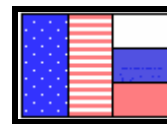


DR.VSR.SUBRAMANIAM



**SOCIO-ECONOMIC DEVELOPMENT
A POLITICO - FINANCIAL OVERVIEW.**

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EXECUTIVE SUMMARY

Do Financial accounting practices as per the political setup and their administrative strategies, pose problems to the pace of Socio-economic development of any nation?

This paper addresses this question with a preview to the dawn of human civilizations on earth, and mathematically cumulating the thoughts of Socio-economic development in four facets from Individual to National level. The primary aspect of Socio-economic development, which needs to be measured correctly and monitored properly, is the status of prosperity and degree of progress of a nation. This is represented by the Gross domestic product (GDP), devoid of Foreign Assistance. Different Financial Management Techniques are used under the two divergent political setups, namely the **Capitalism** and the **Communism**, towards the assessment of GDP.

A Capitalist setup represents an approach to Socio-economic development through cumulating the contributions by the individual Corporate and Government units, towards a macro level GDP. A capitalist setup provides the freedom of corporate control under each individual entrepreneur or a corporate unit (I), under private or government control (G), to function as an autonomous body. These units could function towards their self goals, using the "Return on Investment" as their motivating guideline.

A communist setup represents a centralised approach to the macro level GDP through individual work contributions at micro level. Under this setup, the national demand is pre-assessed and fixed by the State. The factors and the facilities of production are provided by the State. The financial management is taken care by the State Bank. The individual households and the society is left only with the responsibility of converting the material resources into planned outputs at socially acceptable quality and economically justifiable costs, through efficient techno-commercial production techniques. Thus, a communist setup represents a centralised approach to macro level GDP through individual work contributions at micro level.

These financial overviews lead to the conclusion that irrespective of the political setup, the Socio-economic development is a Three Dimensional Closed Cycle Economic process. This process is a function of the optimum utilisation of Manpower, Materials and Techno-commercial infrastructure, in a preset Seven Sequential order. Of these, the Manpower is the Prime component. It should be supported by adequate Infrastructure Systems, and Performance Feed back. The Politico-Financial overview infers that the Cost and Quality of Domestic goods and services, decide the status of Socio-economic development. This directly depends upon the proper utilisation pattern of the three ingredients and the Productivity orientation of the Prime component (Manpower). A nation should select the appropriate political infrastructure, which will aid the faster achievement of the Cost reduction and Quality improvement objectives, and better adaptable to the local households, at any point of time. A forced or wrongly introduced political infrastructure is bound to destroy this objective, and introduce a negative dimension to the Pattern of Socio-economic development. The world experiences support the Closed Cycle Economic process.

Between 1760 and 1860 the "**British Empire**" pioneered their Socio-economic development, by practicing a "Monarchical Capitalism", which had the characteristic similarities with Communism. The Ruler (King or Queen) represented the State. All the needs and welfare of the society was taken care by the Ruler. Individuals do not have any freedom or had no authority to participate in any decision process. The system took care of the needs and aspirations of the domestic Manpower in Britain, but not those in their colonies. The result was that Britain had to award independence to the colonies, one by one, and dilute the Monarchical Capitalism to Conservative Capitalism and Labour capitalism, existing today in the British Parliament.

The **United States of America** in the West, reached a fully developed status in 1900, using a Capitalist approach. This approach continues as a "Democratic Capitalism" or the "Republican Capitalism" in the Federal Government, even in the current Millennium (2000s). It is not the simple Capitalist approach which motivates their forward progress, but their approach towards the Management and Control of the Prime component, namely the Manpower, with a progressive Research / Development in the area of Materials and Techno-commercial systems, in the Government sectors as well as among the private entrepreneurs.

Germany reached a developed status in 1910, as an unified nation, through a Mixed approach. But the World War 2, which ended in 1945, divided the Germany into 2, to practice Capitalism in the Western side and Communism in the Eastern side, on either side of the great wall of Berlin (13th August 1961). During late 1900s, the Communist Germany in the Eastern side dwindled down in the Socio-economic set-up, broke the wall (9th November 1989), and merged with the Capitalist Germany in the Western side. East Germany was progressing well with Communist principles. But their development status continued from 1910 up to a point in 1989, till the needs and the aspirations of the Prime component, namely Manpower was satisfied to a Socially acceptable level.

Russia in the East reached a fully developed status in 1950, using the Communist approach. But in late 1900s (December 31, 1991), the Communist dominated largest continent USSR (Union of the Soviet Socialist Republics), dwindled into pieces of several smaller nations, each diluting their Communist principles (full State control), towards Private entrepreneur-ship as well as associations and collaborations with the Capitalist dominated Western USA. It is Communism which provided a push for the forward progress for Russia, and kept the great nation together. Their development status continued from 1950 up to a point, till the needs and the aspirations of the Prime component, namely Manpower was satisfied to a Socially acceptable level.

India was under British Rule from late 1800s till mid 1947 (August 15, 1947), and enjoyed the Developed Socio-economic status of their care taker (ruler), under a Monarchical Capitalism. But after independence, the united Manpower formed groups of individual characteristics and aspirations (Based on Religion & Cast, Rural & Urban, Labour & Capitalist, Agriculture & Industry, Poor & Rich etc..). The ruling Government also continues to support and encourages these group divisions even today, nearly 56 years after independence.

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These approaches have inducted a non-returnable trend to unite and meet the aspirations of all and divergent Prime Manpower component, without keeping pace in Cost-benefit approaches in the prime sectors (Food, Clothing and Housing), and a slow pace in Materials and Technological innovations, even though large sums are spent to reach an advanced growth level in elegant sectors (Atomic power, Space exploration etc...). With a high rate of population growth and majority below the poverty-line, India is dwindling between a "Developing" and "Under-developed" Socio-economic status, scuffing gradually towards Under-development. The Government from Village to Central level, the Political parties, the Corporate setup in private and government control, and all the individuals in India are providing full-scale incentives and support to this downward slide, by keeping their individual gains in a micro level as more important, than the macro level national development. Now, as a result, India has turned as a source to provide the top quality Prime component Manpower to all the developed nations, without any infrastructure to utilise them in-house effectively, inadequacy in all essential needs, and inefficiency / corruption in the government services.

In short, the development orientation of any nation is independent of the Politico- Financial setup, and could progress and upgrade themselves into a higher strata of Development either by a Capitalist or Communist approach. Hence, the nation should select the appropriate and simple political structure, and financial summary techniques, that will assist the evaluation and monitoring the three input components, and provide the development oriented feed back to the Prime component (Manpower), at any point of time. Finally, this approach is expected to bring the heavenly happiness down to the earth, to these nations.

f = Function of Σ = Sigma (Summation)

1. PHILOSO-HISTORICAL BACKGROUND.

Of the 4,500 million years and more of Earth's existence, almost nothing is known about the conditions during the first 100 million years, before its crust consolidated. The historians relying on archaeological discoveries and written records from ancient civilizations could reach only 6,000 years of the past. But geologists, based on rocks, fossilized relics of plants and animals could reconstruct the past in considerable detail, for about 600 million years backward. They have grouped the history into 16 brackets, starting from Pre-Cambrian age in Proterozoic period with sea weeds and invertebrate animals, to Holocene age in Cenozoic period with the origin of human beings, about 10,000 years ago.

According to the Holy Bible, "And the Lord God formed man out of the dust of the ground, and breathed into his nostrils the breath of life; and man became a living soul" (Genesis 2:7). According to Holy Quran, "God created Jinn and Mankind, only to worship Him" (51 : 56). Between 8th and 7th century B.C. when Hindu Aryans dominated India, and sage Kapila propounded the theory of creation in his "Innovative Aphorism" (Chanakya Suthras). According to this, the universe was evolved out of an un-manifested, undifferentiated, infinite and eternal primordial ground, known as "Prakrithi". This existed in a status of perfect equilibrium between "Energy" (Turbulent status) and "Mass" (Inert status). A transcendental effect caused a commotion between the two, and the action of Mass-Energy inter transfer started. This commotion created five basic characteristics and generated atoms of different character domination. These atoms combined in multiple patterns, to generate different animate and inanimate universe, leading towards intelligent human species.

The dawn of organised human civilization on Earth, their thoughts and actions towards better living conditions could be traced in Africa, Egypt, India and Mesopotamia. The functional thoughts of these primate tribes of the world, pioneered the development and propagation of Socio-economic development motivations in the whole world.

2. SOCIO-ECONOMIC FACETS.

Accumulation of work and an aptitude to live-together among the ancient households originated the group formation to collect, store, and utilise the common resources. A visit and survey of the Socio-economic environments in the lands of intellectual forefathers of mankind exhibits four logical facets.

- A **Biological** facet to solve the scarcity of material and natural resources, essential for human life. This mainly involved, human to nature relationship.
- A **Psychological** facet to satisfy the ego and the id of the component individuals. This originated the social aspect of life. This also involved human to nature relationship.
- A **Social** facet involving joint administrative techniques to improve the conditions of living. The economic thoughts originated in this phase.
- An **Administrative** facet, to properly control and monitor the resources, in order to meet the needs of a large volume society. This resulted in a relationship between the social groups and the **State**, which acquired the power to control the groups.

It is evident that the motivating factor behind the development of these four facets was the "quantum of human population". These facets always advanced in a forward direction directly proportional to the population quantum. Currently it stands at a Socio-economic facet, embracing all the above four facets.

In line with the advancement of these facets, progressively, the individuals (I) merged with the groups (G), groups merged with the society (S), and the society merged with the nation (N), in a forward direction. Mathematically, it could be represented as below :

$$1 \text{ to } \mathbf{p} \sum \mathbf{I} = \mathbf{G}. \quad 1 \text{ to } \mathbf{q} \sum \mathbf{G} = \mathbf{S}. \quad 1 \text{ to } \mathbf{r} \sum \mathbf{S} = \mathbf{N}$$

for a given Population volume **p**, Group units **q** and the Social classes **r**.

This shows a progressive merger of micro individual (I) with a macro nation (N) through a trilateral integration.

3. MANAGEMENT METHOD.

The welfare and self satisfaction of the members of any society (S) in the world was limited to the accessibility and availability of the resources by their component group members (G). In order to meet their unsatisfied demands, each society exchanged their materials with others, through a bilateral "Barter" deal. But when the societies merged into a nation (N), their high volume demands and the indivisible characteristics of the "bartered materials" warranted a common medium of exchange. This common medium started with precious metals and currently taken the shape of the "Currency". Currency now plays the major role to measure all the aspects of the Socio-economic development.

The primary aspect of Socio-economic development, which needs to be measured correctly and monitored properly, is the status of prosperity and degree of progress of a nation.

This is a function of the productive utilisation of the available resources, measured in local currencies at local prices. In order to aid international comparisons, this is cumulated at national level as the "Gross Domestic Product (GDP)", and converted into indices at constant prices, with reference to a standard year. GDP is the sum of Gross Domestic consumption and Gross Domestic investment, free from foreign assistance. It is computed and Presented from the financial flow pattern of each of the domestic sectors. Even though the agricultural and infrastructure sectors are not so well organised like corporate commercial sectors, common financial techniques could be applied to aid the computation of GDP.

The basis to compute and present the GDP, is the summary of financial flow in each of the domestic sectors. This flow in the world follow two distinct patterns, depending upon the politico-economic policy of the nation. In a free economy "Believing in freedom of thought and right of private judgment" (Samuel Adams, 1722-1803, One of America's founding father, Speech on August 1,1776, USA), the "Capitalist" pattern is used. An economy believing in "Yearning for equal division of unequal earnings" (Ebenezer 1781-1849, British Poet and Politician, Elliot, Epigram), the "Communist" pattern is used. Non-aligned and Socialist nations use a mixture of these two patterns, applying the Capitalist method for private sectors, and Communist method to national sectors, with appropriate moderation.

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The financial management methodology monitors the pace and pattern of Socio-economic development, as a progress feedback tool. United States of America reached a fully developed status in 1900, using a Capitalist approach. This was followed by France and Germany in 1910. Using Mixed approaches Sweden reached a fully developed status in 1930, and Japan in 1940. Canada and Russia reached a fully developed status in 1950, using the Capitalist and Communist approaches respectively. The late developers were able to speed up their pace, utilising the experiences of the early developers under the two methods. Hence, it is worth diagnosing these two divergent politico-economic techniques.

3A. CAPITALIST APPROACH.

A capitalist setup provides the freedom of corporate control under each individual entrepreneur (I), or a corporate unit under private or government control (G), to function as an autonomous body. These units could function towards their self goals, using the "Return on Investment" as their motivating guideline, as shown in **Figure-1**, shemating the various components in its financial flow.

The return is through the leverage for "Profit". This is the financial surplus generated from a free market "Sale" of commodities and services, over their "Costs". The costs are made up of manufacturing , administrative and selling components. If the cost of operation exceeds the sales revenue, and the result is a "Loss" leading to a negative return on investment. This aspect of operation of the corporate sector is shown in the "Income Statement".

The investment is the sum of a "Fixed" component comprising movable and immovable assets, and a "Working" component, representing the Net current or Liquid assets. The Current assets are made up of the tangible components belonging to the sector, and the Current liabilities are what the sector owes to others. The difference between the Current assets and the Current liabilities, is the working capital component. This aspect of the operation of the corporate sector is shown in the "Balance Sheet".

Rate of return on Investment, represented by a percentage of Profit to the Total investment, motivates a corporate sector to operate towards an "Optimum" profit at a "Possibly low" level of investment. However, the fiscal and social controls of the capital, political environment, as well as the competition existing in a free market, direct the corporate units to provide a socially acceptable quality, and economically justifiable prices to their products and services.

In order to assess the compliance of the norms and standards applicable to the corporate sectors, the Capitalist nations insist on the submission of a published "Annual Report". This is in two documented forms as "Income Statement", covering the Income, Expenses and the Profit or Loss; and Balance sheet covering the Assets and Liabilities, for each year of operation.

Thus, a Capitalist setup represents an approach to Socio-economic development through the cumulating the contributions made by the Corporate and Government units, towards a macro level GDP.

3B. COMMUNIST APPROACH.

A centralised State operation of all aspects of a corporate organisation represents a diametrically opposite approach, namely the Communist method. Under this environment, "When the State exists, there is no Freedom; and when there is Freedom, there is no State" (Nikolai Lenin, 1870-1924, Revolutionist and the first leader of the Soviet Union, "The State and Revolution"). In this methodology, the micro level individual (I), the Group (G) and the Social identity (S) are merged with a macro level national identity (N). The integrated individual (I) hence assumes the role of an "input" resource towards the GDP, than a person to decide the pattern of his or her contribution to GDP.

This approach introduces the dimension of an "aggregate" demand for a group of commodities or services to be traded in a fixed market at fixed prices (Maurice Dobb, 1900-1976, British born Marxian Economist , "Soviet economic Development since 1917") In this situation, all the planned commodities are produced and distributed through aggregate supply points, sufficiently large enough to reduce the number of varieties, and the design diversities, within the technical conditions of production. (In USSR, during the First Five year plan period, only 3 tractor plants were commissioned to produce a very narrow model ranges. During the Second Five year plan period, only 4 types of tractors were produced, compared to 80 different types in USA, during the same period)

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This situation warrants a different approach to corporate financial management, as shown in **Figure-2**. Because the production is planned in aggregate, the bulk investments and supplies are taken care by the State, the output products or services are channeled to fixed market at pre-determined prices.

The cost of goods or services is computed as sum of the following :

- In case of heavy industries, the normal expenditure comprises 80% of in-process stock, and 20% of finished goods stock; and in case of other industries 100% of the total stock.
- Expense component towards the use of capital equipment. (Corresponding to depreciation in a Capitalist setup).
- Input materials.
- Excess expenditure made up of 20% of in-process stock and 50% of finished goods stock from heavy industries, absorbed and provided by the State Bank.

If the trade income is surplus over the total cost, then it contributes to the working capital in the form of cash and inventory to the corporate sector. A portion of cash is reserved towards the use of capital equipment and its subsequent replacement. The excess cash over the normal expenditure represents the "Profit", which goes into the State treasury.

If the cost of goods or services exceeds the revenue from the trade operation, then the "Loss" is absorbed by the State Bank as an excess expenditure.

Under this setup, the national demand is pre-assessed and fixed by the State. The factors and the facilities of production are provided by the State. The financial management is taken care by the State Bank. The individual households and the society is left only with the responsibility of converting the material resources into planned outputs at socially acceptable quality and economically justifiable costs, through efficient techno-commercial production techniques. Thus, a communist setup represents a centralised approach to macro level GDP through individual work contributions at micro level.

4. CLOSED CYCLE ECONOMICS.

A comparative review of the productive activities that control the financial flow in a Capitalist setup as in Figure-1, and in a Communist setup as in Figure-2, infers the presence of a common economic cycle. It is in a preset pattern with seven steps as shown in **Figure-3**.

- 1.** The first step is the demand for goods and services from individual households for consumables, and capital items from corporate sectors. These needs are converted into deliverable outputs by the Research and Development activity.
- 2.** The second step is to locate and augment the sources for basic materials from infrastructure units, through purchase manpower.
- 3.** The third step is to plan for the raw and semi-finished materials, control them through proper inventory systems, and process them through appropriate production process, manned and managed through appropriate Manpower Management systems.
- 4.** The fourth step is the Engineering and Technological conversion process through appropriate machinery, infrastructure and parts, utilising the operating and maintenance manpower.
- 5.** The result is the fifth step is the finished product or services, transported and delivered by the handling manpower. The handling and warehousing operations are optimised through Operations Research Models.
- 6.** The products and services in the sixth step reach the users, after proper packing through the forwarding media and marketing channels.
- 7.** The last and seventh step in the cycle is the consumption of materials and services, distributed and accounted by the financial and personnel manpower. These operations are managed and optimised through Cost-benefit and Management Information systems.

This consumption in turn, links the cycle back to the demand generation in **Step-01**.

The above seven sequential steps confirm a Closed Cycle Economics operating in all the nation, irrespective of their political pattern, controlled by three resource dimensions. They are, Manpower, Materials, and Techno-commercial systems. In each of these steps, these three components are existing in different forms, as shown in **Figure-3**. This cycle controls and monitors the Domestic consumption and Domestic investments, and hence the GDP.

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1. Manpower component, in a capitalist setup are "Self contributory", through individual or group level corporate units, motivated by the necessity to survive and develop in a free economy. In a communist setup, the Manpower in the form of Social groups are conglomerated, trained and disciplined to provide their optimum productive contributions to a macro level State.
2. Materials in a Capitalist setup are procured and sold under a competitive market condition at variable prices, by independent producers to the users. In a Communist setup, they are pooled, standardised, procured and distributed in bulk quantities, by the State.
3. The Techno-commercial development in a Capitalist setup is at Individual, Group, Corporate and at State level, with freedom and autonomy. In a communist setup, it is the exclusive responsibility of the State.

Hence, irrespective of the political setup and the financial techniques used in any nation, the Socio-economic development D is a function of manpower P, Materials M, and Techno-commercial systems T. This could be mathematically expressed as,

$$D = f (P , M , T)$$

Manpower is influenced by the Social infrastructure, Materials by the economic conditions, and Techno-commercial development by the Research and Development activities at Individual, Corporate and National levels.

5. PRIME COMPONENT.

The Closed Cycle Economics in **Figure-3**, highlight the fact that Manpower serves as a direct intangible input, as well as it controls and monitors the input Materials, Techno-commercial systems, and the throughput Production process. Also, Manpower as Consumers, play the role of demand generator, and as a cost adder to the goods by its work contribution. Manpower plays a dual role in the Socio-economic process. Hence, the prime component in this cycle is the "Manpower".

The Manpower productivity assumes a multi-dimensional role in a Nation's economy, irrespective of whether the approach is Capitalist or Communist. My **doctoral research** work in the University of Bombay (Jamnalal Bajaj Institute of Management Studies, Bombay, India) during 1971-1975 established the following on the correlation between the Manpower and Corporate productivity.

- a. In case of corporate units with Materials inputs exceeding 55% of the cost of production or services, the Manpower talents are unproductive, if there are no organised Materials Management Systems. This is because, any level of efficient Manpower cannot procure, process and deliver the materials if the Inventory Management Systems are inadequate. Hence, the manpower efforts will fail to produce the desired Cost-benefit effect.
- b. In corporate unit of Techno intensive nature with the technological investments controlling the quality and quantity of outputs to an extent over 55%, the manpower efforts are unproductive if the Production and Maintenance information Systems are inefficient. In these cases, the work of productive manpower cannot control the cost, nor deliver any quality output due to inadequate technology.
- c. In case of commercial corporate units, where the methodology and efficiency controls the cost of outputs over 55%, the manpower becomes unproductive, if the Management Information Systems are inadequate. The reason is due to lack of timely and accurate information for productive decisions, and efficiency improvement guidelines.

- d. Even if the materials management, technical and commercial information systems are satisfactory, the manpower could become unproductive, if there are no satisfactory Manpower performance Appraisal system to evaluate, feed back, train, and reward the corporate personnel. This is true because Manpower is an intangible and prime component in any productive operation, depends greatly on timely feed back for continued improvement.

These aspects of manpower are summarised in **Figure-4**. As seen from this figure, the intangible manpower could produce any productive output, only if both the tangible and intangible systems in the corporate sectors are adequately strengthened.

6. WORLD EXPERIENCES.

- A.** Between 1760 and 1860 the Prime Component in Socio-Economic development, namely Manpower contributed to a number of revolutionary inventions in Agriculture, Industry and Automation process in Europe. As a result, the **European nations** pioneered the Socio-economic development drive, through an "Individual Capitalist" approach, as early as 1800s. The advantageous beneficiary of this process was the Britain. The ruling community oriented the local system into a "Monarchical Capitalism" and developed the nation into a "British Empire". This had a characteristic similarities with Communism. The Ruler (King or Queen) represented the State. All the needs and welfare of the society was taken care by the Ruler. Individuals do not have any freedom or had no authority to participate in any decision process.

This represents a Communist approach to Capitalism. The Monarch utilised the latest technology, best quality and cheap Materials and Manpower from the "Colonial" or slave nations. The system took care of the needs and aspirations of the domestic Manpower in Britain, but not those in the colonies. It worked well in 1800s. In 1900s the Prime component Manpower in the colonies, contributing to the work and prosperity of the Empire, revolted.

The result was that Britain had to award independence to the colonies, one by one, and dilute the Monarchical Capitalism to Conservative Capitalism and Labour capitalism, existing today in the British Parliament. This changed Britain into an United Kingdom (UK). But the acquired Socio-economic development continues its status, because of the proper management of domestic Manpower, Materials, and Technology.

B. United States of America in the West, reached a fully developed status in 1900, using a Capitalist approach. This approach continues even today, as a "Democratic Capitalism" or the "Republican Capitalism" in the Federal Government. In the current Millennium (2000s) USA dominates the power in the whole world, and continues to upgrade the domestic Socio-economic development.

It is not the simple Capitalist approach which motivates their forward progress, but their approach towards the Management and Control of the Prime component, namely the Manpower. This is supported further, through a progressive Research / Development in the area of Materials and Techno-commercial systems, in the Government sectors as well as among the private entrepreneurs.

C. Germany reached a developed status in 1910, as an unified nation, through a Mixed approach. But the World War 2, which ended in 1945, divided the Germany into 2, to practice Capitalism in the Western side and Communism in the Eastern side, on either side of the great wall of Berlin (13th August 1961). During late 1900s, the Communist Germany in the Eastern side dwindled down in the Socio-economic setup, broke the wall (9th November 1989), and merged with the Capitalist Germany in the Western side.

East Germany was progressing well with Communist principles. Manpower was considered only an input resource and not as an innovative contributor. But their development status continued from 1910 upto a point in 1989, till the needs and the aspirations of the Prime component, namely Manpower was satisfied to a Socially acceptable level. The reason for their merger with the West Germany is similar to what happened in Russia, explained below.

D. Russia in the East reached a fully developed status in 1950, using the Communist approach. But in late 1900s, the Communist dominated largest continent USSR (Union of the Soviet Socialist Republics. Formed in 1922 with Russia + other 14 Communist countries in Europe and North Asia), dwindled into pieces of several smaller nations (Officially dissolved on 31st December 1991), each diluting their Communist principles (full State control), towards Private entrepreneurship, as well as associations and collaborations with the Capitalist dominated Western USA.

It is Communism which provided a push for the forward progress for Russia, and kept the great nation together. But, the Research and Development in the area of Materials and Technology were not keeping pace with the development in the world. The Prime component Manpower was considered only an input resource and not as an innovative contributor. In spite this, their development status continued from 1950 up to a point, till the needs and the aspirations of the Prime component, namely Manpower was satisfied to a Socially acceptable level. When this large State reached a break-even point, and was not able to cope with the expanding needs and aspirations of their domestic Manpower, the groups broke into pieces, formatting themselves into smaller nations, that could meet the same.

E. India was under British Rule from late 1800s till mid 1947 and enjoyed the Developed Socio-economic status of their care taker (ruler), under a Monarchical Capitalism. But after independence, the united Manpower formed groups of individual characteristics and aspirations (Based on Religion & Cast, Rural & Urban, Labour & Capitalist, Agriculture & Industry, Poor & Rich etc.. based). The ruling Government also continues to support and encourages these group divisions even today, nearly 57 years after independence, and offers divided privileges in education, food supply, electricity rates, employment opportunities etc.. The nation follows a Democratic Capitalism in Agricultural and Industrial area, to provide innovation and competition. A State controlled Democratic Communism is applied to service sectors like Transportation (Railway), Communication (Postal / Telephones), Banking etc.. on a monopoly basis and without any Cost-benefit approach to the public. Continued and progressive nationalisation of Industrial sectors are also in progress.

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These approaches have inducted a non-returnable trend to unite and meet the aspirations of all the Prime Manpower component, without keeping pace in Cost-benefit approaches in the prime sectors (Food, Clothing and Housing), and non-concern to Materials and Technological innovations to keep pace with the world, even though large sums are spent to reach an advanced growth level in elegant sectors (Atomic power, Space exploration etc...).

The dissatisfied domestic working Manpower has take the law in their hand, feel that going on strike, paralysing the work of essential and emergency sectors, destroying public property, subjecting the public to inconvenience etc... are their fundamental rights. Political parties too encourage such vandalism, use them as a leverage to gain popularity votes and capture the national administrative power in their hand to gain their self-interests.

With a high rate of population growth and majority below the poverty-line, India is dwindling between a "Developing" and "Under-developed" Socio-economic status, scuffing gradually towards Under-development. The Government from Village to Central level, the Political parties, the Corporate setup in private and government control, and all the individuals in India are providing full-scale incentives and support to this downward slide, by keeping their individual gains in a micro level as more important, than the macro level national development. Now, as a result, India has turned as a source to provide the top quality Prime component Manpower to all the developed nations, without any infrastructure to utilise them in-house effectively, inadequacy in all essential needs, and inefficiency / corruption in the government services.

7. POLITICO-FINANCIAL OVERVIEW.

The planning, utilisation and control of Manpower, Materials, and Techno-commercial systems in any nation, monitor the Cost as well as the Quality aspects of the domestic goods and services. Lesser the costs and better the quality of domestic goods and services, the Socio-economic development process could be faster. This realisation is two fold, first through the availability of domestic goods and services at Socially acceptable quality and at Economically justifiable costs to the domestic households, which will induce higher standard of living among a large volume population; and next through the opportunity to compete effectively in the international market, to improve the Export capabilities.

A nation should select the appropriate political infrastructure, which will aid the faster achievement of the Cost reduction and Quality improvement objectives, and better adaptable to the local households, at any point of time. A forced or wrongly introduced political infrastructure is bound to destroy this objective, and introduce a negative dimension to the Pattern of Socio-economic development.

Financial representation and appraisal of the productive aspects of any nation plays a vital role to asses the current development status, and provide guidelines for the future development strategy. A simple and easily understandable financial methodology should be adopted, depending upon whether the Socio-economic development responsibility is cumulated from micro level Individuals upwards, or vested solely with the macro level State. In both options, the Manpower as a prime component should be supported by adequate Tangible and Intangible Infrastructure systems, and a feed back oriented Manpower Performance Appraisal System.

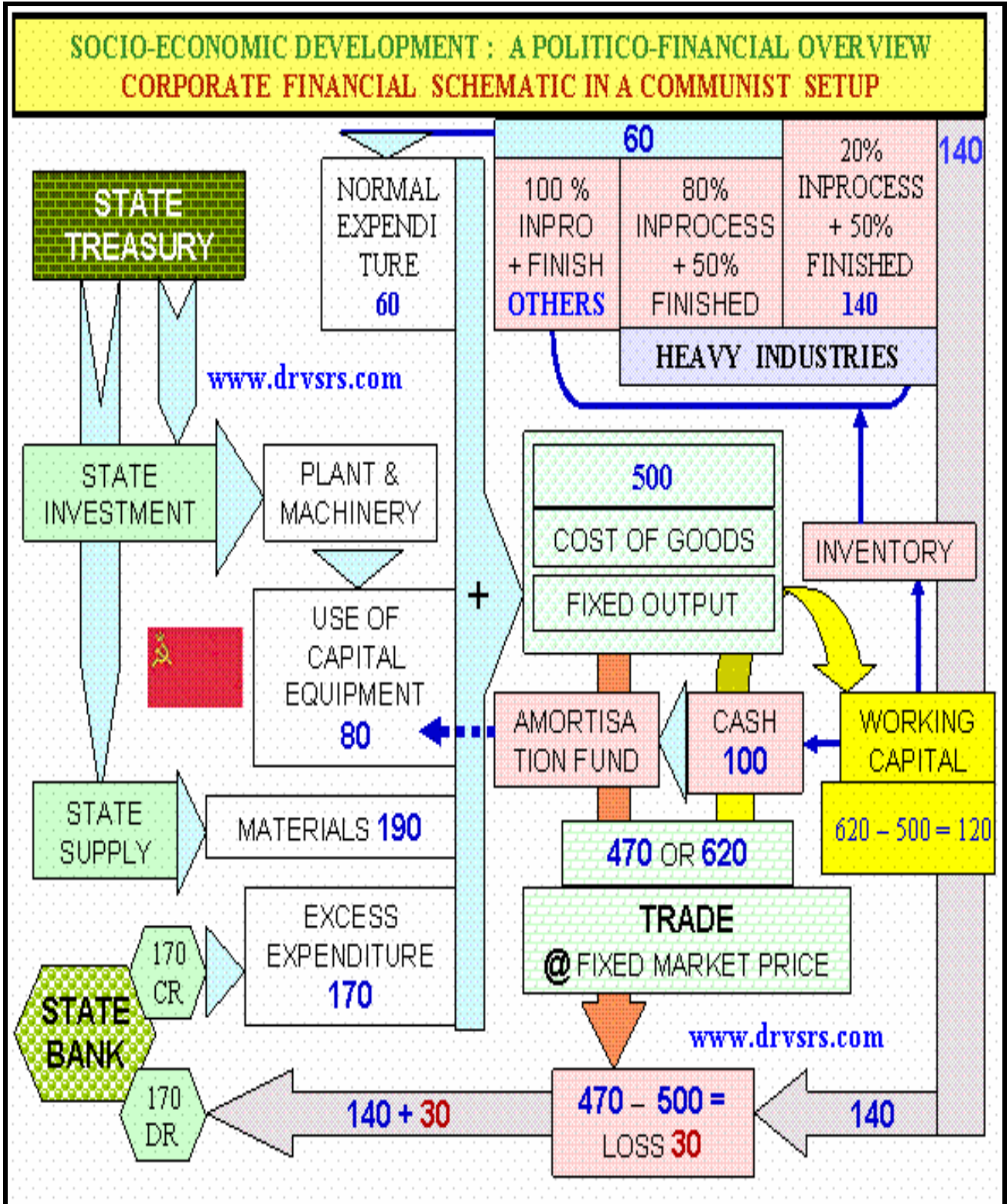
As Ruskin (English writer, Art critic and Social reformer 1819-1900) said in his Eagle's Nest, "People are always expecting to get peace in heaven. But you know whatever peace they get there will be ready made. Whatever making of peace they can be best for, must be on the Earth here" (Lecture ix). The peace and prosperity on our earth is decided by our Socio-economic development. It is "built" by appropriate Political infrastructure, and monitored by proper Financial management techniques.

FIGURE - 1



FIGURE - 1

FIGURE - 2



Source : Collected and Schematised by the Author DR.VSRS on an R & D tour to USSR in 1984 May

FIGURE – 3

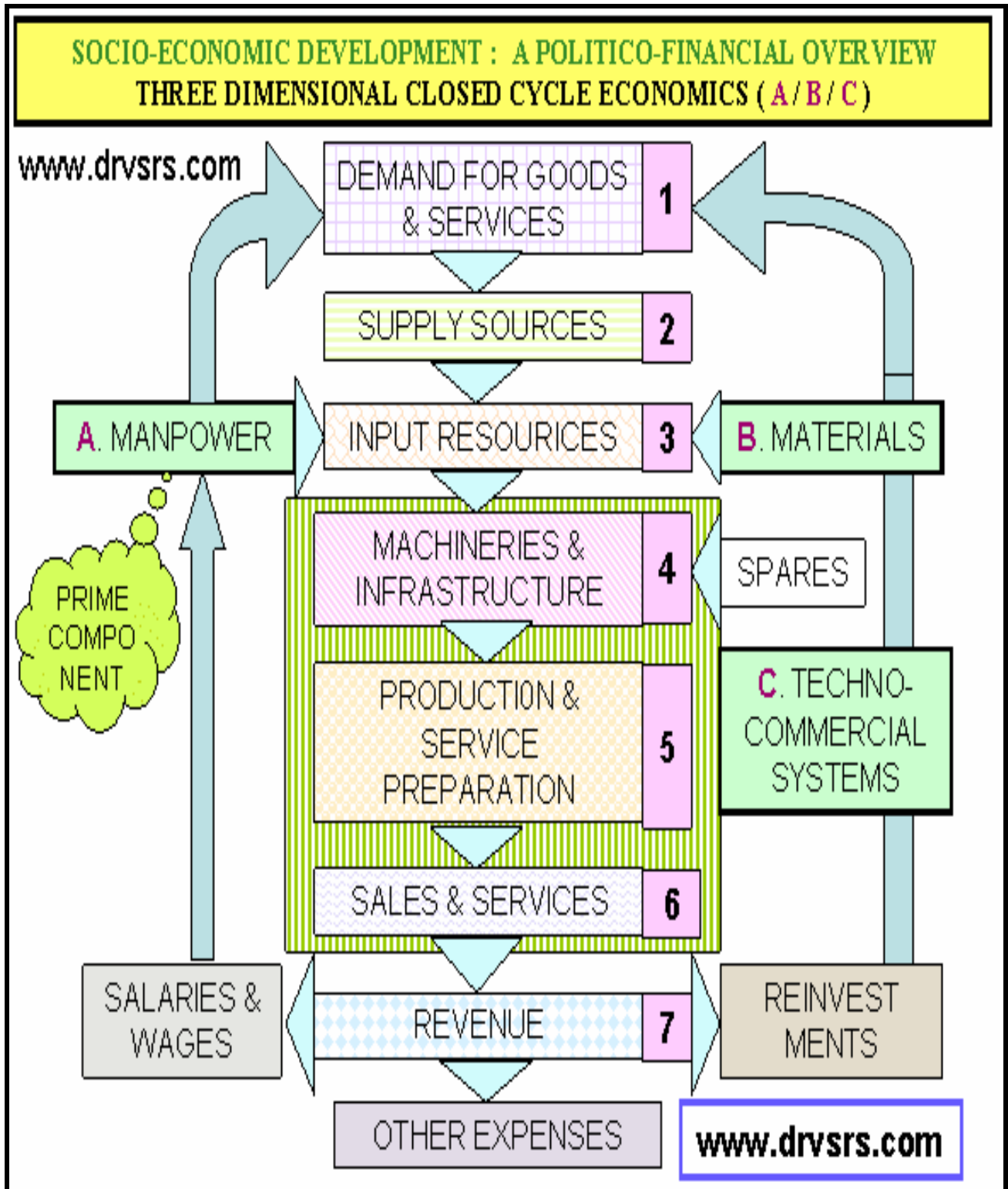
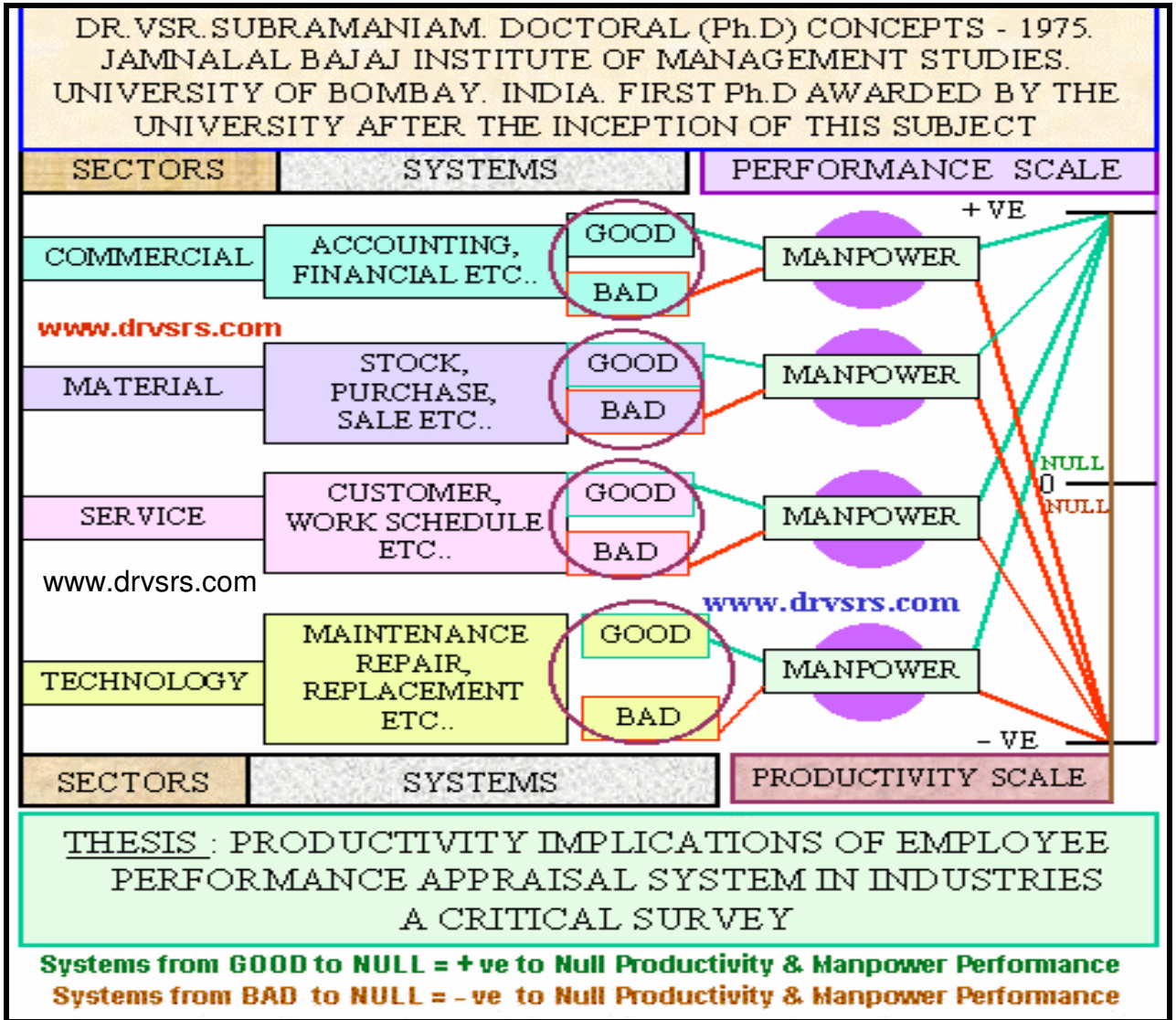


FIGURE – 4



Thesis supported By

- A) 7 Publications. B) 5 Seminar Presentations.
- C) 3 Open Discussion sessions, with Question/Answer & Review.
- D) 2 Faculty Colloquium.
- E) Randomly sampled / Normally distributed sectarian survey to provide a least-error probability.
- F) Pre-test of the hypothesis in 3 representative sectors.
- G) Evaluation by the University / Local Management Experts and a Professor in Management from a Foreign accredited University [Manchester Business School, UK].
- H) Expert Group Viva Voce (Examination and Review).
