5	34.7 (2010)	72
Women 15-49 with anemia (%)		55.3 (2006)	
Children 6-59 months with anemia (%)		69.5 (2006)	

Table 2
Social Indicators – An Inter Country Comparison

Indicators	India	Bangladesh	Brazil	Mexico
Percentage of population below poverty line	29.8	31.5	21	47.4
Out-of-school children (million)	4.8	NA	< 1	< 1
Primary school dropout rate (%)	28.9	34.9	19.5	9.4
Under 5 mortality rate (per 1000 live births)	59	46	16	16
Infant mortality rate (per 1000 live births)	47	37	14	13
Maternal mortality rate (per lakh live births)	212	240	56	50
Access to sanitation - urban (%)	88.7	55	87	90
Access to sanitation – rural (%)	34.7	52	37	68
Women 15-49 with anemia (%)	55.3	NA	NA	NA
Children 6-59 months with anemia (%)	69.5	47.5	5.7	7.5

Notes:

1. *The poverty lines are national poverty estimates.*
2. *Source for Bangladesh, Brazil and Mexico: UN Statistical Division*

Interaction between Growth and Human Development

At a fundamental level there is no conflict between economic growth and social or human development. Economic growth implies improvement in the material well being of people which necessarily includes better health, education and sanitation. However, there are two possible routes to achieve the end of social development. One is to let the economy grow and expect the consequential benefits to accrue to all segments automatically. This approach is often described as 'trickle down'. However, for this to happen, the economy needs to grow strongly. Any moderate rate of growth, as we have had in this country particularly in the first three decades after independence, is unlikely to have a significant impact on the bottom deciles of population. The alternative strategy of development is to focus directly on social infrastructure facilities such as health, education, sanitation and drinking water. No country including India has adopted an exclusive approach. Poverty alleviation programmes of various types were introduced from time to time, besides focusing on providing basic facilities like primary education and health.

While it is true that nutrition, health and education can and should be treated as ends in themselves, there is no assurance that improved health and education will automatically result in higher economic growth. They only create conditions under which growth in the sense of rise in national income can be accelerated. However, enhanced human development expenditures cannot be sustained over a long period unless supported by accelerated economic growth. There are examples of regions and countries where substantial improvements in human development indicators have not necessarily resulted in higher economic growth. When there is a dichotomy between human development indicators and economic development, it can be a source of social tensions. For example, as education spreads, the economy must have the ability to productively absorb the growing number of educated. Economic growth and social development must move in tandem so as to reap the synergic effects of the two moving together.

Needless to say, equity and growth can be mutually supporting. There is enough cross-country evidence to show that economic growth leads to reduction in poverty. By the same token, equity through creating equality of opportunities can accelerate growth by enabling the deprived to reach their full potential. However, in the short-run, there could be possibilities of trade-off which then should be managed in a manner that the long run potential is not undermined. The design of policies has, therefore, to perform a delicate balancing act. The pro-poor policies necessary as they are to widen the opportunities and capabilities of the poor, must be so fashioned as to promote growth in the long run. Pro-poor policies should include not only income transfers which by their very nature have to be limited but also flow of investment to sectors and areas where poor work and live. Rural development including agricultural growth thus assumes major importance. Equally significant are increased access to education, health and other social services.

Human Development Expenditure and Its Efficacy

The Human Development Report, 1991, introduced the concept of the human expenditure ratio (HER) which measures the percentage of national

income devoted to human priority concerns such as elementary education, preventive health care, nutrition, water supply and sanitation to analyze how public spending on human development can be designed and monitored. According to the report, the human expenditure ratio may need to be around 5 per cent, if a country wishes to do well in human development.

This approach to the analysis of human development expenditure has been criticized on the ground that it implies that all human development expenditure needs to be incurred by the government which is neither correct nor desirable. There is a role for private initiative even in areas of social development programmes. In fact, there is evidence to show that in our country, in some of the regions where educational facilities have spread enormously, private educational institutions have played an important part. Besides stressing on the ratio, the report added, 'what probably matters more than the HER is human development spending per person in absolute terms. This helps to place the ratio in proper perspective'.

Cross-country comparisons on human development expenditure do throw interesting light on the effectiveness of expenditures incurred. According to the Human Development Report, 1991, both Sri Lanka and India had a similar human expenditure ratio of 2.5 per cent of the GDP. Human expenditure per capita in 1988 was \$ 10 for Sri Lanka, while it was \$ 9 for India. However, in the ranking of the human development index, Sri Lanka occupied the 75th rank, whereas India was lower down at the 123rd rank. Part of the reason for the difference in the ranking could be enhanced expenditure at a certain level over a longer period. The Human Development Report itself admits: 'Even Government expenditure cannot be considered in isolation. Its impact depends on not just how much money is spent but on how and in what environment it was spent'. While the human expenditure ratio provides a clue to the seriousness of efforts made, much depends on the efficiency with which the resources allocated are utilized.

It is important to think of an appropriate mechanism for the delivery of social services. While the State bears a major responsibility for the provision of basic social services such as health and education, the delivery system

need not necessarily be through governmental administrative machinery. Public-private partnerships in the delivery of these services need to be explored. While taking advantage of the superior administrative efficiency of the private institutions, the larger public goals should not be sacrificed. Public-private partnership mode of delivery can thus supplement the direct delivery of services through government institutions. Non-governmental organisations can also be a useful supplement. In the AIDS programme which has proved to be a success in India, non-governmental organisations have played an extremely useful role.

Conclusion

Social development and economic growth are not necessarily the same. That is why countries do not rank identically on the income scale and human development scale. Sometimes the differences in the rankings are quite striking. The rank correlation co-efficient between the real GDP per capita Index and the Human Development Index for all 177 countries for 2006 is high at 0.95. This is to be expected since GDP Index is one of the three factors included in the Human Development Index. Also the other two components – life expectancy and education - are closely correlated with GDP. However, taking only Medium Human Development countries, it is seen that the rank correlation co-efficient with GDP Index is lower at 0.67. There are several countries in this group which rank high on the real GDP Index but lower on the Human Development Index and vice versa. However, in the case of India, the difference is small. India ranks 124 on per capita GDP index and 134 on Human Development Index.

Now-a-days, the Human Development Index on the model of the global Human Development Index is being computed for different states in India to understand inter-state differences in income and social development. We have figures available for 2000 and 2008. The rank correlation coefficient between the Income Index and the Human Development Index across the states in India is unchanged and stood at 0.95 in 2000 and 2008 (Tables 3 and 4). This figure is similar to the correlation seen globally. When we look at state-wise Income and Social Indices and compare their values for 2000 and

2008 we see the positive relationship between the Income and Social Indices getting stronger. The Rank Correlation between Income Index and Health Index was 0.7 in 2000 and it improved to 0.8 in 2008. Similarly the rank correlation between Income Index and Education stood at 0.8 in 2000 which get stronger in 2008 and stood at 0.9. We have also compared the performance of states in education and health with per capita public expenditure on these items (Tables 5 and 6). While the correlation between Health Index and per capital public expenditure was 0.45, it was lower at 0.36 for education. These correlation coefficients indicate that performance in both education and health sectors is influenced not only by public expenditure but also other factors.

As we look ahead, growth is an important factor in generating employment and reducing poverty. With the population growth rate coming down, a strong growth will mean a substantial growth in the per capita income. If we grow at 9 per cent per annum, India's per capita GDP will increase from the current level of \$1,600 to \$8,000-10,000 by 2025. Then we will become part of the middle income group of countries. Without a strong growth, we will not be able to provide employment to the growing number of young people who will join the labor force. Continued strong growth will help to accelerate the declining trend in poverty ratio. In the recent period, we have launched a number of schemes aimed at broadening the base of growth. These include employment guarantee scheme, universalization of education, expansion of rural health and food security. All these programmes have made a substantial demand on public expenditure. This has been made possible only because of the strong growth that we have seen in recent years. Growth has facilitated raising more resources by the Government.

Development has many dimensions. It has to be inclusive; it must be poverty reducing and it must be environment-friendly. We need to incorporate all these elements in the growth process. However, at our present stage of development, we cannot afford to sacrifice growth. It is key to improving the living standards of our people. Equity and growth should not be posed as opposing considerations. They must be weaved together to produce a coherent pattern of development. Therein lies economic statesmanship.

We need, therefore, to stress simultaneously economic development in the conventional sense of accelerating growth rate and social development in the sense of securing for everyone the basic needs. The two have a mutually interacting beneficial impact and the two must be pursued together. These are the two legs on which the country must walk. Any strategy of development, which ignores any one of the two legs, will only make the country move slowly.

Table 3
Human Development Index and its Components by States
1999-00 and 2007-08

States	Health Index		Income Index		Education Index		HDI	
	2000	2008	2000	2008	2000	2008	2000	2008
Andhra Pradesh	0.52	0.58	0.2	0.29	0.39	0.55	0.37	0.47
Assam	0.34	0.41	0.15	0.29	0.52	0.64	0.34	0.44
Bihar	0.51	0.56	0.1	0.13	0.22	0.41	0.29	0.37
Chattisgarh	0.34	0.42	0.13	0.13	0.37	0.53	0.28	0.36
Delhi	0.74	0.76	0.8	0.68	0.82	0.81	0.78	0.75
Goa	0.36	0.65	0.67	0.44	0.75	0.76	0.6	0.62
Gujarat	0.56	0.63	0.32	0.37	0.51	0.58	0.47	0.53
Haryana	0.58	0.63	0.42	0.41	0.51	0.62	0.5	0.55
Himachal Pradesh	0.68	0.72	0.43	0.49	0.64	0.75	0.58	0.65
Jammu & Kashmir	0.46	0.53	0.43	0.46	0.51	0.6	0.47	0.53
Jharkhand	0.43	0.5	0.1	0.14	0.27	0.49	0.27	0.38
Karnataka	0.57	0.63	0.26	0.33	0.47	0.61	0.43	0.52
Kerala	0.78	0.82	0.47	0.63	0.79	0.92	0.68	0.79
Madhya Pradesh	0.36	0.43	0.13	0.17	0.37	0.52	0.29	0.38
Maharashtra	0.6	0.65	0.3	0.35	0.61	0.72	0.5	0.57
NE (excluding Assam)	0.57	0.66	0.32	0.39	0.54	0.67	0.47	0.57
Orissa	0.38	0.45	0.08	0.14	0.37	0.5	0.28	0.36
Punjab	0.63	0.67	0.46	0.5	0.54	0.65	0.54	0.61
Rajasthan	0.52	0.59	0.29	0.25	0.35	0.46	0.39	0.43
Tamil Nadu	0.59	0.64	0.29	0.36	0.57	0.72	0.48	0.57
Uttar Pradesh	0.4	0.47	0.18	0.18	0.37	0.49	0.32	0.38
Uttarakhand	0.47	0.53	0.18	0.3	0.37	0.64	0.34	0.49
West Bengal	0.6	0.65	0.21	0.25	0.46	0.58	0.42	0.49
All India	0.5	0.56	0.22	0.27	0.44	0.57	0.39	0.47

Source: India Human Development Report 2011, Planning Commission

Table 4
Indian States Ranked with respect to HDI
1999-00 and 2007-08

States	Health Index		Income Index		Education Index		HDI	
	2000	2008	2000	2008	2000	2008	2000	2008
Andhra Pradesh	12	14	15	15	15	16	15	15
Assam	23	23	18	14	9	10	17	16
Bihar	14	15	21	23	23	23	19	21
Chattisgarh	22	22	20	22	20	17	21	23
Delhi	2	2	1	1	1	2	1	2
Goa	20	6	2	6	3	3	3	4
Gujarat	11	10	8	9	11	14	10	11
Haryana	8	11	7	7	10	11	7	9
Himachal Pradesh	3	3	6	4	4	4	4	3
Jammu & Kashmir	16	16	5	5	12	13	11	10
Jharkhand	17	18	22	20	22	21	23	19
Karnataka	9	12	13	12	13	12	12	12
Kerala	1	1	3	2	2	1	2	1
Madhya Pradesh	21	21	19	19	19	18	20	20
Maharashtra	5	7	10	11	5	6	6	7
NE (excluding Assam)	10	5	9	8	8	7	9	6
Orissa	19	20	23	21	16	19	22	22
Punjab	4	4	4	3	7	8	5	5
Rajasthan	13	13	11	16	21	22	14	17
Tamil Nadu	7	9	12	10	6	5	8	8
Uttar Pradesh	18	19	17	18	18	20	18	18
Uttarakhand	15	17	16	13	17	9	16	14
West Bengal	6	8	14	17	14	15	13	13

Table 5
Per Capita Public Expenditure on
Health and Health Index

States	Health Index	Per capita Public Expenditure (in Rs)
Andhra Pradesh	0.580	191
Assam	0.407	162
Bihar	0.563	93
Chhattisgarh	0.417	146
Delhi	0.763	560
Goa	0.650	861
Gujarat	0.633	198
Haryana	0.627	203
Himachal Pradesh	0.717	630
Jammu & Kashmir	0.530	512
Jharkhand	0.500	155
Karnataka	0.627	233
Kerala	0.817	287
Madhya Pradesh	0.430	145
Maharashtra	0.650	204
Orissa	0.450	183
Punjab	0.667	247
Rajasthan	0.587	186
Tamil Nadu	0.637	223
Uttar Pradesh	0.473	128
Uttarakhand	0.530	280
West Bengal	0.650	173

Table 6
Per Capita Public Expenditure on
Education and Education Index

States	Education Index	Per capita Public Expenditure (in Rs)
Andhra Pradesh	0.553	710
Assam	0.636	848
Bihar	0.409	481
Chattisgarh	0.526	593
Delhi	0.809	1152
Goa	0.758	2025
Gujarat	0.577	849
Haryana	0.622	3126
Himachal Pradesh	0.747	580
Jammu & Kashmir	0.597	11
Jharkhand	0.485	737
Karnataka	0.605	757
Kerala	0.924	1189
Madhya Pradesh	0.522	478
Maharashtra	0.715	721
Orissa	0.499	702
Punjab	0.654	807
Rajasthan	0.462	749
Tamil Nadu	0.719	4722
Uttar Pradesh	0.492	546
Uttarakhand	0.638	1690
West Bengal	0.575	654

Dr. Chakravarthi Rangarajan



Dr. Chakravarthi Rangarajan is among the foremost economists of the country, who has had a profound, lasting and decisive impact in charting the economic direction of the country over the last quarter century. As Governor of Reserve Bank of India during 1992-97, he was part of the core team of economic administrators involved in the strategy, design and implementation of India's path-breaking economic reforms in the 1990s. Mainstreaming monetary policy as a flexible instrument of economic policy to achieve growth with stability and consolidating India's financial sector to give it a modern outlook and competitive edge will remain his enduring legacy to the economic development of India.

Dr. Rangarajan has held several important positions in the government. He was a Member of the Planning Commission (1991), Governor, Reserve Bank of India (1992-97), Governor of Andhra Pradesh (1997-2002) and Chairman of Twelfth Finance Commission (2003-04). Since January 2005, Dr. Rangarajan has been Chairman of the prestigious Economic Advisory Council to the Prime Minister (in the rank of a Cabinet Minister). Dr. Rangarajan has chaired a number of high-level committees. As a member of the Sukhamoy Chakravarty Committee (1985) to Review the Working of the Monetary System, he gave a new meaning to the term monetary tightening. The Committee on Balance of Payments (1991) that he chaired laid a firm base for our external sector management. The Committee on Disinvestment (1992) defined the rationale and framework for government disengagement from public enterprises.

Dr. Rangarajan taught at the renowned Wharton School of Finance and later at the Graduate School of Business Administration of New York University. He returned to India in 1966 as Professor at the Indian Institute of Management, Ahmedabad where he remained for the next 16 years. During his academic career, Rangarajan wrote extensively in technical journals on money, banking, finance, fiscal and external sector issues. His monograph on the Inter-relationship between Agricultural Growth and Industrial Development (1982) is cited even today as standard reference which testifies its value.

Dr. Rangarajan joined the RBI in 1982 as Deputy Governor, and later as Governor of RBI, Rangarajan created a decisive influence in setting new direction to our monetary policy and making it an integral part of our economic management. Dr. Rangarajan's stint as Governor of RBI coincided with an epochal period in our economic history when the country embarked on wide ranging economic reforms which fundamentally altered the structure and direction of Indian economy.

Dr. Rangarajan's presidential address at the Indian Economic Association on Issues in Monetary Management (1988) is considered a landmark statement. His Kuttu Memorial Lecture on Autonomy of Central Banks (1993) was decisive in putting an end to the 40 year flawed system of monetisation of the fiscal deficit. His Anantha Ramakrishnan Memorial Lecture on Dimensions of Monetary Policy (1997) set out the rationale for a strong and unswerving monetary policy and the need for identifying the central objective of monetary policy to control inflation.

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Dr. Rangarajan, like several other distinguished economists, straddled both academia and the government. What makes him unique though is the way he constructively blended what are two disparate worlds. He brought deep scholarship over a range of academic disciplines to bear on public policy. In the reverse direction, through his writings and speeches, he disseminated practical policy dilemmas to the academia. Throughout, he remained deeply sensitive to real life concerns. It is this unique trait that has set him apart as one of today's most credible thinkers and advisors. Fittingly, a critic labeled him as philosopher king, and not surprisingly, the Government turns to him for advice whenever it is confronted with any intricate economic issue.

Dr. Rangarajan was recipient of several prestigious awards. Notable among them have been the Honorary Fellow of the Indian Institute of Management, Ahmedabad, Alumni Award for Outstanding Leadership by the Wharton India Economic Forum and the Finance Man of the Decade by the Bombay Management Association. The Euromoney paid a glorious tribute to him by including him in a very select list of central bankers (1993). In recognition of his distinguished service to the country, the Government of India honored him with Padma Vibhushan in 2002.

Many of today's achievers are eager to acknowledge Dr. Rangarajan as their one time teacher or to flaunt their professional association with him in some capacity or the other. This, above all, is the ultimate testimonial to his lifetime achievement.

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BASIX Academy for Livelihoods and MicroBanking Practice (B-A-LAMP) set up in 2007 is now a Division of BASIX Consulting and Training Services Limited (www.basix-consulting.com) takes care of Training and Capacity Building. It primarily draws on the experiences and expertise of BASIX across all Group Companies and specialties along three major programmatic areas-Diploma/Certificate Programs for fresh graduates who are eventually absorbed by the Banks, MFIs, Financial Institutions etc.; Executive Development Programs to support other BASIX Group Companies, Banks and Financial Institutions in various thematic areas; and International Study Programs/Exposure Visits/Knowledge Exchanges that cater the needs of external organisations to learn from the BASIX and Indian experiences. The Academy offered more than 25 Study Programs to international clients where more than 300 senior Professionals/Policy Makers/CEOs belonging to 60 Institutions including Central Banks, Commercial and Cooperative Banks, MFIs, Apex Organizations representing 17 countries from Africa and Asia participated.



B-A-LAMP

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and MicroBanking Practice**

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