HUMAN RESOURCE DEVELOPMENT IN AFRICA — A CASE STUDY OF MAURITIUS

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CERTIFICATE

Certifieid that the dissertation entitled, **HUMAN RESOURCE DEVELOPMENT IN AFRICA - A CASE STUDY OF MAURITIUS**, submitted by **SRIJIT MISHRA**, Centre for West Asian and African Studies, School of International Studies, Jawaharlal Nehru University, New Delhi-110067, INDIA, for the award of the degree of MASTER OF PHILOSOPHY, is his own work and has not been submitted so far, in part or full, for any other degree or diploma of any University.

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IN

MEMORY OF

MY LATE FATHER

C O N T E N T S

ACKNOWLEDGEMENTS

Human Capital is the buzz word for developmental economists in this era of globalisation. With a background of personnel Management, I had a natural predilection for such a fascinating topic and when joined the African Studies, I decided to work on Mauritius, a tiny, picturistic state in the black continent of Africa.

Given the constraints of time and space as well as the quirk of my fate, the completion of this dissertation seemed to be an impossibility few months ago.

However, the output of my work in the form of this dissertation could not have been possible without the sincere guidance, co-operation, prudent suggestions and inspiration of my Supervisor **Dr. Ajay Dubey**. I owe a great deal to him.

I have used the Library facility of J.N.U., Delhi University, Teen Murti and High Commission of Mauritius in India. My sincere thanks to the staffs of the above libraries.

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CHAPTER - ONE

INTRODUCTION

Sustained improvement in human well being is not possible without economic growth. But, at the same time high economic growth need not necessarily translate itself into higher levels of human development. Studies have shown that economic growth requires effective policy management if it is to enrich human development. Conversely, human development to be durable, must be continuously supported by economic growth.

Research on a multidimensional subject like human resource development is largely confined to economic related factors. Equally important are social and political attributes of HRD. Expenditures on matters relating to the human resource development are more an investment to increase labour productivity and social welfare than an item on national consumption. Higher percapita income, better education facilities (primary,secondary, tertiary, vocational and technical), proper health care, poverty eradication, use of modern technology, better housing facilities, proper working conditions, sound sanitary conditions, efficient research and design system, electricity, transport and communication and other socio-economic factors are the major indicators of Human Resource Development at national level which explain the quality of human resources of a country. Africa, the second largest continent of the world has faced the stern realities of economic life immediately after independence, when economic development as well as human resource development became only a dream.

However, Mauritius has been an exceptional case in the whole continent of Africa. It has developed its human resources over a short period of two decades and achieved better economic growth and stability. Mauritius, a small Island in the Indian Ocean, despite its limited population and area, finds itself today as an important case to follow up by all those who are interested in developement challenges of Africa. Mauritius which faced numerous handicaps at the time of independence in 1968, has become an industrial success story in Africa.Over last twelve years, Mauritius has successfully pursued the path of high economic growth through an imaginative economic management aided by a combination of a good fortune, natural advantages and hard work.

Mauritius is no longer a "monocrop-economy" depending solely on sugar, or facing the problems of structural deficiencies, as was the case before 1980. It is one of the rare developing countries which has witnessed a period of unprecedented economic progress so much so that it can now be safely said that the island is on the way to join the rank and file of the newly industrialised countries. Above view is echoed by international economic institutions which have hailed its progress as an "economic miracle".

The present study is an attempt to understand the issues, challanges and prospects of HRD in Africa. It aims to determine the interrelationship between human resources and the economic development. The study will examine whether the problems of human resource development in Mauritius is due to the proper policies adopted by government or it is due to the incentives and help by the developed countries. Further, there will be an assessment of role of external donor agencies like the International Monetary Fund (IMF), the World Bank (WB), the European Economic Community (EEC) etc. in promotion of human resource development of Mauritius. The study will explore as to how a country like Mauritus overcame many conditionalities and prescriptions of donor agencies which appears to cripple the HRD efforts in other country. Study would focus to find out the reasons as to why and how Mauritius could develop its human resources in such a short span of time and what lessons it has for countries of Africa.

It is assumed that the human resource is the most abundant and useful resource in Africa. But, it is a verymuch neglected aspect in African economy. Mauritius has used human resource development for effecting economic development. Rapid economic development in Mauritius in last decade is due to the emphasis on enriching the human resources in that country and a link exists between economic development and human resorce development. It is the long term and specific policies of the government which is the key to growth and development of a country. Foreign donors have played an important role in developing the human resources and industrial sectors in Mauritius.

The methodology adopted for this study is be analytical and descriptive. This study is be based on both primary and secondary materials. The primary sources include reports and records of Government of Mauritius with special reference to economy of Mauritius and the secondary sources would include existing literatures on its socio economic development.

The study analyses the above mentioned hypotheses in five chapters. The first chapter explains the importance of human resource development and the objective, hypotheses and methodology of the study. The challanges of human resource development in Africa has been dealt with in the next chapter. The Third one explains economic and human resource development and causal or collateral relationship between them. The fourth chapter explains efforts for economic and human resource development in Mauritius and sustainability and challenges of human resource development in Mauritius. The concluding chapter estimates the achievements made by Mauritius in human resources and the challanges lie ahead in her quest for sustained economic growth.

CHAPTER · TWO

THE CHALLENGES OF HUMAN RESOURCE DEVELOPMENT IN AFRICA

It was during the 2nd half of 20th century, when most of the third world countries, having achieved independence from the colonial rule, found themselves in a position to give some concrete shape to the pursuit of their aspiration for development. It was natural to expect that given the freedom to manage their own affairs, these countries could also achieve industrial end technological advancement. So, economics which was eariler concerned with equilibrium processes, trade cycles are naturally viewed as human and social development, conditioned by economic prosperity.

So, a variety of models of development were thought out, which collectively formed a rich body of literature on economics of development giving the emphasis on accumulation of resources and modernisation. Broadly speaking, the three appproaches to planning were distinguished as (a) Planning with a capitalist framework, (b) Planning with a socialistic economy, and (c) Planning in mixed economy.

Initially, it was perceived by underdeveloped countries that to give a push to the process of accumulation and modernisation and to shorten the time period involved in the complete transformation of the economy, the state had to take initiatives and play a major role in the process. States initiative and role could only take shape under a planned framework of development. Hence, primacy was given to state's initiative mainly in view of the initial conditions which were characterised by undereveloped markets, under-developed institutions, absence of basic infrastructure and lack of entrepreneurship, etc.

The process of development just could not get started on its own under these circumstances, and hence the state had to play a major role in bridging these gaps. This was the beginning of the justification of state intervention in natural working of the market. But the failure of the state regulated economy was due to its inability for self evalution with respect to cost and efficency. This tendency was further strengthened in a monopolistic environment and under high degree of projection from foreign trade and the whole continent of Africa has witnessed it during the last half century.

The economies of sub-Saharan Africa are diverse, yet share many common characteristics. This diversity is due to the magnitude of its population and the varying size of its economies. The region's population may now total 550m. people.

The 51 states in the region range significantly in population size. That of Nigeria, the largest,885m. at the 1991 census, while 10 other countries of the region each contain less than 1m. people; Seychelles, the smallest, has a population of less than 70,000.Some countries are more intensively urbanized than others. Zambia's urban population, for example, represents 50% of the country's total, while in Burundi it is only 6%. Climate and topography vary from desert to rain forest from mountains to plains. Income per head ranges from Mozambique's US $80 to Gabon's $3,330. Educational levels also vary greatly; for example, 54% of all students of secondary school age are enrolled in schools in Mauritius, followed by 52% in Zimbabwe, while for Rwanda the proportion is only 2% (just behind Tanzania's 4%). Mauritius has a literacy rate of about 80%, while Mozambique's is 33%. Some sub-Saharan countries like South Africa, Zaire and Zimbabwe are relatively well-endowed with natural resources, while others, such as Niger and Somalia have few such assets. Sub-Saharan Africa contains the world's largest reserves of a number of strategic minerals, including gold,plantium, cobalt and chromium.[1]

Hence it is difficult to draw general conclusions about the continent's economic performance as a whole during any

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1.Donald & Sparks, "Economic trends in Africa", *The Europa World Year book,1995. Europa Publication Division*, (London,1995),pg.10

given year. Nevertheless, some general points and comparisons can be made. The region's overall economic growth rate during the past two decades has been dismal. While sub-Saharan Africa has recorded a 3.4% average annual GDP growth rate in gross domestic product (GDP) since 1961, this is just slightly above the rate of population growth. During 1965-75 regional GDP grew by 2.6% in GDP in per capita terms, but then stagnated. Taking inflation into account, the region's real GDP per caput actually fell by an annual rate of 2.2% from 1980-90. None the less, sub-Saharan Africa has achieved a small measure of economic growth since the late 1980s, owing both to policies implemented by African governments themselves, and also to events outside their direct control. In 1992 and 1993 Africa's economic performance continued slowly to improve slightly. The region's GDP advanced by 2.7% in real terms in 1992, according to the International Monetary Fund (IMF). In terms of GDP per caput, however, the region did not record significant gains . According to estimates by the World Bank, the region's GDP will increase by 3.3% annually between 1990-2000, but given a population increase projected at 3.2% annually this will result in a growth rate per caput of only 0.1%. [2]

By virtually any economic or social indicator, sub-Saharan Africa performs less well than any other developing

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2. *United Nations' Economic Commissions for Africa, survey of economic and social conditions in Africa, 1991-92,* (Addis Ababa, 1994), pg. 135

region.In fact, in many ways sub-Saharan Africa has found itself retreating economically while other developing areas of the world are advancing strongly. For example, at independence in 1957, Ghana was more prosperous than the Republic of Korea,and in 1965 Indonesia's economic output was about the same as Nigeria's.By 1993 Indonesia's output was three times greater than that of Nigeria,while the Republic of Korea's economy was six times larger than Ghana's.

Sub-Saharan Africa contains about 11% of the total population of the world's developing countries,while at the same time representing about 16% of the developing world's poor.For example, of the four major developing groups (sub-Saharan Africa, East Asia,and Latin America), Africa South of the the Sahara has the lowest GDP per caput growth rate (which was negative during most of the 1980s),the lowest life expectancy (51 years), the lowest primary school enrolment rate (just over one-half of total eligible school-age children), the smallest number of children immunized against childhood diseases (just under one-half), the lowest daily caloric intake, and the highest percentage of people living just under the international poverty line (by the year 2000, it is estimated, about 43% will be existing on incomes of less than US $350 per year)[3]. The region also has the

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3.Donald & Sparks, "Economic trends in Africa", *The Europa World Year Book, 1995. Europa Publication Division*, (London, 1995), pg.10.

developing world's highest population growth rate (3.2%) and the highest rate of infant mortality (196 children out of every 1,000 die before reaching the age of five years). Of the7.0m. infant deaths annually world-wide, 5.0.occur in sub-Saharan Africa.

Despite the limited improvements achieved during the late 1980s and early 1990s, almost every sub-Saharan economy declined in virtually every measurable way during the past three decades. By 1994, per caput GDP was about 15% below its level a decade earlier, and per caput income down by over one-fifth. In some of the continent's least developed countries (LDC), such as Chad and Niger, the fall has been perhaps 30% or more. The poorer countries of Africa were even poorer in 1994 than they were at their independence in the 1960s. While some states in East Asia have twice doubled their incomes, 19 nations in sub-Saharan Africa are now poorer than a generation ago. For example, Africa's GDP per caput declined during the 1980s, while that of East Asian and South Asian countries grew by 6.3% and 2.9% respectively. Africa has lost the ability to feed itself: in 1974 it imported 3.9m. metric tons, of cereals, but by 1989 it had to import 7.4m. tons, almost double the 1974 level. Food aid also increased during that period, from 0.9m. tons to 4.8m. tons of cereals. Currently, about one-quarter of African population does not obtain the necessary average daily intake of calories required to sustain a healthy life. Efforts by the UN and the USA in late 1992 and early 1993 helped to meet the immediate food shortages in Somalia, but many other countries such as Liberia, Mozambique, Somalia, Sudan and Ethiopia faced critical food shortages in 1994[4].

The factors underlying Africa's parlous economic condition can be broadly categorized either as 'external' or 'internal'. The major external factors include adverse movements in the terms of trade and decline in foreign aid and foreign investment. The internal factors include poor soils, widely fluctuating and harsh climates, poor human and physical infrastructure, rapid urbanization and population growth, and inappropriate public policies. Unfortunately, African governments have but limited control over many of these factors, particularly the external ones.

In1960s, Africa was a continent that wanted to breakaway from the shackles of a grim past; in 1990s, Africa is a continent that seems bent upon distancing itself from the shadows of a dismal future. Somewhere enroute to a quarter country, Africa lost its sense of direction so that one did not know whether it moved forward or backward.

Being the largest regional system consisting of more than fifty states, with tremendous natural resources and rich fulness,still it has failed to avoid the devastating ---

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4. Ibid,p.10

economic crisis as a grave challenge to its development and the Africans are treated as the least developed countries in the world.

Since the severe drought in the sahel and the horn of Africa in the early 1960s, Africa has been presented as a continent in crisis, ravaged by problems of famines, wars, corrupt and repressive government, and now by an AIDS pandemic; phenomena which have indeed been all too common. These dramatic and seletive images of parts of the continent have stood in for Africa as a whole. Disaster tourism portrays Africans victims, unable to cope with the problems and thus in need of emergency aid and famine relief.

The detoriation of per capita income, lowest meeting of human needs, tremendous decline of food production, the downward trend of the value of agricultural products, a steady decline of value in the resources of mining level on rise in the internal as well as extenral debts are the indicators of African economic crisis of the last few decades.

Deficiencies in management skills, shortage of entrepreneurs and skilled labours, ineffcient allocation of human and financial resources, the overgrown public and tertiary sectors, widespead illiteracy, poor working condition at the workplace, lack of use of modern technology and poor transport and communication and rapid growth of population added with the external factors such as detroiation of terms of trade, decline in public aid for development, inadequate or inappropriate foreign financing. The unbearable weight of debt, wide fluctuation of exchange rates, high level of real interest rates are the characteristics of the African economy which explains how underdeveloped in human resources in Africa.

So, by the mid 1990s, most African states have become bankrupt. Their economic policies are in the hands of the international monetary funds (IMF) and the world bank. African rulers, whether drawn from civilian politicians or military officers, have lost moral credibility as a results of arbitrary and corrupt government, one party states and military governments, of a whole range of idological postures, were confronted with popular demands for free elections and multiparty governments. In some countries these demands were met by the defeat of the ruling party in elections. In others, the ruling party was able to maintain itself in power by winning elections. In several instances, rulling cliques, and the armed groups associated with them, have refused to concede power to the claimants to democratic authority.

In a number of places governments have been unable to maintain their own authority and political order. Civil wars, exacerbated by external inverventions have left many people dead, in exile or exposed to famine. At the end of the colonial period, democratic elections have provided a mechanism for deciding who is to inherent power. They have not always been able to proceed, nor have there result always been acceptable to those excluded from office. Political uncertainty has all too often encouraged people to resort to political violence.

So economic independence by political independence is no more an illusion for Africans. There is a wide-spread prevailing view that Africa is being left behind by the rest of the world Apparently years of economic decline have taken their toll and Africa's participation in the global economic activity has steadly fallen. Between 1960 and 1989, for instance, Africa's share of global GNP dropped from 1.9 percent to 1.2 percent and its proportion of global trade fell from 3.4 percent to 1.0 percent between 1970 and 1989. [5]

The Economic Report of the economic commission of Africa for the year 1989 described 1980s as "Africa lost development decade". During 1980s the Gross Domestic Products of sub-Saharan Africa fell from $ 212,432 million in 1980 to $163,219 million in 1990- a decline of over 23 percent in a decade[6]. The poor performance of sub-Saharan Africa vis-a-vis

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5.World Bank, *World Development Report, 1990*, (Washington,1990),pp.42-58. 6.Ibid,pp42-58.

the other regions of the developing world is indicated in the table below :-

TABLE -1

Performance indicators by developing regions, selected periods

	Growth of real percapita GDP (Per cent) 1965-73	1973-78	1980-89
Sub-Saharan Africa	3.2	0.1	-2.2
East Asia	5.1	4.7	6.7
South Asia	1.2	1.7	3.2
Latin America and Carbbean	3.7	2.6	0.6

Source: World Development Report 1990, Poverty (Washintion, 1990)

The table shows Sub-Saharan Africa lagging behind the other three main developing regions. Its negative growth rate of per capita GDP during 1980s was as high as -2.2 percent. It compared very unfavourably with East Asia (with its growth rate of 6.7 percent) and West Asia's rate of 3.2 percent.Latin America registered a small negative growth rate during 1980's but in all the three periods this region had much better performance than Sub-Saharan Africa. [7]

It is revelant to note here that Africa's deterioration has come across all along the line. More importantly the per capita food production growth rate show negative trends. The

7.Ibid,pp.42-58.

table shows that performance of African states during 1980's has been extremely poor as reflected in negative growth rate in big, small, rich, and poor countries. It is a sad commentry on the current economic since after three decades of independence. "After an initial period of growth, however,most African economics faltered, then into decline. There were some exceptions but Sub-Saharan Africa as a whole has now witnessed almost a decade of falling per capita incomes, increasing hunger and accelerating ecological degration. The earlier progress made in social development is now being eroded. Over all Africans are almost as poor today as they were 30 years ago."

One may slightly disagree with the last sentence quoted above since African countries are not only poor but growing poorer year by year. The decline in Sub-Saharan Africa's aggregate GDP during 1980's has been noted already. The per capita GNP showed a progressive decline throughout 1980's. From $613 in 1981,the Sub-Saharan Africa's per capita GNP fell to $609 in 1982, $546 in 1983, $497 in 1984, $491 in 1985, $438 in 1986, $354 in 1987, $339 in 1988 and $333 in 1989[8].

This is consequence of the rapid deterioration of the agricultural sector. According to African development bank (Abidjan) more and more African countries are recording

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8. Ibid, pp.42-58.

negative growth in agriculture. In fact 16 countries exprienced negative growth rate in agriculture compared to 13 in 1991. And fewer countries experienced a rate of growth of more than 2.5 percent-19 in 1992 as against 23 in 1991[9]. The per capita output shrank by 1.1 percent in 1992 for the six successive years of decline. The overall picture according to FAO is that of "worsening economic and social conditions". The growing undernutrition is reflected in the fact that per capita calories/day dropped from 2138 units in the 1969/71 to 2120 units in 1979/81 and to 2058 units in 1989/90[10]. According to FAO's study "Agriculture towords 2010" little progress can be expected in sub-Saharan Africa. By 2010 Africa may have 300 million under nourished people, 32 per cent of population as against 180 million today.

Apparently international donor organisation had second thoughts on their policies towards Africa in particular. It was for the first time that the world bank in its annual report of 1989 underlined the urgency of food production in the ongoing developement programmes in Africa. The Bank observed that "long-term aggregate growth is not sufficient and that it must be supplemented by additional efforts to ensure access to food by those at greatest risk from food insecurity through increases in production and real house-hold incomes to facilitate productive employment for the growing number of poor".

9.Ibid,pp.42-58.
10Ibid,pp.42-58.

It was stated that in 1980s barely a quarter of sub-Saharan Africans lived in countries in which food consumptions per capita was increasing (while) in the seventies the corresponding proportion was two-third. Thus, now 75 percent of population is having a declining per capita availability of food as against 33 percent in the 1970s. This shows the growing strains and stresses undergone by the three quarters of the sub-Saharan African population.

Apparently international donor organisations and World Bank admitted failures of their policy while Ismail Seragldin in his study observed that "despite 25 years of development programs and projects supported by multilargeral instutions, two third of rural population and a third of Urban population of sub-Saharan Africa remain below the absolute poverty level".

Africa no doubt has a disproportionately high share of poor people. Sub-saharan Africa had a population of 418 million in mid 1985. Of this nearly 43 percent were poor including exceedingly poor.And according to FAO the number of poor in 1990 has increased to 216 million with 47.8 percent of the population living below the poverty line. The social indicatiors of sub-Saharan Africa also compare unfavourably with the other three reasons.

Now the World Bank brought out a number of publications on poverty.Interestingly no detailed study on the extent and depth of poverty has been done in African countries apparently for polittical reasons.But the slogan of "removal of poverty" as a government policy is given all publicity. A number of brief surveys were done by international organisations which give some idea of extent of poverty in Africa.

Another indirect factor responsible for Africa's growing impoverishment indirectly is the steep fall in literacy rates. There is an over whelming evidence to show that human capital is one of the keys to reducing poverty. Apparently education, health and nutrition reinforce each other. The poor generally lack access to basic social services because of meagre investment in their human capital. It may be recalled that the Addis Ababa conference on the development of education in 1961 recognised this and declared the intention to achieve universal primary education (UPE) by the year 1980. In the begining substantial progress was registered. In fact gross enrollment ratios in schools for 32 sub-Saharan African states increased from 41 percent in 1960 to 54 percent in 1970. There after a decline set in. By 1980 only two or three countries were near the UPE.

During 1980 the situation worsened almost all over Sub-Saharan Africa. The erosion of skill base is evident by the fact that the annual rate of increase of primary education enrollment of 9.3 per cent during 1975-80 dropped to 2.4 percent during 1980-84. Likewise the rate of growth of a secondary school education dropped from 13.7 percent to 10.9 percent during the same period. And the higher education annual enrollment increases declined by 66 percent between 1980 and 1985, worse still school attendance rates in many countries particularly the poor ones have fallen and class repetition rates have increased. Further there have been high dropout rates. In many poor countries of sub-Saharan Africa more than 40 percent of those who enter primary school failed to finish.

Evidently the governments in Sub-saharan African countries were forced to effect substantial cut in the public social expenditure on education, health and other social services in order to release resources for debt service repayments and reduce their budget deficits. As a result the percentage of total expenditure devoted to education has fallen sharply in Africa as a whole. Between 1972 and 1990, for instance, this percentage dropped from 19.5 per cent to 15.2 percent in Lesotho, from 15.8 percent to 8.8 percent in Malawi, from 15.5 percent to 10.4 percent in Sierra Leone, from 21.9 percent to 19.8 percent in Kenya, from 19.0 percent to 8.6 percent in Zamia and from 15.2 percent to 11.6 percent in Liberia. And in Zaire the third most populous country in Sub-Saharan Africa after Nigeria and Ethiopia. The share of education the total expenditure dropped from 15.1 percent tin

1972 to just 1.4 percent in 1990. In Nigeria the share of education in total expenditure dropped from 4.5 percent in 1972 to 2.8 percent in 1989 and in Burkina Faso it fell from 20.6 percent to 14 pecent during 1972-1989. [11]

All these goes on to show that the skills base for development is being progressively weakended by a withdrawal of resources from the education sector. According to UNESCO, a decline in public spending in education has set back the earlier advance in the region and threaten efforts to significantaly expand school enrollment rates and reduces illiteracy over the 1990's.UNESCO's World Education Report 1991 observed that the gains made by Sub-Saharan Africa were partly eroded during 1980's (and) only half of the childern in the 6-11 age group currently participate in formal educaion. More importantly, the quality of education has suffered and spending per pupil dropped from $133 in 1980 to $89 im 1988. In Ghana the spending on education dropped from $20 per capita in 1972 to $1 in 1983. K.B. Asante the then education minister of Ghana said that "most children thus had no text books and enrollment levels in schools declined to the extent that two third of todays adults population is now illiterate."

Apparently many countries are failing to expand their education system to keep up with population growth,

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11.United Nation, *Human Resources Development; the neglected dimension of development strategy. Recomendation of Commitee for developement planning*, (New York, 1988), pg.19.

particularly in Ghana, Liberia, Mali and Tanzania. In Ethopia and Mozambique after considerable progress in the earlier years of the growth in the enrollment has ceased. All this adversely affects the adults literacy rate in a country. And Africa's rate of adult illiteracy is hightest in the world. Of the 14 countries in the world with illiteracy rates higher than 70 percent 10 are in Africa. All this reminds of one of Prof. Adedeji's warning that Africa may begin the next millennium with greater percentage of its population being illiterate and unskilled than it did at the beginning of the post-independence period in 1960.

That the falling literacy rates are leading to growing impoverishment of the Sub-Saharan Africa is beyond doubt. There is in fact a very close link of education with economic growth. A number of studies on productivity has shown the effects of education on output and productivity. The benefits to education are indeed substaintial. A World Bank study of determinants of real GDP of 58 countries during 1960-85 showed that education can contribute significantaly to aggregate output and thus removal of poverty. An increase of one year in average years of education according to this study may lead to a 3 percent rise in GDP though the results may very from country to country. Further, it has been found that one year of mother's education has been associated with a 9 percent decrease of children below the age of 5. The children of better educate mothers, other things being equal, tend to be healthier. More importantly the data from the developing countries suggest that farmers completing four year of elementary education have a higher productivity by an average of 8.7 percent. All this underlines the importance of broadening the skills base of a country in combating poverty in rural and urban areas. It is therefore, of utmost importance that the process of decline in education in Sub-Saharan Africa is reversed and given top priority. Otherwise there will be growing number of adult illiterates. In facts the UNESCO 1991 report observes that with present trends the number of illiterates is expected to rise from 139 millions in 1990 to 147 millions by the year 2000[12].

Last but not the least, the most serious spectre that is haunting Africa now is the AIDS epidemic. According to executive director WHO global programme on AIDS, over 10 million Africans adults have contacted HIV since late 1970. Armed conflicts result in breakdown in social norms. The fast spread of AIDS in Africa is to some extent linked with conflicts, famines and population movements which create a fertile soil for HIV to follow. It is believed that both early capitalist development in Africa and stagnation of past 15 years have contributed to social structure in many areas ideal for the spread of HIV.

12Haq Khadija & Uner Kindar (Eds), *Development for people, goals and strategies for year 2000*,(Papers presented at Amman Round table on human development,1988), pp.143-153.

Aids has struck indiscriminately in the African continent. which could become the most important factor in the impoverishment of the continent. Sub-Saharan Africa is facing a huge burden of suffering and death from an estimated 2.5 million cases of AIDS proper. As far back as 1986, 35 per cent of internal medicine war beds in Kinshasha's major public hospital (mama yemo) were occupied by AIDS patient. And in Abidjan HIV seroprevalence hospital admission were 43 per cent. A similar situation "exists in most major hospital in Congo, Rwanda, Tanzania, Uganda and Zambia". A much larger cost from the pandemic will be in term of lost production labour.

It is estimated that life expectancy in Sub-Saharan Africa could fall to 48 years by the end of the century in place of 62 years expected in the absence of HIV/AIDS. By the year 2000 upto 14 million adult Africans could have HIV and over 5 million suffer from AIDS. By then Africa which presently accounts 12 percent of world population could account for 80 percent HIV cases worldwide. According to WHO two-thirds of HIV infections in Sub-Saharan Africa occur in under 25 age group. Ironically it has struck the continent's most dynamic and educated people as well. And one shudders to think that 9 million children will be orphaned in 1990s because of death of both of their parents [13].

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13. World Bank, *World Development report 1990*, (Washington, 1990),pp.42-58.

There is no doubt that Africa is "quietly slithering into an AIDS stricken economy". The disease is draining the continent's life blood-those who produce and procreate. And when they die "they leave orphans and elderly parents, shrivelled crops, vacant posts and often irreplaceable funds of experience". The AIDS is gnawing away at whole economies. It has no doubt placed a "gignatic question mark on Africa's abilitty to devlope". Indeed "It is a disaster on a traumatic scale one to match that of slave trade".

It is clear that transition to the 21st century will continue to be very difficult. Africa will be confronted by serious internal problems as well as by mounting exernal pressures intensified by marginalisation. It has been said that Africa has already become marginalised or delinked from the world economy in early 1990s. Now there are indications of political marginalisation in parallel with the economic displacement. Africa does not figure in the political agenda of U.K., Germany or even the U.S. Afria's global position is now different in the post cold war era. Thus, economic marginalisation combined with poverty have left them with enormous development problems which they can in no way overcome without economic backing of the outside world.

There is dismal scenario for Africa in the 21st century. The World Bank in a study published in March 1994, observed that it will take "40 years for region to reach the level of wealth of 20 years ago"[14]. With very grave problems facing Africa today, it will be difficult to be optimistic in respect of Africa's ability to reduce poverty. But one does know. It is about two thousand years since Pliny wrote that there is always something new out of Africa". One hopes that something will emerge. Miracles do happen. Let us never forget that "there is something African about Africa that can never be European, Asian, American etc"..

But Africa is a resilient continent. It has withstood drastic changes during the past three centuries and especially during the past three decades. It has moved from colonial domination to independence in less than two generations. Recent history elsewhere, particularly in Asia, suggests that the economic deterioration of the past 20 years can be reversed. As sub-Saharan Africa moves towards the year 2000 its governments have begun to realize that while many economic problems were inherited, responsibility must be taken for problems that are soluble. Rather than being hostile to foreign entrepreneurs, most African governments are now actively seeking foreign business involvement. By 1994 most African governments were giving the appearance of reform, and acknowledging the parallel between

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14.Donald and Sparks, *Economic trends in Africa, The Europa World Year Book, 1995, Europa publication*, (London,1995),pg.11

political pluralism and economic development. The combination of liberalized economic policies, together with more political openness could signal the beginning of sub-Saharan Africa's transformation towards economic recovery and sustained longterm development. The road ahead is uncertain, however, and the vital question is posed by the extent of African countries' true commitment to genuine reform. The next chapter takes care of these issues, which explain the relationship between economic development and human resources development.

CHAPTER - THREE

ECONOMIC DEVELOPMENT AND HUMAN RESOURCE DEVELOPMENT A CAUSAL OR COLLATERAL RELATIONSHIP.

Management as an academic discipline is barely hundred years old, whereas management as an activity has existed since time immemorial, eversince the organised state came into existence. It was only with the Industrial Revolution and subsequent rise of the modern welfare states and multiplication of state functions, that the importance of administration has increased. In these years, the goal of administration has remained same,i.e to increase efficiency of economy and to achieve success but the means has shifted first from philosophical to legal, scientific, behavioural and finally to policy science approaches.

Management first evolved as a part of an economic system that allocated the resources of land, labour, and capital in a way to maximise material returns to satisfy the wants of human beings. Its primary objective is still economic; yet, as a result of its increasing importance in society, it has become a social institution. Its decisions and actions now have widespread impact on other social institutions, and therefore, management can not escape social issues. Management values have been changing through the passage of time. Gone are the days when management was concerned with only such values as economy and efficiency, and gone are the days when the manager was concerned with only psychological and emotional factors involved in group behaviour. Today, societies of the world are in a flux and social transformation is taking place at a faster rate, and management is expected to meet and handle these challenges. Societies are questioning the social relevance of management. Management, therefore, must learn new ways of transforming a society. As long as society continues to be dynamic and fast changing there is no reason to believe that societies remain static to the extent that one can stretch one's intellect and the Management should also be dynamic and no static theory of Management will ever deliver the goods.

Management as a separate intellectual discipline was the result of search for reforms in 1887. A century later, management continues to be in the same search for a theory of management -a mangement which can manage the complex social transformation. Recent changes in the international business environment have brought the people in the organisation to the centrestage of all activities. No organisation can survive beyond a point unless they are continiously alert to the changing environment and continiously prepare their employees to meet the challenges and have an impact on the environment.

Today, in the market, free movement of capital is making it easily accessible. Technology is no longer the preserve of a few organisations. Unrestricted flow of information makes it available to all. Globalisation is creating one all-important quality standard, and world economy is increasingly becoming service -oriented. Hence, competitive edge of an organisation has become solely dependent on the knowledge, abilities and capabilties of the people of the organisation. To every operation, production design is an outcome of sustained personnel innovation. Manufacturing is the result of teamwork applied to technology. Marketing is the sum of people devised service added to products. Restructuring is the redeployement of people and their knowledge. Total quality management (TQM) is the application of human intelligence to improve processes.

Hence only a learning organisation can survive in this intense global competition because it encourages people to learn to produce the results by their desire. It develops fresh organisational capabilities all the time. Only it can cope with tomorrow's rapidfire technological changes. Only it can handle tomorrow's demanding and fragmented markets. Only it can build a people-based work system in an organisation.

A learning organisation can be created by keeping the organisation in a state of constant change and cultivating diversities in the functioning of an organisation. Creating mechanisms to unlearn old and obsolete knowledge and building settings where people collectively learn and take decisions are also vital to make the oragnisation more adaptible to changing environments.

Business is gradually wetting its feet in the emerging competitive environment. Today, the first and foremost requirement ever before determining the contextual framework for decision making is to see how they can change their people by infusing a sense of speed and urgency, so that they do not have to face a crash. Hence development of human resources is of immense importance in today's business environment.

There are three behavioural dimensions involved in most of the capabilities. These are cognitive, affective and active. The cognitive dimension of a capability involves gaining of an understanding, knowledge, information and insight, in order to perform the task. The affective dimension deals with gaining the motivation and desire to use the knowledge and understanding one has, and the active dimension deals with the skill involved actually in performing task. Development of human resources involves acquistion of new capabilities (Cognitive, affective and active). In the organisational context, it involves acquisition of capabilities (technical, behavioural and conceptual) that would enable a person to perform well different functions associated with the role he is performing at a given point of time or the role he is likely to perform subsequently.

Hence, for developing capabilities, the individual should himself be interested in developing his own capabilities. The individual would develop his capabilities faster and better when he is aware of the direction in which he could develop. The individual should make clear choices about the directions in which he would like to grow and develop. He must be aware of his strengths and weakness that will help him more in this direction. Human resource development as a process is to help the employees in the organisation in a continuous and planned way to: 1. acquire or sharpen capabilities required to perform various functions associated with their present or expected roles; 2. develop their general capabilities as individuals and discover or exploit their own inner potentials for their own and organisational development purposes; and 3. develop an organisational culture in which supervisor-subordinate relationships, teamwork, and collaboration among sub-units are strong and contribute to the professional well being, motivation, and pride of employees[15].

HRD is a process. The mechanisms and techniques of HRD,(such as perfermance appraisal, potential appraisal and development, feedback and performance coaching, career planning, training, organisation development, rewards, employees welfare and quality of worklife, human resource information, training & development programmes) interventions are used to initiate, facilitate, and promote this process in a continuous way. Because the process has no limit, the mechanisms needs to be examined periodically to see whether they are promoting or hindering the process. Organisation can facilitate this process of development by planning for it, by allocating organisational resources for the purpose, and by exemplifying an HRD philosophy that values human beings and promotes their development.

HRD is needed by any organisation that wants to be dynamic and growth-oriented or to succeed in a fast-changing environment.Organisation can beccome dynamic and grow only through the efforts and competencies of their human resources. Even an organisation that has reached its limit in terms of growth needs to adapt to the changing environment.

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15. Rao T.V., *Readings in H.R.D*,(Oxford and IBH Publishing Co.(p) ltd.,1991),pp-37-38

No organisation is immnue to the need for processes that help to acquire and increase its capabilities for stability and renewal.

Again, these HRD subsystems or mechanisms should not be thought of in isolation. They are designed to work together in an integrated system. In isolation, these mechanisms do not afford the synergetic benefits of integrated subsystems. HRD systems must be designed differently for different organisations. Although the basic principles may remain the same, the specific components, their relationships, the processes involved in each, the phasing, and so on, may differ from organisation to organisation. Designing an integrated HRD system requires a thorough understanding of the principles and models of human resource development and a diagnosis of the organisational culture, existing HRD practices, and the developmental climate within the organisation.

Sucessful organisations pay adequate attention to their human resource functions. For the full benefit of HRD to be experienced, it must be introduced as a total system with in the organisation. In addition, top management's commitment to the HRD system and its willingness to invest time and other resources is crucial, top management must make it obvious that the organisations human resources are its most important resources. The values of openess, trust, mutuality, collaboration, and enthusiasm within the system should be recognised by every member of the organisation. If implimented properly, integrated HRD system can contribute significantly to positive cultural changes, increased productivity, and excellence in organisations.

Human resource plays an important role in economic development. It contributes significantlly to the contemporary wealth of the nation. Quality of haman resource is a major factor for affecting the change. Infact, the intangiable capital of human resource contributes the most crucial determinant of growth. The capital of human resource plays an important role in raising productivity. Harnessing and utilization of human resource acquire a place of importance in any scheme of social development. The expansion and improvement of workforce are sine qua non of the continued increase in the output. Increasing knowledge, skills and capacity of all people in a society is bound to accelerate the pace of development. Expenditures on matters relating to the human resource development are more an investment to increase labour productivity and social welfare than an item on national cosumption. So, the individual should identify the opportunities within and outside the organisation for his development with the help of his supervisors and others with whom he interacts. He should then, review the consequences of his learning and application of learning periodically with the help of his boss.

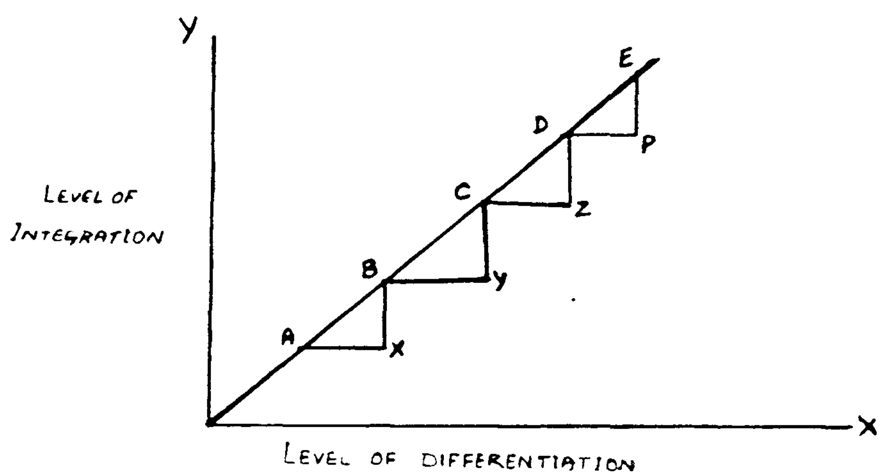
Thus, development involves systematic review of performance on different functions and assesment of capabilities, identification of development needs, creation of development opportunities and supportive climate for improvement and experimentation. Hence, HRD has gained increasing attention in the last decade from human resource specialists, training and development professionals, chief excutives, and line supervisors. Many dimension of HRD have been integrated into research, training and organisational design and change.

The present business environment all over the world is busy in engineering and re-engineering the structures and process of the organisation as well as the organisation- environment interaction to acheive the goal. Value engineering, business process re-engineering, quality accredation by ISO 9000s, Quality circles, project management and total quality management (TQM), etc are the new doctrines formulated by the organisation to enrich their human resources and to improve the quality of their products as well as services to survive in competition. No doubt, these processes and doctrines have played a major role in improving the productivity and services in developed countries, but the developing countries are still lagging behind. The failure to increase the productivity of the organisation and to enrich effectiveness of the human resouces of the developing countries by using these mechanisms or interventions have raised doubts about their validity and applicability in these countries. Hence, it can be assumed that there are certain other factors that hinder the implimentation of these mechanisms or play a dominant role in shaping the organisational climate and affects the HRD in both positive as well as negative ways. In developing countries, either the business environment is lacking proper atmosphere for sucessful implementation of these processes (HRD), or the implementation is not done whole heartedly.

The second half of the 20th century has witnessed the emergence of newly born independent coutries in Asia and Africa. These coutries launched various economic and social development programmes for the betterment of the lives of their citizens. With the political independece, these countries inherited an administrative system which was strong in the performance of regulatory functions but had little knowhow in regard to task which they were called upon to take up after independence. Largely as a matter of policy and partly also because there were not many takers of new functions in eduction, public health, social welfare, industrial productions and other developmental and cultural fields, the state had invitably to step in and initiate action. The point being made was that a traditional administration integrated to law and order was employed for these new and novel developmental and promotional tasks. This gave a new lease of life to colonial administrative cultures in the socity. These countries have their own distinct culture, values, norms, attitudes and ethics based on their civilization. So the social, politcal and economic doctrines used to develop the human resources in order to increase productivity are changed according to the circumstances best fitted to the sorroundings of the developing countries to get the desired fruits of development.

Today, industry has become a world in miniature. The information revolution, better communication facilities and inovation of modern machineries by using science and technology have available every thing to everyone in the all corners of the world. But, inspite of having abundant natural resources, human beings, free available of money and well equipped machineries, the developing countries are lagging well behind the developed countries in achieving economic growth and development.

F.Riggs considered differentiation and integration as the two key elements in the process of development. Differentiation means existence of a situation in which every function has a specialised struture for its performance. Differentiation in any socity depends on the technological and non-technological factors. Integration means a mechanism to tie together, to link up, to mesh, to coordinate the various kinds of specialised roles . The level of defferentiation and integration and their appropriate balance represents conditions of development. Lower their level and greater their imbalance, lesser is the development[16].



A,B,C,D,E REPRESENT DIFFERENTIATION IN DEVELOPED COUNTRIES

X,Y,Z,P REPRESENT INTEGRATION IN DEVELOPED COUNTRIES.

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16 Prasad D.R, Prasad V.S and Satyanarayana P. (Eds) *Administrative thinkers*, (Sterling Publishers (P) ltd,Ne Delhi),pp234-259.

Numerous complex social issues which shape the HRD as well as the economic development of the developing countries. They are as follows: Policies regarding racial discrimination in its employment practices. Discrimination on the basis of sex, religion, age region and discrimination related to wages, lack of investment in women's human capital and sexual harassement. The willingness by business to accept voluntary restraints, like in helping the country meet its balance of payment problems. Recognition of responsibilities of large companies towards small companies in developing countries. Government policies towards support of educational institutions. Involvement of management personnel in political compaing and organisations. Marketing policies promoting products that create health, safety and other social and environmental problems. Involvement of management in the community and in the family life of employees, e.g community planning, religious activities etc. Policies of providing opportunities for women in roles traditionally unavailable to them in the past.

The 1980s and 90s have seen the developing countries being forced to have structural adjustments under the guidance of International Monetary Fund (IMF). This has forced the governments to revise their expenditure priorities and unfortunately, many government policies have shown that it resulted in decrease in the investment on HRD.Hence the development of human capital now requires as much advance planning and action as physical and financial capital. The population does not merely grow and present itself for health care, schooling jobs and housing. Rather, as these investment in human capital are made, they affect population growth and distribution. Integration of population variables in development and human resource planning is therefore a dynamic process.

"The process of economic development", as Amartya Sen has said can be seen as a process of expanding the capibilities of people[17]. That is we are ultimately concerned with what people are capable or incapable of doing or being.So development is concerned with much more than expanding the supplies of commodities.The enhancement of capabilities often requries changing technologies,institutions and social values so that the creativity whithin human beings can be blossomed. This in turn,results in economic growth and people's capabilities. The two are of course,linked but they are not identical.

Although there is some relationship between income per head and human well being, the statistical association is not close, and divergences from the general tendency are

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17 United Nation, *HRD, Reflected Dimensions of development strategy, the views and recomendations of the committee for development planning*, (New York, 1988),p.17.

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atleast as striking as the general tendency itself. Human fulfillment is about whether people live or die, whether people eat well, are malnourished or starve, whether women lead healthy and tolerable lives or are burdened with annual child-bearing, a high risk of maternal mortality, the certainty of life long drudgery; whether they can control their political lives; whether they have the education to be full members of society with some control over their destiny. Although these are all aspects of the standard of living, they are only loosely included or not included at all in the measure of GNP. Hence,no nation can survive beyond a point unless they are continuously alert to the changing environment and continuously prepare their human resources to meet the challanges and have an impact on the environment. Thus HRD is an essential process for national survival and growth because it can become dynamic and grow only through the efforts and competencies of their human resources.

The issues relating to human resource development have come to the fore in the last few decades because of the fact that the benefit of economic growth do not necessarily accrue to all sections of the community automatically, the ultimate objective of social and economic changes in human resource development. The expansion of income and employment is essential but only as a means to enriching human lives. Infact,there has been a considerable debate in the literature on whether economics is a positive or normative science. It has been argued by many that the justification for economics as study lies in its ability to contribute to improve the well being of the people. Alfred Marshall who gave shape to economic discipline, described economics as "a study of mankind in the ordinary business of life.[18]" According to him "it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well being. Thus it is on the one side a study of wealth; and on the other, and more important side, a part of the study of man".

HRD : Rationale and Significance

Human resource development has been described as a process of enlarging human capabilities and choices. Apart from the basic necessities such as food, clothing and shelter, other human choices include long life, good health, adequate education and participative decision making. Thus human resource development is multidimensional involving political, social and economic elements. It is not, herefore surprising that countries do not rank identically on the income scale and human development scale. Sometimes the difference in the ranking are quite striking. A development strategy focused on human resource development seeks, therefore, to ensure for as large a section of the society as possible an acceptable standard in living.

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18 Ranga Rajan N., *Human Development*, (University News, Monday, Aug'19, 1996),pg.14.

Human resource development in any country can be seen as the result of benefits following from the stocks of capital that the country processes, such as natural resources including atmosphere and oceans, flora, fauna, soils, minerals deposits and sources of fresh water, physical capital including produced means of production, i.e. plant and equipments, physical infrastructures, stocks of dwellings, etc; and human capital such as knowledge skills, experience, energy and inventiveness of people acquired in a variety of ways including formal education training, on the job learning by doing, informal contracts, information contracts, information media and reflection.

Enhancing human resource development means augmenting the stock of capital-natural, physical and human. Human development Report-1995 highlights the four main components of the human development paradigm [19]: a) Productivity : People must be enabled to increase their productivity and to participate fully in the process of income generation and remunerative employment. Economic growth is, therefore, a subset of human development models. b) Equity : People must have access to equal opportunities. All barriers to economic and political opportunites must be eliminated so that people can participate in, and benifit from, all these opportunities. c)Sustainability: Access to opportunities must be ensured not only for the present generation but for

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19 Ibid, pg.14

the future as well. All forms of Capital-physical, human, environmental should be replenished. d) Empowerment : Development must be by people, not only for them. People must participate fully in the decisions and processes that shape their lives. For this, an appropriate political and social framework becomes necessary.

Human resource development implies economic growth. Sustained improvement in human well being is not possible without economic growth but, at the same time, high economic growth need not necessarily translate into higher levels of human development. Studies have shown that economic growth requires effective policy management if it is to enrich human development; conversely, if human development is to be durable, it must be continuously supported by economic growth. Any imbalance between the creation of capabilities in people which is what human resource development aims to achieve and the absorption of these capabilities in productive activities which is what economic growth, can result in create social upheaval. Wastage of human resource can be most detrimental to any society and it therefore, should go hand in hand with economic growth.

An aspect of human resource development that has assumed great importance in recent years has been sustainability. Sustainable development has been defined as development that lasts. Many fast growing economics have paid a high price in term of environmental degradation. Water, air and atmospheric pollution have seriously affected not only the health of humans but also the fauna and flora of countries. A major concern therefore, has been to ensure that those who enjoy the fruits of development of economy today do not make future generations worse off by excessively degrading the earth resources and polluting the environment.

The general principle of sustainable development adopted by world commission on environment and development that current generation should "meet their needs without compromising their ability to future generations to meet their own needs" has become widely accepted. Environmental conservation must, therefore, constitute an integral part of any developmental startegy and state intervention in terms of pricing and taxation as well as direct control over certain activities become essential to achieve such conservation.

It has been axiomatic that science, technology and education are indispensable ingredients for national industrial and economic development. Science and technology can improve the effectiveness of utilization of natural resources and capital, while education is concerned with the development of human resources. The recent reforms in the industrial and economic sectors world wide have forced to reorient our priorities and strategies in these and related sectors.

HRD : STRATEGY AND THE ROLE OF THE STATE

The case for a development strategy with an emphasis on human resource development rests on the following premises: a) Return from investment in human capital are at least as high as those from other forms of investment. b) Investment in human capital often economizes the use of physical and natural capital. For example, better health facilities for workers imply, more often than not, an increase in productivity. c)Benefits of investment in human capital are more evenly spread than from other forms[20].

These advantages do not accrue automatically. The state has to play a role not only in guiding the development process but also intervening wherever necessary to ensure that the full benefits of human capital are derived. What is important is not the size of intervention by the state, but how well the state performs it.

Hence, the state has to look for some alternative development strategy based on some priorities for action like: Lower Infant Mortality and Morbidity, where higher rates of mortality and morbidity are clearly income related, but poverty need not prevent progress. Improved access to food subsidies, immunization, potable water, diarrhoea control and family planning can be provided independent of

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20 Ibid, pg-15.

family income. This applies particularly to the rural areas, where infant mortality is usually several times higher than in the urban areas. Human resource development implies that all human agents of economic growth and change are involved in the development process. But cultural practices also prevent women from making their full contribution to development. For example, when the male head of a rural house hold migrates, his wife is often left with full responsibility for whatever land or livestock they own, yet she seldom has full legal rights or access to cooperatives, credit or extension services. The same cultural barrier can prevent women from doing traditionally male jobs or, from exploiting the potential income generating activities such as weaving, or raising produce or livestock.The loss of scarce human capital from rural to urban areas and from poor to rich countries has received less attention over the last two decades. There is excellent research on the number of highly qualified workers who leave poor countries, but little on possible solutions.

More research and analysis are needed, particularly at the national and local levels. This will depened on good data on the size, growth, structure and distribution of the population, which inturn, demands adequate census, survey and civil registration capability.

Investment to develop human resources may be accidentally negated by development policies in other sectors. For example,the benefit of investment to raise skills and increase employment on farms may be weakened or cancelled by fiscal policies which keep production prices down so as to ensure low prices for urban consumers. The result is small profit margins and little room for capital investment by farmers. This led to a low return on such investment as agricultural training, persistent rural/urban income inequilities, and migration of rural workers to the cities.

These priorities are at the heart of a forward looking human resource strategy. Human development is a complex process, requiring integrated planning. Well placed research & funding can yield immediate benefits.

ECONOMIC DEVELOPMENT AND HRD : African Situation

Africa's current economic and human crises are but a manifestation of the continent's more pervasive structural problems. Unless these fundamental factors are dealt with through systematic, long-term structural transformation, the continent will be forever susceptible to recurrent crises.

Most African economies are heavily dependent on the export of a narrow range of primary commodities whose price have been falling and whose future prospects are not encouraging . Productivity in agriculture, particularly food production, and in other sectors is abysmally low, and per capita food production trends have shown a tendency toward long-term decline. Domestic production is heavily dependent on imported factor inputs, the prices of which have been continually rising. The linkages between the economic and social sectors are weak,depriving the African economies of the mutually supportive sectoral interactions that are indispensable for the emergence of dynamic, self-reliant and self-sustaninig economies.Futhermore, the African economies are particularly exposed to changes in external factors, thus, not only can they not generate from within the necessary momentum for sustained development, but also, they lack the capacity to absorb the external shocks. The African economies further suffer from serious deficiencies in their basic economic and social infrastructure, particularly in physical capital, research capabilities, technological know-how and effective human resource development and utilization . These elements are indispensable for an integrated and dynamic economy. Pervading these diffective structures are excruciating poverty and large income distribution disparties, leading to a vicious integration of forces of under development.

The severity of the current economic crises, the fragility of the Africa economies, the absence of a cushioning capability, the paucity of financial resources and the sheer need for survival have prompted the majortity of African countries to adopt a crisis management approach to economic survival.

In terms of human targets, this would call for giving priority of improving the quality of life for the people on one hand, and the effective development and utilization of human resource on the other.Improvement of living standards should be the basic objective of development plan, and this should be translated into identifiable and quantifiable plan target in terms of reduction of poverty, increase of prodcutivity and real incomes (particularly of the poor), reduction of unemployment and under-employment levels, reduction of malnutrition, morbidity and mortality, and provision of access to social services.

Inadequate human resources constitute one of the most serious constraints on development . Africa's human resources will have to play a crucial role in the effort to change the region's structure of production and to manage the economy with greater efficiency. This calls for an effective planning and development of scientific, technical and intermediate skills that are required by the process of structural change towards self- sustaining growth and development.Radical changes in the educational system, priorities favour of an increased technical and scientific orientation to fill the skill gap are basic conditions for success.

There is also a need to significantly strengthen reseach and development capabilities so that the necessary linkages can be established between the productive sectors and the natural resource base for the effective exploitation of the latter. Human resource development programs will also have to evolve development-oriented leadership, administrators and practitioners. A development-conscious society needs to emerge.

Imaginative and comprehensive strategies needs to be put in place to promote employment and productivity and to reverse the prevailing negative trends. Development plans should generate employment and incomes and the reduction of absolute poverty as major objectives. Investment priorities should favor the rural areas to increase rural employment, productivity and income.The largest group of food producers in African agriculture are women. A major goal should be to render them more productive through appropriate policies. The informal sector has also been playing a significant and growing role in the African economies. Appropriate policies should be introduced to encourage the creation of productive employment and incomes in this sector.

The creation of a sufficiently large class of enterpreneurs who are capable of increasing the production of goods and services and of providing greater employment opportunities requires special attention.

The democratization of the development process, so that people will participate willingly and effectively in decision making and the creation of wealth and will share equitable the fruits of development, is an essential human target and a prerequisite for higher levels of creativity and productivitty. A liberal, open society which is tolerant of dissent and in which individuals are able to express new thinking is an essential element of an enabling environment. Social justice, equality of opportunity, respect for human rights, elimination of discrimination against minorities and vulnerable groups, and the equitable distribution of income must become the norm. Only in such an environment can human resources realize their full potential and make their fullest contribution to development; and only in such an environment can a nation hope to retain its high-level manpower and talent.

Peace and stability are essential prerequisites of sustained development. Intra-state and inter-state conflicts have sapped the energy of African countries and drained scarce financial resources which could have been better invested in growth and development. Adding the cost of economic opportunities wasted as a result of such conflicts, the immensity of the drain in resources becomes self-evident. Every effort must therefore be made to curtail costly military expenditures by creating the necessary conditions for peace, stability and brotherly relations among neighbours and for the peaceful resolution of regional conflicts.

Framework for HRD Goals

The successful implementation of a balanced approach to development in which the human factor assumes a central role necessitates that a new approach to development planning be adopted by African countries. Such an approach calls for balancing and integrating human targets on the one hand and the requirements of human resource development and utilization on the other into national development plans. Means to acheive the objectives of the integrated national plan will also have to be clearly specified. Such an approach would also call for the refinement of human indicators so that quantifiable targets can be set, monitored and assessed.

National effort to adopt a human-focused development strategy needs to be supported by regional and subregional efforts in the same direction. For example, African countries need to cooperate to reduce the unemployment and brain drain problems they face by creating opportunities for the free movement of people and by opening up subregional employment markets. Regional and subregional cooperation should be intensified to create and strengthen institutions providing training and research in critical areas for the common use of member states.

A human-focused development approach requires that not only internal resources, but also external financial resources, be made available in support of long-term human development objectives. Africa's bilateral and multilateral development partners, as well as the U.N. system, must support this approach if it is to succeed.

Stabilization and adjustment measures adopted by a large number of African countries have focused on external equillibrium and fiscal balances, failing to incorporate or build long-term developmental objectives and neglecting the human dimension of development. And implicit in the assumption is the lack of will to strengthen the institutional, scientific, technical and productive capacity in a priority basis required for sustained long-term growth and development.

Experience has now proved that Africa cannot hope to develop through successive generations of stabilization and adjustment measures which are limited in their objectives such as failure to attack the root causes of underdevelopment, which is necessary to transform the structure of the economy. Dynamic, self-reliant and self-sustaining growth must depend primarily on internal stimuli. Africa's development challenge will be met only by "adopting an integrated approach to development, increasing the subsitution of factor inputs from within the system for those derived from outside, altering the nature of and types of goods and services needed to meet the basic needs of the majority of the population and by strengthening sub-regional and regional co-operation and encouraging the co-ordinated exploitation and utilization of Africa's vast resources for the benefit of the African people."[21]

This integrated approach to development must put the human factor at the centre of the development effort. People are necessarily and immutably both the ultimate beneficiaries and the inevitable mentors of the processes of change. The African people should not be alienated from the productivity, growth and development.

Such an approach would dictate that the human dimension be incorporated as part and parcel of development objectives and of the planning process through which these objectives are to be realized. Hence, the need of the hour is to evolve a new human resource development process based on modified concept, modified goal and modified mechanisms best suited to the atmosphere of the developing countries. To achieve the goal of HRD system, some additional mechanisms or subsystems should be formulated in order to make the organisation vibrant and survive in the environment. The developing countries need to give themselves a new deal which

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21United Nations, *HRD, Neglected dimension of development strategy, reconmedation of the commitee per development planning,* (New York , 1988), pp.17-41.
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would be substantially different from the one currently adopted. A people-oriented development approach as well as a serious rethinking to improve and develop the human resources by introducing various projects for quality of life of people and effective development and utilization of human resources is the only alternative available to the developing countries to survive in the competition.

Higher per capita income, better education facilities (primary, secondary, tertiary, vocational and technical), proper health care, poverty eradication, use of modern technology, better housing facilities, proper working conditions.Sound sanitary conditions, efficient research and design system, electricity, transport & communication and other socio-economic factors are the indicators of HRD at national level which explain the quality of human resourses of a country. Africa, the second largest continent of the world, has faced the stern realities of economic life immediately after independence. The illusion of achievement of economic independence through political freedom no more prevails among the Africans.

But, Mauritius has been an exceptional case in the whole continent of Africa. It has developed its human resources over a short period of two decades to achieve better economic growth and stability.

A small island in the Indian Ocean, Mauritius, despite its limited population and area, finds itself today a subject of consideration by all those who are interested in development challenges of Africa. Mauritius which faced numerous handicaps at the time of independence in 1968, has become an industrial success story in Africa. For more than two centuries, the Island of Mauritius knew only a mono-crop economy based in sugar-cane, the industrial sector was, until quite recently, virtually non-existent. Its success can be gauged by numerous indicators, such as the growth rate of 6.7 on an average during 1980-90, and the unemployment figure which stood at around 5% in 1980 to a position of full employment. This achievement is the result of the realistic & bold economic policies and rapid industrialization. It enjoys the standard of being a middle income developing country.

So, the foundations of long term, self-sustaining, self reliant and balanced development must be laid without delay. It is therefore important that short term recovery programs be made compatible with long term development objectives. Much as the human factor should be at the centre of long term development strategies, it should also be the focus of short terms programs. Now here has this been expressed more forcefully than in the Khartoun Declaration, which stated-this declaration, then affirms and asserts that the human dimension is the sine qua non of economic recovry. "We the delegates assembled, will not abide economic rationale, will not tolerate economic formulas, will not apply economic indices, will not legitimize economic policies which fail to assert the primacy of the human condition. That means, quite simply, that no structural adjustment programme or economic recovry programme should formulated or can implemented without having, at its heart, human resources development."[22] The next chapter deals with the interrelationship between economic development and human resource development in Mauritius.

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22 Haq Khadija and Kindar Uner(Eds) *Development for people, goals and strategies for the year 2000.*(United Nations, 1988.) pp 17-41.

CHAPTER - FOUR

The population of Mauritius was enumerated at 1,058,942 at the July 1990 census, and was officially estimated at 1,084,000 in mid-1992, giving a density of 550.5 inhabitants per-sq KM. During 1985-92 the population increased by an annual average of only 1.1% (compared with a rise of 3% in 1963), owing, in part, to higher emigration and a decline in the birth rate. The population is of mixed origin, including people of European, African, Indian and Chinese descent. Almost 42% of the population inhabit the urban area extending Port Louis (the capital and business centre) on the north-west coast, to Curepipe in the island's centre.

On the basis of research reported in Intereconomics (1986 : 21),[23] Mauritius, with a per capita income in 1985 of US$ 1217 (R15,480), may now be classified as a middle-income country (MIC) rather than a least developed (LDC) or a low income country (LIC).

23.Appleyard R.T. and Ghosh R.N.(Eds), *Economic planning and performance in Indian Ocean Island States*,(National Centre for developmental studies, University of Western Australia, Canberra, 1990), pg.77.

In 1968 the Mauritius economy was basically agricultural, dominated by sugarcane production which until 1984-85 occupied some 87 per cent of the country's arable land and 45 per cent of its total land area. Although domination of the economy by the sugar sector has declined in recent years it remains a fundamentally important determinant of national output and income. The level of economic activity in Mauritius is extremely sensitive to fluctuations in sugar production and its price on international markets.

Non-sugar agriculture in Mauritius is composed mainly of tea and tobacco. Tea is grown in the wet south central highlands, where conditions are not suited to sugar production. The total land area under production is less than 5 per cent of the area used for sugar. About 70 per cent of the crop is under the control of the Tea Development Authority (estblished in 1971), which operates most of the tea factories. In 1983, about 75 per cent of tea production was exported to South Africa, the UK and the USSR. Although the area under tea remained approximately the same between 1980 and 1984, production increased by about 80 per cent as a result of the gradual maturing of trees planted in the 1970s and improved incentives following recognization of the Tea Development Authority.[24]

Tobacco is the third main crop. Land used for its production is limited by the Tobacco Board to prevent overproduction and is less than 1 per cent of the cultivable land area. Total production of about 800 tonnes is sufficient to enable locally manufactured cigarettes to be made entirely of locally produced tobacco, apart from certain luxury grades. Fishing, animal husbandry, and the production of food crop (including potatoes, maize, tomatoes and groundnuts) and encouraged by the government which is trying to diversify agriculture in order to reduce the food import bill.

The fast- growing non-sugar manufacturing sector accounted for approximately 15 per cent of total

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24 Bowman L.W., *Mauritius-Democracy and development in Indian Ocean*, (London, 1991), pg.131.

value-added and 27.5 per cent of total recorded employment in 1985 and 43 per cent of total export earings in 1984. Comparable statistics for 1980 were 18 and 27 per cent respectively. Textiles and wearing apparently account for more than one-third of value-added in this sector and food and beverages account for one-fifth. Non-sugar sector may be devided into two sub-sectors : the Export Processing Zone (EPZ) and companies producing primarily for the domestic market.[25] (i) EPZ is a status given to companies which concentrate the labour-intensive processing of (principally imported raw materials into finished goods for the export market. Within the EPZ, local and forein investors are offered attractive packages of incentive including 'tax holidays', reduced company tax exemption from import duties on most raw materials and capital goods, free repatriation of profits, capital and dividends, and cheap electricity.

The EPZ has been largely responsible for the recent high growth of the non-sugar manufacturing sector, and EPZ firms produce about 30 per cent of value-added in non-sugar manufacturing and account for 61 percent of the sector's employment. (ii) The non-EPZ non-sugar manufacturing consists of three types of firms :

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25 High Commission of India in Mauritius, *Mauritius-Commercial and Economic note, August 1991*, pp.1-27.

(a) Those holding Development Certificates (DCs) under the 1964 Development Incentive Act, instituted to encourage the expansion of import substitution industries and offering various tax and other incentives; (b) companies without any special status, either past or present; and (c) companies which held DCs in the past.

Tourism is also an important sector of the Mauritius economy, ranking third after the EPZ and sugar as a source of foreign exchange earnings, although it also contributes to the import levels especially foodstuffs. No systematic estimation direct and indirect value-added from tourism is available,but study by Archer and Warhill (1981) estimated that when indirect effects are taken into account, the sector's contribution to GDP was greater than its direct earnings. Directly related activities (hotels, casinos, etc.) created an estimated 4000-5000 jobs and indirectly related affect another 13,000 jobs, The study also estimated that net foreign exchange earnings (i.e net of directly tourist related imports,fees and profit-remittances) amount to about 25 per cent of gross receipts compared with 40 per cent in manufacturing and 80 per cent in sugar. Most visitors to Mauritius come from Reunion, South Africa and France.[26]

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26 Appleyard R.T. and Ghosh R.N. (Eds) *Economic planning and performance in Indian ocean Island States* (National Centre for Developmental Studies, University of Western Australia, 1990), pp. 75-97.

Apart from tourism, Mauritius has an important service sector comprising the central government, various parastatal bodies (including water,electricity and local aothorities), commerce, transportation and a highly organised financial sector. The financial system includes the Bank of Mauritius (Centrl Bank), a development bank, two financial corporations, several Commercial banks (which include off-shore banks), post office savings bank, and a host of other intermediaries. Commercial banks dominate all other financial instituations and their combined assets exceed those of the entire non-banking financial sector.

Unlike other developing coutries, Mauritius has a highly monetized economy. Seventy per cent of the country's households have bank accounts. Hence operations within the financial sector can be effectively controlled by the Bank of Mauritius, more because of the absence of significant financial institution out side the organised sector.

However, the relative smallness of the Mauritius economy and its exposure to the world market impose some restraint on the effectiveness of monetary policy as an instrument of achieving economic goals. Until 1975, the exchange rate of the Mauritus rupee was linked with the pound-sterling. For the next eight years it was linked with the SDR and since 28 February 1986 it has been pegged to a trade-weighted basket of currencies.

Economic policy objectives

The Mauritius government's major policy guide during the past twenty-five years has been professor J.E. Meade's report of the economic and social structure of Mauritius (1961). Though many of its specific recommendations have been modified over time it is not entirely out-of-date. Any examination of the Mauritius economy should therefore carefully consider the Meade Report which set out to 'survey the then economic and social structure of Mauritius in order to make recommendations concerning the action to be taken to render the country capable of maintaining and improving the standard of living of its people, having regard to current and foreseeable demographic trends' (Meade 1961:xv).

The performance of the Mauritius economy from 1971 to 1986 can be conveniently divided into three periods: (1) 1971-76, economic growth; (2) 1977-83, the period of recession and structural adjustments; and (3) 1984 onwards, the turn around and ecnomic revival.[27]

(1). (71-76) The Meade Report had clearly identified two main weaknesses as excessive dependence on the sugar sector and unemployment due to the projected addition to the workforce during the 1960s and 1970s. Following publication of the report, the chief objective of

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27 Ibid, pp.75-97.

economic policy became the creation of employment through expansion of import-replacing manufacturing industries. Under the Development Incentives Act of 1964,a company qaulifing for a Development Certificate (DC) was given five to eight years of corporate tax exemption and its dividends were free of tax for the first five years. The company's imports of machinery and equipment would also be generally exempted from customs duties, and duties would generally be put on the commodities which were in competition.

The objective of diversifying agriculture away from sugar and into other activities was facilitated in the 1960s by an export tax on sugar, the creation of an agricultural marketing board (its main purpose being to offer guaranteed minimum prices for crops other than sugar), and the shifting of emphasis by the state's development bank away from sugar. The expansion of the tea industry was also encouraged after 1959 when the Tea Control Board was instituted. The government attempted to expand the area. under tea cultivation and also distribute it to smallholders grouped into cooperatives. The measures adopted for agricultural diversification were expected to assist low-income earners. Tax levied on sugar exports would, it was hoped provide a valuable source of government revenue that could be used for welfare purposes.

A sector of the economy virtually ignored by the Meade Report, although actively promoted by the government after 1959, was tourism. Following the esatblishment of the Government Tourist Office (MGTO), loans and facilities were made available to the hotel industry. Mauritius became a member of various international tourist organizations and estblished contacts through the International Union of Travel Organization (IUOTO), and a new airport terminal was completed.

In 1970 the government decided to promote export-based industrialization. It established the Mauritius Export Processing Zone (EPZ) which offered prospective local and foreign investors a package of facilities and incentives guaranteed by law. These included free repatriation of invested capital, profits and dividends. Government guarantee against nationalization, a ten to twenty year tax-holiday for corporate income, a five year tax holiday on income from dividends, complete exemption from payment of import duty on machinery, equipment, spare parts, raw materials, components and semi-finished goods, loans at preferential rates of interest from commercial banks and facilities for transportation.

The government also set up the Ministry of Commerce and Industry to help EPZ industries compete in foreign markets. A series of bilateral and international agreements were negotiated whereby Mauritius exports benefited from total exemption or preferential rates of customs duties under the General Agreement on Traiffs and Trade, Commonwealth Agreement and Preferences, generalised System of Preferences, and duty-free and quota-free access to the European Community market under the Lome Convention.

In order to maximise employement creation, EPZ was specifically designed to encourage labour-intensive activities, even though the Four-year plan 1971-75 recognized that EPZ was not capable of creating employment in the short term for the rapidly expanding population of workforce ages. The 'Travail pour tous (TPT), or 'Work for All' program, launched in 1971 with the objective of creating jobs for those who could not otherwise find work immediately, gave jobs to workers (even though not financially profitable to their employers) rather than unemployment relief. The program hoped to capitalize on the abundance of labour by carrying out work which would not have been possible in a full employment situation. A policy of improving land cultivation (mainly through large scale irrigation, land improvement and renewal of plantations or small farmers' land) was also implemented to create jobs, as was a policy of more intensive use of available land for higher value crops for the local market. The tea planting program (commenced in 1959) was to be speeded up. Indeed, most of the public sector investment proposed for agriculture in the 1971-75 plan period was in the tea planting program. And in order to overcome inadquacies in service in the tourism industry, a Hotel Training School was opened to train front staff, waiters, porters, chamber-maids and kitchen staff.

Despite considerable diversification of the economy between 1971 and 1976, the the sugar sector continued to dominate economic performance, aided by high world prices and buoyant international demand. Encouraged by this success, the government undertook a large investment program aimed at improving social and economic infrastructure. Roads, Schools and public buildings were built by workers under the 'Travail pour Tous' program and financed by many available sources of concessionary funding.

An expansionary monetary policy led to an increase in money supply which, in turn, led to a rapid increase in prices after 1972. The Consumer Price Index rose by 5.4 per cent in 1972, 13.5 per cent in 1973, 29.1 per cent in 1974, 14.7 per cent in 1975, and 13.4 per cent in 1976. In an attempt to protect the purchasing power of wages, the government introduced a cost of living allowance (COLA) in 1974. Wage and salary increases for public sector employees were then based on changes in the Consumer Price Index (CPI) in the previous twelve months.

A number of problems were exacerbated by the Mauritius government's wages policy. Although the inflationary spiraling of prices at that time could be attributed mainly to the international situation, and hence was beyond the control of domestic macroeconomic policies, there can be litte doubt that wage and salary increases accentuated the budgetary deficits and put pressure on the balance of payments. (2) (1977-83) The end of the sugar boom in 1976 exposed fundamental weakness in the Mauritius economy - excessive dependence on sugar exports for foreign exchange, and on imports of a wide range of basic commodities (food and oil) as well as capital. For example, in 1976, imports representeed 57.8 per cent of GDP at factor cost. Lack of diversification of the economy was also to cause serious economic difficulties during the second plan (1975-80) through chronic dificits in the balance of payments, aggravated by recession in Western economies.[28]

Nevertheless, GDP in real term had grown at an annual average of 11-12 percent between 1970 and 1976, and further optimism was created by the sharp decline in population growth by the mid-1970s. Encouraged by these factors the government decided to maintain its policies of promoting development by active governmental intervention.

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28 Bowman L.W., *Mauritius:Democracy and Development in Indian Ocean*, (London, 1991), pp. 103-139.

As already noted, a major objective of the second plan (1975-80) was employment creation. The bulk of 76,000 new jobs created during this period were the result of growth in the manufaturing sector, although a significant number were also created by rapid expansion in economic and social infrastructure. Major areas of spending were education (there was to be a restructuring of the education system and low-cost training programs in formal courses and on-the-job training), water and sewerage, electricity, transport and communication. The financing of these projects required massive government spending.

A major thrust of the new economic policy was to restore the level of savings by reducing consumption through moderating increases in wages and salaries. In its 1980-82 Two-Year plan, the government agreed to restrict the growth of public and private consumption expenditure by appropriate budgetary, monetary and wage polices. Its other main objectives were to achieve balance in the recurrent budget by more effective taxation policies, by raising revenue through new channels, and by reducing expenditure, to reduce the public sector program on construction of roads, and to redirect capital formation from dwellings, non-residential buildings and passenger cars (which had absorbed an increasing share of national investment) to more directly productive sectors.

In order to achieve structural balance, the government successfully negotiated a first Structural Adjustment Loan (SAL 1) of US$ 15 million with the World Bank in April 1981. These funds were used to improve the cash-flow of the sugar industry and to restore the exchange value of the rupee vis-a-vis the US dollar.Partly as a result of these initiatives, real GDP increased by 6.4 per cent in 1981 after a sharp decline of 10.1 per cent in 1980. Though the public sector wage bill was restrained between 1980 and 1983, government finances deteriorated as a result of growing budget dificits and rising public debt servicing. As a perentage of GDP, the budget deficit increased from 4.5 per cent to about 9 per cent between 1980 and 1982.[29]

After peaking at 42 per cent in 1980 the rate of inflation declined to 5.6 per cent in 1983. However, in that year GDP at fatcor cost remained stagnant, unemployment reached a massive 27.6 per cent, the real growth rate of gross domestic fixed capital formation (GDFCF) was negetive and the balance of payments was heavily in deficit. A disturbing feature of the economy between 1979 and 1983 was that while GDFCF plus stocks fell drastically in real terms, the bulk of disposable resources went into cosumption, whose share of total uses increased from 77 per cent in 1981 to 82 per cent in 1983.[30]

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29 Ibid, pp.103-139.

30 Ibid, pp.103-139.

(3). After 1984, a series of structural adjustment programs initiated by the government during the economic recession (1979-83) began to yield positive results. A major reason was spectacular growth in the EPZ. Between 1984 and 1985. An increase in the number of establishments in the EPZ from 195 to 277 created more than 15,000 new jobs.Unemployment, which in 1983 had been 27.6 per cent, fell to about 16 per cent by December 1985.[31]

Total exports increased from Rs5491 million in 1984 to Rs7009 million in 1985, of which EPZ exports contributed Rs3283 million due mainly to increased world demand for its textiles and clothing. In 1985 the value of EPZ exports exceeded the value of sugar exports, even while proceeds from sugar exports increased by 13.6 per cent between 1984 and 1985, due in part to a new allocation of 5018 tonnes by the European Community in 1985 following Kenya's inability to meet its quota. The third major sector of the economy, tourism, also recorded impressive growth in 1985. An increase in both tourist arrivals and average tourist expenditure raised earnings from Rs630 million in 1984 to Rs840 million in 1985.[32]

Despite such strong recovery in the three major sectors of the economy - EPZ, sugar and tourism - the

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31 Ibid, pp. 103-139.

32 Ibid, pp. 103-139.

Mauritius government kept firm control over wages and salaries, particularly for persons employed in the public sector.

Index of real incomes of public sector employees,

(1973-74 = 100)

	1976-77	1979-80	1984-85
Low income	115.7	96.5	87.5
Middle income	93.8	71.2	51.9
High income	72.1	53.4	34.8

Source: Mauritius, Central Statistical Office.[33]

The 1985-86 Budget also reduced personal income tax from eight to four income bands, and reduced the maximum marginal rate of income tax from 70 per cent to 35 per-cent:[34]

Income range per year	**Rate of tax (%)**
Up to Rs10,000	5
Rs10,001 to Rs30,000	15
Rs30,001 to Rs50,000	25
In excess of Rs50,000	35

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33 Appleyard R.T. and Ghosh R.N. (Eds), *Economic Planning and performance in Indian Ocean Island States*, (National Center for developmental studies, University of Western Australia, Canberra,1990), pg. 90.

34 Ibid, pg. 91.

The budget performance for 1984-85 was on target despite increases in the cost of servicing the public debt, subsidies on food and payment of public service pensions. The overall budgetary deficit was reduced from 6.4 per cent of GDP in 1983-84 to 5.5 per cent of GDP in 1984-85.

Other indicators also show clear economic recovery since 1983. GDP increased by 6.5 per cent in real terms 1985, while investment has increased steadily since 1983 after four years of negative growth. At the same time, the Consumer Price Index (CPI) rose by 6.7 per cent in 1985 compared with 7.3 per cent in 1984.[35]

As regards balance of payments, the current account deficit increased marginally from Rs622 million in 1984 to Rs647 million in 1985, but as a percentage of GDP it decreased from 4.3 per cent in 1984 to 4.0 per cent in 1985. On the other hand, the capital account recorded a surplus of Rs1147 million for 1985, thereby giving an overall balance of payments surplus in 1985. At December 1985, the outstanding external debt was Rs10,433 million, or 78.4 per cent of GDP at factor cost. This imposes a severe servicing burden, even though the External Debt Service Ratio (including IMF), declined marginally from 26.1 per cent in 1984 to 25.4 per cent in 1985.[36]

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35 Ibid, pp. 75-97.
36 Ibid, pp. 75-97.

An assessment of macroeconomic policies 1980-86.

Economic recovery in Mauritius since 1983 has been facilitated by a combination of conservative fiscal, monetary and income policies. Fiscal policy was aimed at achieving a balanced budget, or at least reducing budgetary deficits as far as possible. To achieve this objective the government reduced expenditure in the public sector and net borrowing from the domestic banking sector. The net effect was that more credit became available for use by the private sector.For example,in 1984-85 net domestic credit to the private sector increased by an estimated 18 per cent over 1983-84.General government consumption of goods and services declined from 14 per cent of GDP at market prices in 1984 to 13.3 per cent in 1985.[37]

At the same time, the goverment reduced personal income tax and rationalized the corporate tax system. In view of the conuntry's very high propensity to import (expressed as a ratio of GDP the import bill has been in the range of 0.5 to 0.6), the government imposed an import levy on all non-essential imports and raised stamp duty on imports from 13.5 per cent to 17 per cent in 1985-86, but exempted such basic commodities as rice,flour,pulses,dried salted fish,

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37 Bowman L.W., *Mauritius:Democracy and Development in Indian Ocean*, (London, 1991). pp. 103-139.

fertilizers and kerosene.The most successful of other tax changes , in terms of revenue gain, was the sales tax on goods (introduced in 1983). This now accounts for 7 percent of total revenue, and according to the IMF, appears nearly unitary elasticity with respect to GDP (International Monetary Fund 1985).[38]

Monetary and credit polilcies since 1980 have been guided by three different (and often conflicting) considerations: maintain price stability as far as possible by reducing the rate of inflation; maintain a manageable balance of payments position; and provide necessary credit facilities for priority sectors of the economy. It was intended to achieve these objectives by a fine tuning of monetary policy-encourage savers by ensuring a positive real rate of interest and keep the rate of interest sufficiently low in order to promote productive investments, particularly by channelling domestic credit to the priority sectors.The government has been very successful in achieving its first objective; the rate of savings rose from 17 per cent of GDP in 1983 to 18 per cent in 1984 and 20.5 per cent in 1985, thereby generating increased domestic savings to finance investment.[39]

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38 Ibid, pp. 103-139.
39 Ibid, pp. 103-139.

So during the last decade, thanks to imaginative economic management, aided by a combination of good fortune, natural advantages and hard work Mauritius has successfully pursued the path of high economic growth. Mauritius is no longer a "mono-crop economy" depending solely on sugar, or facing the problems of structural deficiencies, as was the case before 1980.The annual growth rate has averaged around 7% during the period 1983 to 1988 while the per capita income has risen to US $ 2,600. In the words of the Prime Minister Sir Anerood Jugnauth "Mauritius is one of the rare developing countries which has known a period of unprecedented economic progress so much so that it can now be safely said that the island is on the way to join the rank and file of the Newly Industrialised Countries (NICs).[40] "This view is echoed by international economic institutions, such as WB and ADB, which have hailed this as "economic miracle". However, the growth rate slowed down in 1990 (4.6%). Achievement of full employment has brought new problems, in what is acknowledged as the Second Phase of industrialization. But the overall economic strategy is internationally viewed as sound and effective. The net result is that despite its small population base of 1.1 million, the country has attracted notice , and foreign investments, especially in view of its privileged duty and quota free access to the EEC under the Lome Convention.

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40 High Commission of India in Mauritius, Mauritius-Commercial and Economic note, August 1991, pg. 1.

Recent positive developments in Mauritius includes (i). The first-ever Stock exchange became operative in June 1989. Nearly 20 public companies have had their stocks enlisted; sizeable tax incentives (reduction of company tax from 30 to 20 per cent) have been coupled with rigorous criteria on the health of the companies seeking registration. An "over the counter" market has also been established. Foreign investments on the Stock Exchange through country funds has been authorised in 1991 Budget. A "Unit Trust" was launched sucessfully in June 1990 and now non-residents are allowed to invest in Unit Trusts. (ii) An off-shore banking centre has been set up, and efforts are being made to expand this into a full "offshore service centre". This is the first such entity in the region and has attracted business from neighbouring African countries, as well as South Africa. In the Budget for 1991 domestic banks have been allowed to hold on foreign currency balance of companies with Offshore Banks as against past procedure of keeping funds with foreign correspondent Banks.[41]

The previous pages give an account of the continuous gowth in the productive capacity of the economy of Mauritus over last decade.A small island like Mauritus, whose economy largly depends on three sectors - tourism ,sugar and EPZ has been able to sustain an economic growth of seven per-cent,

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41 Ibid, pg. 21.

which is a significant achievement in world standard. Growth in physical capital and sound macro economic basis are no doubt to important factors for economic growth, but growth in human capital is vital for sustained economic growth.Statistic as shown elsewhere shows the impressive forays made by Mauritus in this front.

The Mauritian Government could realise the primacy of the human beings in the development process and of the need to focus the development endeavours. So they have emphasised the importance of the mobilization and development of human resources in Mauritius as crucial factor in promoting sustained and increasingly self-reliant socio-economic development. The longterm futuristic developmental policies adopted by Mauritian government in the areas of education and vocational training, improvement of infrastructure, creation of employment opportunities, population and family planning, health care, sanitation,and rural development etc have brought success to Mauritius in terms of increase in per-capita income, better productivity, improvement in life expectancy of citizens and better economic growth for the country.

The Mauritius government has realised that human development must be at the core of any development process; that in times of economic adjustment and austerity, services for the poor have to be protected; that education- the empowerment of individuals through the provision of learning is truely a human right and a social responsibility. Never before has the nature of learning and basic education been so well diagonosed and understood in its psychological, cultural, social and economic dimensions. The efforts of the government has resulted in relatively high standard of education in Mauritus. In 1990, according to census results, the average rate of adult illiteracy was only 20.1% (males 14.8 %, females 25.3%),[42] although education is not compulsory. Primary education begins at five years of age and lasts for six years. Secondary education, beginning at the age of 11, lasts for up to seven years, comprising a first cycle of three years and a second of four years.Primary and secondary education are available free of charge. In 1991 an estimated 89% of children in the relevant age-group (male 87%,female 90%) were attending primary school. In the same year the number of children attending secondary schools was equivalent to 54% of the appropriate age-group (male52%,female 56%). Control of the large private sector in secondary education was indirectly assumed by the government in 1977.The University of Mauritius, founded in 1965,had 2,161 students in 1993-94; in addition many students

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42 *The Europa World Book, 1995, vol. II, Europa Publication Division*, (London, 1995), pg. 2052.

receive further education abroad. Of total expenditure by the central government in 1992-93, Rs1,810.3M (15.5%) was for education[43].

The rapid socio-economic changes experienced in the recent years had effects on the status of women and the family in general These changes include smaller family size, increased economic opportunites higher age at marriage, liberalised laws to protect women's rights, greater access to education, vocational training and improved health.

Today, nuclear families exist side by side with the traditional joint families, although the modern trend is towards nuclear family system. However, it is still a common feature for many members of the same family to reside close to each other, specially incases of inherited properties. Due to fast industrialisation the proportion of women taking up employement has increased. It has also increased the financial independence acquired by women and has resulted in dillusion of authority within the family. The female labour participation rates in EPZ have increased from 28% in 1983 to 41% in 1987.

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43. Ibid, pg.2052

In order to ensure the government policy and action to meet the needs of women at the grass roots level, a National Women's Councils was setup in November 1985 to act as the focal point for all issues pertaining to women. It functions through five regional commitees. The Council grouped 400 women's organisations involved in religious, cultural, social and economic activites.Its activites are carried out in 53 Social Welfare Centres, 25 Community Centres and 3 Women's Centres.

All major health indicators point to a general improvement in the health status of the country. The infant mortality rate, which was 63.8 per thousand live birth in 1972 declined to 24.2 in 1987, with the crude death rate followed the same downward trend, dropping from 7.9 to 6.6 in the same period. Life expectancy for men rose from 60.8 years in 1972 to 64.5 years in 1986. In case of women, life expectancy increased from 65.9 years to 71.9 years in the period 1972-86 (National Development Plan Vol 1988-90).[44]

The Prominent District hospitals provide general practitioner's service to In-patients and a round the clock emergency service. There are four district hospitals namely

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44. Chottopadhyay A., *Mauritius Today, Kama Publishers*, (New Delhi, 1994),p.110

Flacq, Mahebourg, Souillac and Long Mountain in Mauritius and Queen Elizabeth Hospital in Rodrigues.Traditional medical system like Homeopathy, Ayurvedic, Chinese Herbal and other herbal medicines are also practiced. Homeopathic treatment is provided in a Hindu Ashram by some Homeopathic practitioners. Ayurvedic practitioners in Mauritius are educated in India. A large number of Indo-Mauritian population of the island have faith in Ayurvedic medicene.

Rapid population growth has long been a matter of serious concern to the government of mauritius. In the 1950s and early 1960s a combination of fast-falling mortality and continued high fertility pushed the rate of natural increase up to nearly 3 per cent per annum. A vigourous family planning programme effort, inspired largely by alarm over the consequences of such rapid growth, subsequently succedded in cutting the rate almost to half by the early 1970s. However, no further progress in reducing fertility has since been made, and the rate of natural increase has actually risen again to around 2 per cent per annum. Net emigration has all along provided some alleviation, but the current population growth rate still estimated at around 1.5 per cent.[45]

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45. A World Bank Study, *Mauritius: Economic Memorandum; Recent Developments and Prospects, 1983*,pg.27

The achievements of the family planning program to date have been extremely impressive and in many ways its design and organisation are admirable. It is administered partly by the government through the Ministry of Health, MCH clinics and the Mauritius Family planning Association(MFPA) clinics, and partly by the Catholic group, Action Familiale, which provides only the rhythm method. MFPA and Action Familiale were responsible for the initial rapid growth in acceptance of family planning in the late 1960s and early 1970s, though they recieved strong encouragement and backing from the government. In 1973 the government took over responsibilty for the whole program, with assistants from United Nation's point population activities, family planning (FP) motivation and services are provided by 72 combined MCH/FP clinics, 14 FP clinics and 42 FP supply centres, as well as through 11 hospitals, 50 public disepensaries and 5 mobile clinics. Almost the entire population is within relatively close reach of these facilities. Some of these propasals, such as the legalization of sterilization and greater stress on motivation, appear extremely promising in the overall drive for renewed fertility decline. However, a sound diagnosis of the under lying causes for the present failure to progress any further in fertility reduction, family planning program design and population grwoth control strategy, appear to be prerequisites for any really substatial success in reducing in population grwoth in Muritius.

Media has also played an important role in developing the human resouces in Mauritius. In Jan 1962, the government formed an independent Ministry of information, post and telegraph and telecommunication. In September 1963, an agreement was signed with the "Thompson Television International Limited", to start televion service in the colony. The Mauritius Broad casting Corporation, MBC, came into being on 8th June 1964.[46]

Alleviating poverty is both a moral imperative and a prerequisite for environmental sustainability. The poor are both Victims and agents of environmental damages. But it is equitable economic growth, coupled with education and health services, which will enable the poor to make environmental investment that are in their own long term interest. Mauritian government has realized this and taken steps to to motivate its citizens to protect the environment. The cosequence of the Mauritian industrial take-off, and specially of the expansion of activities in the textile industry, is the problem of environmental protection which has become particularly acute. The building of dye-works in many locations on the Island has resulted in pollution and led to the fear that ground water sources, which supply 60 %

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46. Chottopadhyay A., *Mauritius Today, Kama Publishers,* (New Delhi), 1994,p.108

of the water used on the island, would also be ultimately affected. This fear is although more justified in the view of the fact that the plants do not have the necessary facilities for the treatment of the process water. In addition, industrial activities have been developed on land formerly set aside for agriculture, thus possing a problem in terms of preserving the ecological balance of the island.Aware of these dangers, the government has called on the technical and financial assistance of the world bank.The latter has prepared a report , entitled Economic development and Environmental management-stategies for the island of Mauritius , which has provided a basis for discussions between the United Nations Development Program and the world bank during a meeting of bankers held in Paris in February 1989[47]. This document proposes a strategy consisting of three elements as (a). The introduction of a land policy designed to address the development needs of the country while sefeguarding its ecological future, (b). The reform of laws and institution in the area of natural resource management,(c) The creation of the data bank which, in addition to ensuring the viability of industrial projects, would also incorporate the proper responses to ecological concerns.

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47 A World Bank Report, *Industry and Development,1990-91*, 1991 pg.69

Last but not the least different projects are being implemented by the Mauritian government in the field agriculture, rural development, science and technology, sewerage and urban infrastructure, tele-communication facilities to improve the human resources.

THE LABOUR FORCE: Even though unemployment is always wasteful, it is particularly so in Africa, where the people without work tend to be young and well educated. Young people between 15 to 24 make up only one third of the region's labour force, but they typically represent between two thirds and tree quarters of the unemployed population. One survey of 15 African countries indicates that unemployement amoung young people is three time as frequent as among adults.The Mautitius government has taken care of this inherent problem and is making consistent efforts to achieve full employment. Mauritius has a pool of young,educated and inexpensive labour (about one tenth of average European and one sixth Hong Kong rates). The workers are reliable, hard-working and easily trained. The high quality of the labour force, coupled with responsible trade unions, has enabled the EPZ sector to achieve the remarkable growth rate of 25 per cent in 1987[48].

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48 High Commission of India in Mauritius, *Mauritius-Commercial and Economic note, August 1991*, pg. 24.

In the next stage of economic development in the 90s, the economy faces some challanges: (a) After a low rate of inflation of single digit per annum for some years , inflation zoomed to around 16% in 1988 and 1989. the rate in 1990 was about 13.5%. By July 1991, the annual rate has been brought down to 7%. (b) The shortage of labour is beginning to hurt the construction industry sector, as also some garment manufacturing and EPZ units; a portion of them are facing closure. But this will release labour and will also encourage a shift to more capital-intensive equipment. Case by case labour import is being permitted, Especially for the construction sector. (c) There is a more critical shortage of technical and managerial skills. A vigourous programme of manpower training (Rs. 300 million in the 1990 budget & increased annual provision in 1991 Budget) has been launched, and its success will determine further growth and directions of the economy. (d) The economy is vulnerable to vicissitudes in external conditions, and lacks sufficient diversity, as yet.

Despite its relatively favourable economic performance during the 1980s ,Mauritius faces a number of problems and uncertainties.Prominent among these is the rate of population growth, which projects a population of more than 1.5 million people by the year 2010, exclusive of the numbers of emigre Mauritians, estimated at about 50,000, who are expected to return to the island following retirement.This demographic trend is expected to pose the economy with considerable challanges. The EPZ sector, which has led the island's industrial expansion in recent years, is expected to show growth of less than 8% annualluy in the 1990s . Since the base of export diversification is unlikely to be widened in the short term, a further decline in this sector can be expected. Mauritius' infrastructure is beginning to show need of heavy investment in projects such as roads, tele-communications and public utilities.

A World Bank Report, published in 1989, stressed the need for economic diversification to minimize the country's vulnerability to fluctuations in the international economy.Moreover, if GATT negotiations result in increased competition in the international textile market , Mauritius could lose its privileged access to the EU markets; the industry would therefore have to become more competitive, with the use of newer, costly technology. Recent changes by the EU, under its common Agricultural policy , and a decline in European Sugar prices are also expected to have adverse effects on local sugar producers .Foreign direct investment into Mauritius increased during the 1980s , owing primarily to the expansion in the EPZ. By 1991 , however this investment fell sharply, following a slow down in the EPZ growth. This decreased investment led in turn to a further decline in the EPZ. However, the government remains committed to a free market economy, with the liberalization of foreign exchange controls and foreign exchange travel allowanes, the rehabilitation of the port and establishment of a free port, strengthening the manufacturing sector in the EPZ. the government has also extended a number of privileges which were previously granted only to firms in the EPZ, and has abolished import permits for the majority of goods.

With the implimentation of such policies and the inception of economic diversification , Mauritius can expect to experience much higher growth and per capita income levels than elsewhere in sub-Saharan Africa. This concludes that there is a collateral relation-ship between economic development and human resource development in Mauritius.

CONCLUSION

Analysis of nearly four decades since the begining of Afro-Asian resurgence shows that the African path of economic development has been a case of misplaced priorities and missed opportunities. Under the influence of the western paradigm of development which viewed development of Africa as a linear movement towards the western model of structural differentiation and value integration, Africa started off with much promise. However, every model of development has to take into account the ethnocentric parameters into consideration. The tragic irony was that the African path of development as chalked by western powers blatantly ingnored this essential aspect of development. Soon it was found that their development was misdirected. There was a complete breakdown of modernisation process.

The mode of economic development that was chalked out with in consonance of African elite was massive inflow of foreign fund for the rapid industrialization to help the primary sectors like manufacturing. The result was complete neglect of the much required agricultural and territory sectors. Further more, the local elite had a vested interest to support the western capital suppliers in promoting the rapid inflow of foreign loans from the World Bank and

International Monetary funds etc. However, the long term implication of such a policy proved harmful. As the dependency theorists argues, over a period the rate of primery products fall because the demands for such goods are inelastic and they are exported to one or two countries thereby limiting the choice of exporter countries. The net result is deterioration in the terms of trade. Secondly, massive dependence on foreign exchange & lack of import substitution cripples the other spectors of the economy and creates a massive imbalance. Again this excessive dependance ultimately resulted in flight of currency from Africa and a "decade of development in reverse."

Thus, the story of development till the 1980's shows that African economy was in shambles. So, a new line of thinking considering the indigeneous socio-economic factors has come up in recent times. Realisation of the fact that African model of development has to be integrated by taking into consideration the various sectors of economy is the need of the hour.

The European countries are capital intensive economies which call for a high level of sophisticated technological development. But unlike the countries of the North, Africa is a labour intensive economy. Agriculture and primary manufacturing commodities being its thrust areas, Africa needs trained manpower which will provide the labour force.

It is here that the role of HRD becomes crucial. There is no dearth of manpower within the age group of 14-59 who can contribute to the strengthening of the economy. However, the underplaying of this aspect of development and a stress on intensive imported machines and foreign exchange has resulted in an imbalance as far as the labour component of production is concerned. Today, Africa at crossroads, faces the need for a trained and skilled labourforce, but the lack of facilities have resulted in unavailability of that much needed manpower in the development of Africa. A fundamental reorientation of the planning process in Africa is the only solution for its much needed economic boom.

It is here that Mauritius emerges as a crucial case study to show that an integrated human resources planning and development may not have immediate spectacular tangiable benefits but over a long term perspective, it becomes the sine qua non of a healthy, prosperous and balanced economic growth. No country has achieved a sustained economic growth rate by ignoring its human resources. Countries like Japan in their Total Quality Management (TQM) programmes give strong emphasis to HRD and their economic miracle is too striking to need elaboration here.

There is an economic rationale behind the linkage between Human Resource Development (HRD) and economic development which the macro-economic planning of the country has to take into consideration. The major objective of planning is to ensure that the suply of labour to meet demand posesses the skills required for various jobs. The provision of the required skills through educational training is yet another objective of development planning. Human resource development not only respond to these objectives but also is concerned with the optimum utilization of a country's supply of labour. In meeting these objectives, HRD attempts to overcome imbalances in labour supply and demand, and thus, to prevent the build up of unemployment on one hand and skill shortages on the other.

In addition to these quantitative considerations, HRD has an objective to improve the quality of a country's human resources, seen both in terms of its health and its acquired capabilities. In particular, improvements in health & nutrition conditions together with qualitative upgrading of the education system, can result in a more efficient labour force. This in turn, leads to increases in total productivity in the society.

The model shown by Mauritius in promoting HRD and thereby,economic development is a case in Africa which is worth noticing. The Mauritian model can show the way to the rest of Africa as to how to achieve an integrated and balanced growth. State interventions in the allocation of country's human resources and policies aimed at overcomming imperfections in Labour Market has triggered off a new economic resurgence in Mauritius.

The challenge for the goverment and the private sector in the 1990s is to manage the economy into its next stage of development. What Mauritius must need to do is to make the transition from a low-wage, labour-intensive economy to a more capital-intensive and high-tech one. To do so, however, Mauritius must solve some substantial domestic problems and develop the ability to compete in a far more competitive and complex international environment. Neither task will be easy.

Mauritius is fortunate in that there is broad national consensus on what must be done. In order to move forward to the next stage of development, three key issues should be addressed are upgrading manpower and equipment, improving domestic infrastructure, and combatting environmental problems.

As Mauritius looks to transform the economy, "the most severe constraint on expansion in the 1990s will be manpower." Labour shortages now exist at all levels.

Small planters lack seasonal labour to harvest the sugar. Skilled manual labour is in short suply in the transport, construction, and service industries. Skilled technicians and managers are needed throughout the manufacturing and tourism sectors, and the commercial, industrial, and service sectors all compete for professional labour. These shortage have obvious consequences. Wages are being driven up by competition for scarce labour, and the increasing cost of labour is making Mauritian exports less competitive. Moreover, job turnover, with its attendant dislocation of production, is growing as workers realize their strong position, and companies compete for skilled employees.

Insofar as there is no prospect of significant increases in available domestic labour and little national enthusiasm for large-scale importing of foreign labour, Mauritius has little choice but to transform the skills of workers already on hand. the minister of finance, Vishnu Lutchmeenaraidoo, has remarked that 'manpower training and the acquisition of modern high-technology equiupment are the two sine qua noun to steer Mauritius through this critical and crucial phase of development." In order to accomplish this, new resources are being committed. The 1989 budget offered corporations 200 percent tax reductions on expenditures for aproved training programs to improve labour productivity, inasmuch as local labour costs are eroding, Mauritius's ability to compete at the low end of the international textile trade. In March 1990 a human resources development programme was unveiled that will cost $121 million from 1990 to 1992. The cost will be shared between the government and major international donors, and the goal is "to convert a heavily labour intensive industrial sector towards strongly capital intensive activities, based on more highly skilled labour and the use of technology appropriate to high quality production." Thus, after having demonstrated that rapid development is possible, it remains for Mauritius to show that this development can raise the quality of human resource. The latest decisions adopted by the Government appear to be moving in this direction.

APPENDIX - I

Summarized projection for the year 2000 :

Items	1984 Value added (Rm)	1984 Employment	2000 Value added (Rs)	2000 Employment	Change i employmen
Agriculture (and agro-processing)					
Sugar	1,375	55,000	1,500	40,000	-15,00
Other food crops	540	20,000	755	25,000	+5,00
Electricity from bagasse	25	..	250	..	.
Alcohol from molasses	..	..	95	..	.
Total agriculture	1,,940	75.000	2,600	65.000	-10,00
Manufacture					
Export processing Zone	750	37,000	3,200	120,000	+83,00
Local, D.C. and small scale	958	47,000	3,000	90,000	+43,00
Total manufacture	1,708	84,000	6,200	210,000	+126,00
Services					
Government	1,385	67,000	1,600	60,000	-7,00
Electricity and water	260	8,000	600	12,000	+4,00
Construction	700	16,000	2,000	28,000	+12,00
Transportation.etc	1,320	15,000	2,000	20,000	+5,00
Commerce and tourism	1,660	20,000	3,300	40,000	+20,00
Banking, insurance.etc	2,038	8,000	5,000	+7,000	+6,00
Other activities	789	24,000	1,000	30,000	
Total services	8,125	158,000	15,500	205,000	+47,00
Total	11,800	317,000	24,300	480,000	+163,00
Unemployed		60,000		9,000	
Activepopulation		377,000		489,000	

Source: Joint Eonomic Committee, Mauritius.

APPENDIX -II

The major economic indicators of the period 1984-85 are as follows :

Some major economic indicators, 1984-85

	Unit	1984	1985
GDP at factor cost	Rm	11,985	13,375
Real annual growth rate of GDP	%	+4.2	+6.5
GDP at market prices	Rm	14,295	16,050
Consumption expenditure	Rm	11,704	12,920
Gross domestic fixed capital formation (GDFCF)	Rm	2,560	2,910
Imports (c.i.f.)	Rm	6,494	8,041
Exports (f.o.b.)	Rm	5,491	7,009
Debt Service Ratio (incl. IMF)	%	26.1	25.4
Unemployment rate		19.0	16.0
Per capita GNP at market prices	R	13,943	15,480
Gross Domestic Savings	Rm	2,550	3,285
Annual rate of inflation	%	7.3	6.7
Terms of trade (1982=100)		108	113
Total money supply	Rm	2,050.8	2,374.3

Ratio of export to import price endex.

Source: Mauritius; *Bi-annual Digest of Statistics 1983. Annual Digest of Statistics 1985.*

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