

Foreign Aid and its Macroeconomic Effect in India and Sri Lanka: An Empirical Investigation

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Abstract:

This paper examines the relationship between foreign aid (ODA) and economic growth for India and Sri Lanka, using the annual time series data for the period 1960-61 to 2014-15. We have employed Johansen and Juselius (JJ) to test and VECM-Granger Causality test to find the short run dynamic and long run equilibrium relationship among the variables. We find that there exists short and long run equilibrium relationship between ODA, economic growth and other macroeconomic variables. However, the direction of relationship between ODA and economic growth counters in India and Sri Lanka, both in short run and long run.

Keywords: Foreign Aid, Economic Growth, India, Sri Lanka

JEL Classification: I22, O47, F4, F62

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1. Introduction

India is a democratic and secular nation which is committed to the development and welfare of the tribal. Tribal population forms approximately 8.1 percent of the total population. A social group is usually recognized by a common territory, dialect and cultural homogeneity, social and political organization which may include several subgroups. A tribe is categorized as a Scheduled Tribe only when it is notified as one under Article 342 of the Constitution of India. Lesser communication in tribal areas, lack of proper drinking water, widespread illiteracy and inadequate medical facilities are some of the many prime issues affecting the development of these groups. Hence, tribal development efforts in India have been made since the colonial period and have been continuing since then. The Government of India, in the post-independence period, has also formulated a number of policies for tribal development with the implementation of five year plans and this has always remained a crucial part of the government agenda. The credit for this goes to the founders of the Constitution and the first Prime Minister, Pandit Jawaharlal Nehru. He not only took a great deal of interest in tribal development but also gave some long-term guidelines regarding the same. In the Constitution of India, the Schedule Tribe, Schedule Caste are notified as the weakest section of Indian population from the ecological, economic and educational angles. So the government of India made specific policies for the tribal people on the basis of education, political, social etc. Several schemes of tribal development are still active through several five-year plans. These five year plan periods include various approaches, models and theories for tribal development. It includes programmes such as Integrated Tribal Development Project, Modified Area development Approach, Tribal Sub-Plan, Centrally sponsored schemes etc. The main aim of the Five year Plans Programme for the welfare of the Schedule Tribe is as follows:

1. Raising their economic condition like increasing the productivity level of agriculture, forestry, animal husbandry, small-scale industries and cottages.
2. Education and Training programme
3. Rehabilitation of bonded labour
4. Women empowerment
5. Special development programmes for women and children

In this way, the government has been taking many steps for the development of Schedule Tribe. Firstly, we ought to understand what is meant by “Tribe”? The word “Tribe” is derived from the word which means a group of persons forming a community and claiming descent from a common ancestor. Normally the term ‘Tribe’ is a group of people in a primitive or barbarous stage of development acknowledging the authority of a chief. There is no exact definition for considering a human group, a tribe. However, scholars define it in different ways at different times. Sometimes they are called “Aboriginals” or “Depressed classes” or “Adivasees”. Adivasees means “Adi”- original and “Vase”- inhabitants. “Adivasees” is a generic term for a heterogeneous set of ethnic and tribal groups believed to be the aboriginal population, a substantial indigenous minority of India. Over a period of time, the word "Adivasees" has also developed a connotation of past autonomy which was disrupted during the British colonial period in India and which has not been restored. It should be noted that a tribe is a group of distinct people who are dependent on their land for their livelihood also who are largely self-sufficient and not integrated into the national society.

According to Imperial Gazetteer of India, “A tribe is a collection of families bearing a common name, speaking a common dialect, occupying or professing to occupy a common territory and is not usually endogamous, though originally it might have been so”. According to A. Kumar, the ‘Tribes’ is a group of bands occupying a contiguous territory or territories and having a feeling of unity deriving from numerous similarities in the culture of frequent contacts and a certain community of interest. As per D. N. Majumdar “A tribe is a social group with territorial affiliation, endogamous, with no specialization of functions, ruled by tribal officers, hereditary or otherwise, united in language or dialect, recognizing social distance with other tribes or castes, without any social obloquy attaching to them, as it does in the caste structure, following tribal traditions, beliefs and customs, illiberal of naturalization of ideas from alien sources, above all conscious of homogeneity of ethnic and territorial integration”.

Morris’s stated that a tribe is a “group of persons with a common occupation, interest, or habit” and “a large family”. According to Fried tribes “Are the product of specific political and economic pressures emanating from an already existing state-organized society. Tribes are the people with special attachments to land, kinship ties, a unique culture, certain religious beliefs,

particular activities or material possessions that differentiated and separated them from the mainstream. The tribes are in subordinate roles for they have less political power and less access to resources, technology and other forms of power.

2. Foreign Aid and Economic Development in India and Sri Lanka

The origin of India's scheduled tribe has been traced to such races as the Proto Australoids who were one time practically covered the whole India. Secondly, the Mongolians who are still located mostly in Assam, and finally to a limited extent, it is also to the Negritos Strain as indicated by the frizzy hair, among the Andaman's and the Kadar's of South-West India. From the past, it has now believed that the aboriginal tribes come from the later prehistoric groups. They do not form a uniform race. They belong to different races. From the old hypothesis, it has been revived that the Aryan invaders might have destroyed the Harappan civilization and killed or dispersed its population. Also, the Rig Vedic period (2000 to 1000 B.C.) witnessed wild Aryan tribes pouring into the North-Western parts of the country, fighting not only among themselves but waging a war unto death against non-Aryan tribes. The process of fusion of Aryan and non-Aryan tribes continued. The later Vedic period (1000 to 600 B.C.) is marked by the working of twin processes of emerging Hinduism, Aryanisations of the tribals and the tribalization of the Aryans. The two great epics such as the Ramayana and the Mahabharata represent the tribals such as the Sundras, Abhiras, Dravidas, Pulindas and Sabaras or Saoras. The impact of epic heroes like Rama, Lakshmana, Ravana, Bhima et al. on some of the tribes in central India is evident from their treasures of myths and legends. The tribe "Gonds" call themselves children of Ravan. Manu is another Puranic figure belonging to the "Munda" tribe which is named Manoako after him. The feudal period (400 - 100 A.D.) saw a greater opening of tribal areas and Hindustan of tribal chiefs. The Muslim rules (12th to 18th century) witnessed a new phenomenon. The Turko-Afghan and Mughal rulers mostly secured a mere formal allegiance of tribal chiefs or of Hindu rulers in tribal areas of Central India and Bihar. In 1585 and 1616 A.D., Muslim armies marched into Chotanagpur and subjugated the Raja of Khukra. Similarly, other Muslims generals also subjugated the tribal areas of Assam.

The tribal areas, Bihar, Bengal and the seacoast areas were opening up with the advent of the British period. The construction of Grand Trunk Road through tribal pockets accelerated the influx of aliens such as merchants' moneylenders and land grabbers from outside. Furthermore,

the pressure of growing population and the ruthless exploitation and oppression by Zamindars caused migration of peasants and artisans to inaccessible tribal areas. The colonial agrarian policy was introduced by the Britishers. This policy did not consider the economic disadvantage of the hill areas and forest-oriented tribal economy. The colonial agrarian policy of 19th century to the end of the colonial rule contributed to the deterioration of the tribal economy in Madras Presidency due to resulting restrictions on right and access over land and forest. With the departure of British colonialists and rise of independent India, the tribal citizens of the country were promised a fair deal - in some cases privileged - to become partners in progress. Upliftment of the tribals was an article of faith for our constitution makers.

3. Conclusion

The tribal areas were the last to come under the British power because of their difficult terrain and inaccessibility. They adopted the approach of lightly administering these areas. With the advent of British rule and the construction of Grand Trunk Road through tribal pockets, the influx of aliens such as merchants, moneylenders and land grabbers accelerated from outside. By that time, British introduced Zamindari or landlord system, which was a form of colonial agrarian system. The Christian missionaries also got their pound of flesh in tribal areas. The colonial agrarian policy didn't consider the economic condition of tribal areas because its main aim was to extract maximum land revenue from the tenants. Hence, the tribal were exploited to a great extent. In the pre-independence period, with the enactment of the Government of India Act of 1870, there were areas of isolation demarcated and a few tract were specified as "Schedule Tracts" such as Assam, Himalayan region, Garhwal, Kumaon, Tarai Parganas and Central India. In 1874, the Schedule District Act was passed which exempted the schedule areas from the jurisdiction of civil administration. These areas were controlled by the collectors of the district who were also the designated agent of the governor. Accordingly in 1936 two areas were created such as "Excluded Areas" and "Partially Excluded Areas" under the sections 91 and 92 of the government of India. In the excluded areas, the Governor functioned in his own direction but in partial excluded areas, he sought to advice the Ministers who functioned. In 1939, Elwin advocated for the establishment of a sort of National Park of the tribal and advised that their contact with the outside world should be reduced to the minimum. Thus he supported the idea of "isolationism" to a great extent. In post-independence period Policy of isolation was modified

with welfare measures. The policy of isolation by the British Government was largely affected by their deliberate efforts not to develop communication in the tribal areas which, as a result, remained cut off from the rest of the population. A few roads were built for security purposes and to enable the forest contractors to exploit the forest produce. Communication with the other groups of people, ex-plain people, was also discouraged as the tribal areas were made secluded by the authority. The most burning example that can cite in this respect is of the northeastern Himalayan Tribes. They had no communication with the rest of India and consequently a sense of separatism had developed in them. In isolated tribal areas, a very small number of people were allowed i.e. Government officials, forest contractors and a few businessmen. They grouped together and started business on their own terms and conditions. By their rule the tribal people were exploited in an extreme degree.

The position of the tribal people on the eve of the independence has been aptly summarized by the scheduled areas and scheduled tribes commission as follows: ".....the policy of isolation and draft meant nothing more than the maintenance of status quo. It resulted in reducing the tribals to a state of penury in most parts of India. They were of the lowest level of literacy except in certain parts. Their land was heavily a cumbered and a good portion had already passed into the hands of non-tribals. Their rights in the forest were definitely encroached upon. Outside elements introduced for the purpose of Government and forest work continued to exploit them. On many an occasion, the tribals rose in revolt and reforms were ordered; but all these proved futile." B.D. Sharma summed up the nature of administration introduced by the British thus: "The administration was not formalized. The system could not respond to the needs of the people. Development, as a function of administration, has yet to emerge. Hence, the socio-economic life of the community was largely left untouched. The interaction between the people and the administration appeared minimal. Maintenance of order and protection from the unwanted elements were the main objectives of administration".

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