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Empirical Evidences of Impact of Structural Adjustments Progamme on Growth and Social Development

Dr. (Mrs.) Harish

Associate Professor, Department of Economics, B. R. Ambedkar College, University of Delhi, India

ABSTRACT

The paper examines the empirical evidences of impact of structural adjustment programme(SAP) on growth and social development specifically on South-Asian countries. On the basis of various studies surveyed here it may be "concluded that that 'stabilisation is a necessary but not sufficient condition" for growth. It is also equally true that the continuing success of any stabilisation effort would depend largely on quick resumption of growth, in the absence of which governments would find it difficult to sustain reforms and social development programmes.

Keywords: SAP, SAL, Saving, Investment, Social Development, Growth.

The world economic conditions, which had started deteriorating in the late seventies, had reached an alarming state by the eighties. Two main causes of economic deterioration were the result of internal as well as external factors. As a result, many developing nations chose to adopt SAP. Almost simultaneously, the "debate about the success or failure of SAP and its Impact on socio- economic Growth" had started.[1]

The overall effectiveness of Structural Adjustment to date, remains a highly controversial and debatable issue. The main critique of SAP has been in respect of the program's development strategy. The Economic Commission for Africa (ECA), in addition to other critics, have drawn attention to the inappropriateness of focusing on "the short and medium term" financial balance, pricing policy and market forces as the solution to long run developmental problems (United Nations Economic Commission for Africa, 1990).

The publications of the 'World Bank' (World Development Report, 1990) have shown that it has become more circumspect about the limitations of the Stabilisation and Adjustment approach and more cautious in its evaluation of the same. The "failure of adjustment programs to boost levels of investment and employment" are recognized as serious shortcomings.

Findings (1994) emphasised that 'SAP essentially intends to improve the incentive structure, the trade regime, allocation of resources and efficiency in the use of resources', to stimulate a growth-enhancing impulse for the economy. During the 1980s, these programmes were chiefly pre-occupied with Stabilisation through restoration of balance of payments and budgetary equilibrium. However, the formulators of the programmes were overly optimistic about the speed with which the supply-side, price and incentive reforms would take place. Additionally, as critics argue, the formulators had paid insufficient attention to their `Social Dimensions'. Stewart (1990) also contends that SAPs' have not succeeded in restoring viable conditions. Adedeji (1988) argued that application of the wrong and inappropriate medicines and cures prescribed by the orthodox SAP have aggravated the crisis in the already problematic countries.
There are plenty of issues related to SAP which have been tried and tested at the empirical level[2], however all of them are neither important nor can be evaluated in this paper of limited scope. Review of important and appropriate literature which focus on aspects saving investment Growth and Social Development have been undertaken.

SAP: Savings, Investment and Growth:
Economic growth is one of the' most important' factors that will address the issues and problems related with the basic needs of human beings to enhance their overall welfare. It is a well-recognized fact that Growth is not possible without Savings and Investment; as such their pattern will play an important role under SAP. The studies investigating "the Impact of SAP" on Growth, Savings and Investment have generated a body of literature that reveals somewhat conflicting signals.

The available empirical literature on the effects of SAP on Growth is very vast and may be divided into at least three approaches:

[1] For an overview, see Thiele and Wiebelt (2000).
[2] Haque and Khan (1998); Barro and Lee (2002); Mody and Saravia (2003); Joyce (2004); and Bordo, Mody, and Oomes (2004).

1. Evaluation of SAP vis- a -vis Growth based on several country studies.
2. Counterfactual analysis or specific methodologies such as Generalized Estimator Evaluation (GEE) or Simulation Models.
3. Evaluation of SAP based on a study of a cross section of countries, the way policy changes explain variations in Gross Domestic Product (GDP), while controlling other factors of Growth.

The results of empirical studies undertaken by a wide range of independent researchers, World Bank and IMF studies based on specific countries and group of countries have been all over the map, with positive, zero, or negative effects of adjustment lending on growth (see the survey by Killick et al. 1998). Two relatively recent studies (Przeworski and Vreeland, 2000; Barro and Lee, 2002) find a significantly negative effect of IMF lending on growth.

William Easterly (2005) in his article concluded that putting external conditions on governments' behavior through Structural Adjustment loans has not proven to be very effective in achieving widespread policy improvements or in raising Growth potential. If the original objective was "adjustment with growth", there is not much evidence that Structural Adjustment lending generated either Adjustment or Growth.

Country studies, in contrast to the cross sectional studies; present a more comprehensive and balanced view of the manner in which SAP works for specific countries and therefore, in view of the researcher, present a better option. Country studies by Taylor (1988) and by Zaki (2001) show that IMF policies can actually have an adverse impact on Growth, in particular country contexts. Cornia G.A. and Stewart F. (1987-88) conducted study in 10 countries, and reached at a conclusion, that Chile, Botswana and South Korea had a positive impact of SAP on their Growth, while others had a negative impact. In another study conducted by Stewart (1994), it was "concluded that actual rates of economic Growth were poor in the Adjustment" period of 1980s. Most of the "adjusting countries including Africa and Latin America witnessed poor economic Growth", with the exception of a few Asian Countries.

The International Monetary Fund conducted a review of countries indulging in the luxury of structural adjustment lending (SAL) in 1981. It was found that the Growth rates for SAP implementing countries not only slowed down following implementation of SAP, but also that the export Growth rates were below the ex – ante rates envisaged by the International Monetary Fund. This held true more for countries, which relied on the "IMF and the World Bank" mandate of pursuing demand restraint policies.

In Sub Sahara – Africa, it was found that "countries which adopted SAP between 1980–84 and 1985–87, agricultural production increased by more than 200 per cent, as compared to countries which did not opt for SAP", although they continued to stagnate at their earlier levels of Growth and production (World Bank and UNDP, 1989).However, these findings must be interpreted with the understanding that the differences must have been "significantly influenced" by weather patterns and rainfall in the various nations analyzed. Positive growth rates in "Ghana and Senegal under SAP" are viewed as unstable and fleeting (Weissman, 1990). Both countries saw an "early rebound as a result of constant good rains, a seamless flow of international money, advantageous trade terms, and decreased imports of major importable" products such as oil and rice. Only 15 of the 26 transition economies that had chosen SAP had successfully restored their growth by early 1995 (Bruno and Pasterly, 1995). SAP led to an "increase in the economic Growth" in Malaysia and Thailand (Horton, Kanbur and Mazumdar, 1991). Among the other counties, who could successfully integrate the "adjustment with economic Growth leading to rise in PCY and real investment rate", prominent were Indonesia, Burkina Faso and Mauritius (World Bank, 1988).

Jespersen, (1992) in a study of SAP in Africa reached at the "conclusion, that only 5 out of 18 countries that stabilized their economies in 1980s", had recorded a positive Growth in GDP per capita. Hussain, while assessing "Adjustment Programmes" in 14 African countries; reached a different conclusion - the GDP Growth rate was twice as high as in the early 1980s' and even higher than the historical trends of 1960s' and 1970s' for the countries studied.

The liberalisation process in most of South-Asian countries had started before 1980 while SAP took off by mid-eighties only in majority of these countries[3]. The experience of South Asia, taken by itself, is still too short and mixed, to assert that "SAP definitely accelerates" Growth. India's growth spurt began several years before SAP began to implement liberalization. Under the SAP regime "protectionist tariffs actually increased during this first phase of Growth" (Rodrik D. and Subramanian 2004). Policies adopted under "SAP had an adverse impact on the pace of economic growth" and created more poverty and inequality in Pakistan [see Bengali and Ahmed (2002); Kemal (2003)].
Omar K. M. R. Bashar and Habibullah Khan (2007) use "Cointegration and Error Correction Methods" to examine the influence of economic liberalisation on Bangladesh's economic growth from 1974 to 2002. The "empirical findings imply that long-run economic growth in Bangladesh is mostly explained by physical capital and real interest rates",

[3]See Tendulkar and Sen, (2000) for a description of the sequencing of liberalization episodes in Bangladesh, India, Pakistan and Sri Lanka

with short-term changes in labor force; secondary enrolment ratio having negligible effect on growth. While "financial liberalisation had a significant negative impact on economic growth", implying that "financial reforms failed to attract new investment" due to an adverse investment climate; the effects of trade and capital account liberalisation were relatively minor, possibly due to a lack of supply response and the credibility of such reform programs.

Counterfactual studies:

They consist of before-and-after tests or of with-or-without tests. The underlying questions of these tests are respectively "do reforming countries grow faster after than before the reforms" and "do they grow faster than non-reforming countries"? While these counterfactual studies show that IMF supported policies do potentially influence external outcomes like balance of payments, real exchange rate depreciation, their impact on internal outcomes such as Inflation or Growth is generally more confused. These counterfactual studies found interesting results, though they are rather mixed. One of the first studies undertaken by the "International Monetary Fund using 'Before and After 'Approach", by analysing the Growth rates in real GDP for one year periods before and after implementation of each programme, found that Growth in GDP had slowed down in certain cases while in some others it had accelerated" (Reichmann and Stillson, 1978). Studies by Kelly, (1982) Killick (1995), Schadler et al. (1993), Goldstein and Montiel (1986) and Khan (1990) have focused on the early eighties and they "do not find any significant" positive or negative relationship[4] between Stabilisation programmes and Growth.

However, more recent studies after incorporating the data for nineties bring some conclusive results. Study by Conway (1994), Bagci and Perraudin (1997), and Dicks-Mireaux et al. (2000) find the IMF programmes to have a "significant positive impact" on Growth" whereas Bird (2001), Bird and Rowlands (2003) show that they have a "significant adverse impact" on Growth.[5]

There are "crucial differences between the short-run and long-run" estimated effects of Adjustment on Growth and Investment. Conway (1994), Hutchinson (2001) and Killick (1995) find that the short-run effect on Growth is adverse or neutral while it is positive in the long-run. However, Prezkowics and Vreeland (2000) claim that IMF programmes have a sustained "adverse effect on Growth, even in the long run". They show that IMF program-participation lowers Growth rates for as long as countries remain under a program and "that the post program growth is lower than it would have been without" participation. More recently, Easterly (2005) has shown that most of the countries entitled to IMF and World Bank Sponsored Adjustment loans continue to undergo severe macroeconomic distortions with no positive effect on Growth in the medium run.

Cross-sectional studies:

These studies may be differentiated by the way they introduce SAP policies in Growth regressions, which may be undertaken in empirical studies. Many studies endeavor to undertake appraisal of the Growth effects of specific Stabilisation Programme outcomes or of definite Adjustment policies, however only a few have tried to evaluate the effects of the entire policy set promoted by SAP. Thus, "economic growth has been regressed on fiscal and monetary targets" such as the public consumption share of GDP, exchange rate distortions, or inflation rates, and also on policy variables like financial liberalisation or trade openness[6] in empirical studies, but generally without any attempt to measure the global effect of the underlying program, defined as a policy set. As a result, they only provide limited assessments of the IFI programs' growth effects.

Nevertheless, some of the results of these partial cross-country studies are rather robust. Large government "deficits are generally 'negatively' associated with growth" as in Levine and Renelt (1992), and public consumption is found to deter growth as shown by Barro (1991, 1997), Barro and Sala-i-Martin (1995) or Sala-i-Martin et al. (2004). Barro (1991) has however found public investment to foster GDP expansion. Inflation is detrimental to growth according to Barro (1991), De Gregorio (1992), Levine and Renelt (1992), Fischer (1993) or Bruno and Easterly (1998), but at rates above about 40% annual for the last study, whereas for Barro (1991) the threshold is around 15% annual. As regards structural reforms, higher financial integration[7] is very often found to be "associated with higher growth rates" as in

[4] See Ul Haque and Khan (1998) or Butkiewicz and Yanikkaya (2005) for a more detailed survey of the main results of the literature.

[5] While Ul Haque and Khan (1998) and Dicks-Mireaux *et al.* (2000) shows that the more recent studies using the GEE methodology are more important for our purposes than the former counterfactual studies, Butkiewicz and Yanikkaya (2005) do however insist on the poor evaluation that is made of the underlying model and assumptions.

[6] See Quah (1998) for the survey of these explaining variables, Sala-i-Martin (1997) and Sala-i-Martin *et al.* (2004) for their degree of robustness in growth regressions.

[7] Empirical studies traditionally measure financial integration by a proxy for government restrictions on capital flows like the IMF-restriction measure, by a measure of actual international capital flows or by the average ratio of broad money to GDP.

King and Levine (1993) or Easterly (1993) and followed in much of the subsequent literature[8]. Hallwood and MacDonald (1994) "employed the data of 80 developing countries" and concluded that a "high level of economic growth" is associated with greater financial depth. Similar findings were reported by many others {e,g, Quinn (1997), Bekaert et al. (2001), Edison et al. (2002a), Hermes and Lensink (2005), and Nazmi (2005)}. Finally, as regards other structural reforms, Barro (1997) and Sala-i-Martin (1997) find that the rule of law, including secured property rights, should foster growth.

In contrast, some other studies produce more heterogeneous results. While Rodrik (1998b), Klein and Olivei (1999), Arteta et al. (2001), Edison et al. (2002) find no evidence of a positive link between "reforms and growth for developing" countries, Edwards (2001) and Klein (2003) find a negative relationship for poorer developing countries and Stiglitz (2000) claim that capital-market liberalisation provokes increasing economic instability and adverse effects on growth. Alesina et al. (1994) studied the data of 20 countries for 29 years (1050-1989) found "no effects of capital account liberalization on economic growth". Case of Bangladesh was studied by Habib (2002) reaching to conclusion that there was "no evidence of external financial openness contributing to improvement of the productivity of domestic capital" (growth). These results were supported by many others {like Warman and Thirlwall (1994), Grilli and Milesi-Ferretti (1995), Rodrik (1998), Edwards (2001), O'Donnell (2001), Edison et al. (2002b)}.

Neil Foster (2008) examines the "relationship between trade liberalisation and growth" for sample of 75 liberalizing countries. According to the findings, countries with the lowest rates of growth "benefit the most" from deregulation. They do benefit most in the "long-run but suffer from short-run negative" effects of liberalisation.

Financial liberalisation and Capital account liberalisation:

These studies as a part of SAP and growth till date "reported mixed findings" about linkage between them. Kraay (1998) used cross sectional data (1985-1997) for 117 countries and "found no significant relationship" between capital account liberalisation and growth using OLS and Instumental Variables approach. He failed to find a "significant effect of 'openness indicators (individually)' on growth"; but when these "indicators were allowed to interact with the average balance of the financial account (from the balance of payments statistics), he reported 'some significant' effects". Chanda (2000) reported "mixed findings on the 'relationship between capital account liberalisation' and economic growth using data for 116 countries" (for 1976-1995). These findings were supported by many others{Klein and Olivei (2000), Arteta et al. (2001), and Reisen and Soto (2001 are a few of them)}. Achy (2003) seems to "agree with Kraay reporting 'no effects of financial and capital account' liberalisation on economic growth". In a more recent study Khalid (2004) in a study (1961-1980 and 1961-1988) found that "financial liberalisation, through 'financial saving', has negative impact on growth" in Pakistan. Shreshta (2000) found financial liberalisation "positively associated with growth and negatively" associated with economic inequality and financial stability.

O. Felix Ayadi Esther.O. Adegbite Funso .S. Ayadi (2008) examined the "relationship between financial development and economic growth" during post-SAP period using the Spearman rank correlation in Nigeria. The expected outcome of the "structural adjustment program" in Nigeria was marked by policy reversals of government. Therefore, "financial development and economic growth have no consistent relationship" in post-SAP Nigeria.

Trade reforms theoretically are "integral part of SAP and supposed to have 'a positive impact' on growth" though the empirical evidences in this regard does not seem to agree to it fully. A "positive relationship between trade and economic growth" was found by many like {Wacziarg and Welch (2003), Dollar and Kraay (2004), Chang et al. (2005), and Salinas and Aksoy (2006)}. While some others found "negative relationship with economic growth". Easterly (1993), Levine and Renelt (1992), Barro and Sala-IMartin (1995), and Sala-I-Martin (1997), found an "ambiguous relationship between trade openness and growth".Others like Grossman and Helpman (1991), and Srinivasan (2001), in their "endogenous growth model suggests that trade may be growth-stunting". For instance, "trade openness exposes a country to volatility of output and terms of trade". If the size of the shocks exceeds the country's absorptive capacity, the "forces of dynamic comparative advantage push the economy away from activities that promote long-run economic growth". Harrison (1996), and Harrison and Hanson (1999) claim that the measure of openness introduced by Sachs and Warner (1995) "fails to establish a 'robust link' between more open trade policies and long-run growth." They also concluded that the results are dependent on the "measures chosen for openness and the specification" used in any such paper. A review by Greenaway et al (1998) concludes that "trade liberalisation has resulted in 'both an increase and decrease' in the growth rate" depending on country circumstances. Same is supported

[8] See for instance the work of Levine *et al.* (2000) which accounts for the effects of institutional control variables on that positive relationship.

by Bolaky and Freund (2004). Openness is found to have a "limited direct" effect on growth and trade liberalisation recently shown by Yanikkaya (2003)[9].

Determination of the Joint effect of the entire set of policies adopted by SAP:

This has been attempted only by a few, in the cross country studies. Easterly et al. (1997) and Fernandez-Arias and Montiel (2001) have tried to capture such a policy set effect for Latin American countries by simultaneously introducing several policy variables as additional explaining factors in a basic growth regression. They argue that "post-reform growth impetus has not been disappointing" given the depth of the reforms and the unfavorable external environment since the region recovered its historic annual rate of growth of 2 percent in 1991-93. Easterly et al. (1997) conclude that Latin America's growth rates rose relative to East Asia's during the period because it reformed more (since it had more to reform). They finally argue that, given normal standards, Latin America's policy reforms and accompanying growth recovery have been an impressive achievement. Fernandez-Arias and Montiel (2001) also conclude that policies undertaken had delivered the results that they were expected to do, i.e. growth acceleration. They spin out their analysis by implementing a growth-gap approach aimed at explaining the gap between actual and expected growth rates given the set of policy measures and other growth determinants. Then, they argue that growth could have been higher if reforms had been deepened or broadened. Using a different approach, Moreno-Brid et al. (2004) study indicate that, on the contrary, there is "no clear association between the depth of macroeconomic reform and economic growth performance" for Latin America.

Easterly et al. (1997) and Fernandez-Arias and Montiel (2001) deliver a more global assessment of the joint effect of a "set of policies" on growth, the relevance of their approach is undermined by several shortcomings. Firstly, the determination of the expected growth rate, once given a "set of policies" and of other determinants of growth, and the appraisal of what is the standard of growth a given national growth experience has to be compared to, pose serious methodological and normative problems. Secondly, the "set of indicators" they use can be seriously misleading. For example, they measure "structural reforms" such as the privatization of public firms, the resolution of debt-overhang problems or the liberalisation of the FDI regime, by the log of the average ratio of investment to GDP. Yet, such a rough proxy gives a poor measure of the underlying outcomes it is assumed to account for. Indeed, the "average ratio" of investment to GDP could rise for purely cyclical reasons, or because of the expansion of a capital-intensive sector, without any influence of structural reforms on that increase. It could also be explained by the importance of public investments in a low income and unattractive country where private investments are shrinking. In the same way, the "structural reform index" used by Moreno-Brid et al. (2004) to catch the degree of implementation of the "Washington consensus" is not satisfactory, particularly because it is incomplete. Originally developed by Lora (2001), it reflects the movement of key variables in only five reform areas, "trade policy, financial policy, tax policy, privatization and labour legislation". Thirdly, they focus their attention on the specific case of "Latin American countries" thrusting aside all the similar policy-implementing experiences that are located in other regions. The same criticism can be addressed to Mercer-Blackman and Unigovskaya (2004). Using a different approach based on a qualitative index of IMF program implementation computed from the Fund's database for Monitoring Fund Arrangements, they show that "such policies are positively associated with growth" for the European transition economies. Once again, their analysis is focused on a specific geographical area and historic context, the transition from socialist economies to the market. But, since IFI programmes consist of the implementation of similar policies whatever the macroeconomic and institutional environment is, the measurement of their growth effect for an "average" developing country has to be addressed.

Whatever the methodology they refer to, studies aimed at estimating the growth payoff of SAP often insist on the incompleteness of adjustment and stabilisation programmes to explain the poor subsequent growth performance[10]. Bird (2001), remarks that IMF programmes are more often than not uncompleted and he reports that more than two-thirds of programmes are poorly implemented and finally break down[11]. However, one can suppose the degree of effectiveness of the program implementation to be partially dependant on the degree of completion of the policy reforms agreed upon, pace and the sequence of implementation. In this view, if conditionality were well designed, deeply and correctly implemented, policy reforms should entail increased macroeconomic performance and growth[12].

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[9] Moreover, Rodriguez and Rodrik (2001) show in a crucial survey that some of the proxies used to measure openness are cautious, and that estimations are often biased by endogeneity problems.

[10] Concerning Latin America, Fernandez-Arias and Montiel (2001) claim that "growth has not been higher in the post-reform period" not because of "a failure in reforms to yield the growth payoff" that they should have been expected to do on the basis of international experience, but because of the combination of an unfavourable external environment with the insufficient depth and breadth of reform."

[11] See Mussa and Savastano (2000) for a more detailed study of the problem of completion.
[12] For the opposite view, see for instance Milanovic (2003).

Some studies have tried to "assess the growth effects of IMF programmes" focusing on the duration and the number of programmes. They generally use "alternative measures" of loans as an explaining variable. Rodrik (1996) finds that lagged IMF lending is negatively related to growth and suggests that IFI do not actually have the informational advantage that their familiarity with government policies could have produced. Barro and Lee (2003) show also that a higher IMF loan-participation rate reduces economic growth in the subsequent five years, while Easterly (2003, 2005) finds no systematic effect of adjustment lending on growth. Finally, the SAP supporters said that some of the countries have been doing very well under SAP e.g. India and China (Graham 2000, Cline 2004, Weisbrot 2006).

The success of SAP in bringing about a sustainable recovery in economic activity in a country depends crucially on the behavior of investment and saving during and after the reform process. Evidences of investment recovery during reforms are mixed (Tove strause eife working paper series 2000).Barro (1991) found public investment to foster GDP expansion. A World Bank (1993) study of 57 countries reports that "both public and private investment rates declined" during SAP. What is more, the process of recovery of "private investment" took much longer than was earlier hoped and time lags of 4 to 5 years were not unusual. SAP is associated with faster export growth and moderate increase in domestic saving and output growth and reduction in investment level (Bleaney and Fielding, 1995). There are many more studies in developing countries generally pointing towards a decline or stagnation of private investment during the immediate post-reform years (World Bank 1988, Harrigan and Mosley 1991 and Greenaway and Morrissey 1992). Prema-Chandra Athukorala and Kunal Sen(2000) reached at opposite conclusion i.e. private corporate investment improved during reform period.

According to Solimano (1992) investment often appears to go through two or three phases during adjustment initial contraction inertia and possibly revival. During the first two to three years investment falls and then tends to remain at a low level. To the extent investment takes off again it does so with considerable lag and the revival is far from automatic. The second phase of more or less sustained inertia is in the terminology of Schmidt-Hebbel, Servan and Solimano 1994 referred to investment pause. Their survey reveals such a pause is in majority of countries. Few economies appear to be able to jump directly from contraction to revival. Tove Strass (2000) tested the "impact of economic reforms on private investment" using data on adjustment lending. The study concluded that it is the magnitude and scope of reforms and not the politics of the country which influenced private investment.

Prema-Chandra Athukorala and Kunal Sen (2000) explore the determinants of private business investment in India, focusing on the repercussions of policy reforms implemented in 1991. The findings indicate that the reforms had a positive net impact on corporate investment. The "negative impact of lower public investment has been offset by the good benefits of lower capital costs and favorable improvements" in investor perception brought about by the reforms.
Giannetti (2007) says that emerging economies enjoys low interest rate and experience lending and investment boom in initial phase of liberalisation but situation soon reverse. Therefore, more transparency in reform process is required.
A growing body of empirical literature has attempted to investigate whether this "stylised fact" is an outcome of the "SAP per se"or whether it can be attributed to non-policy factors such as terms of trade shocks or debt crisis (Greene and Villanueva 1991, Chhibber, Dailami and Shafik 1992, Serven and Solimano 1993, Bleaney and Greenaway 1993 and Bleaney and Fielding 1995). While the "results of these studie"s are far from conclusive, there is some support for the 'hypothesis' that specific elements of a SAP, such as trade liberalisation and a restrictive macroeconomic policy, may adversely impact on private investment.

Reetu Verma (2007) Reetu Verma and Wilson (2005) examined the "relationship between saving investment and growth in India" for the period of 1950-51 to 2003-04 covering post-reform phase and reached at conclusion saving unambiguously determines investment in both the short and long runs. No evidence is found to support the commonly accepted growth models in India, that investment is the engine of economic growth.

It is believed that stability in the "short run will lead to sustainable growth in the long run". But so far it has not been statistically whetted (Avramovic, 1988). On the basis of various studies surveyed here it may be" concluded that that stabilisation is a necessary but not sufficient condition" for growth. It is also equally true that the continuing success of any stabilisation effort would depend largely on quick resumption of growth, in the absence of which governments would find it difficult to sustain reform programmes.

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Scores of websites were visited during the course of this Study. It would not be possible to list them all.

[1]. A brief list is however, provided, which is merely illustrative and not exhaustive.
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[3]. www.adb.org
[4]. www.undp.org.in
[5]. www.rbi.org.in
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