



NEWSLETTER

INSTITUTE FOR STUDIES IN INDUSTRIAL DEVELOPMENT

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ISID FOUNDATION DAY

May 01, 2013

This year the Institute's Foundation Day marked the opening of the ISID Auditorium. The auditorium was inaugurated by the lighting of a lamp by Shri T.N. Chaturvedi, Chairman ISID along with Prof. S.K. Goyal, Vice-Chairman ISID. Prof. M.R. Murthy delivered the welcome address.

As the institute completed 25 years of its functioning, the staff members who have served the institute more than two decades were felicitated for their exemplary contributions by presentation of a plaque. The staff members felicitated were Shri R.P. Pokhriyal; Smt. Usha Joshi; Smt. Laxmi Sawarkar; Smt. Renu Verma; Shri Munna Lal; Shri Sunil Kumar; Smt. Sultan Jahan; Shri Bharat Chander; Shri Umesh Kumar Singh; Shri Ashok Kumar; Shri Krishan Mohan Singh; Shri Sudhir Aggarwal; Shri Nitesh Rathod; Shri Shiv Kumar; Shri Amar Singh; Shri Bhupesh Garg; Shri Y.P. Yadav; Shri Jeet Singh and Shri Vinod Kumar.

This was followed by a brief introduction of the new infrastructure by Prof. Seema Goyal Papola and a demonstration of the key technical features and facility by the acoustics consultant Mr Tikendra Singh. The new auditorium is equipped with the latest, state-of-the-art audio-visual equipment. The installed presentation system and the audio-visual media playback and recording system will ensure high quality visual projection and sound. It will also enable live webcasting of conferences, seminars and functions as



Felicitating the staff members



Shri T.N. Chaturvedi, Chairman ISID lighting the Lamp

well as screening of audio-visual material with dolby digital surround sound output. The performance stage is also equipped with adequate stage lighting set-up.

Professor Kuldeep Mathur delivered the Foundation Day Lecture on the topic "Public-Private Partnerships and Changing Face of Governance in India" followed by a Q&A session.

To conclude the function, post-lunch cultural programme comprised dance performances by the senior disciples of Padmashree Guru Jayarama Rao & Vanashree Rao's Kuchupudi Dance Academy 'Anghaar' and semi-classical dances by artists of Navapallav Troup, headed by Shri Prabir Datta.

FOUNDATION DAY LECTURE

Public-Private Partnerships and Changing Face of Governance in India

Professor Kuldeep Mathur

May First of every year is celebrated as Foundation Day of the ISID. On previous occasions the Institute organised Foundation Day Lectures by eminent scholars as also seminars and workshops. This year the Foundation Lecture was delivered by Prof. Kuldeep Mathur, formerly Professor of Political Science, Centre for the Study of Law & Governance, Jawaharlal Nehru University, New Delhi and Director of National Institute of Education Planning and Administration. Shri T.N. Chaturvedi, Chairman, ISID, presided over of the function and in his inaugural address recollected his close association with Prof. Kuldeep Mathur at the Indian Institute of Public Administration, New Delhi.

Prof. Mathur before delivering his lecture expressed thanks to Shri T.N. Chaturvedi, Chairman, ISID; Prof. S.K. Goyal, Vice Chairman and the Director Prof. M.R. Murthy and other colleagues of the Institute. He also recollected his interaction and association with Prof. Goyal and his colleagues of the Corporate Studies Group (CSG) at the Indian Institute of Public Administration, which evolved into this Institute. He also mentioned that he has gained from the research output and excellent databases of the Institute.

Prof. Kuldeep Mathur has chosen the topic “Public-Private Partnerships and Changing Face of Governance in India” to speak on the occasion of the Institute’s Foundation Day. We reproduce some of the views expressed by Prof. Mathur in the following paragraphs -- The neo-liberal reforms have signalled the importance of technical discussion with economists, experts and professionals leading the public discourse in how to attract private investment and frame appropriate public policy for doing so. Much store is put by rationality of liberalization of economy and the role of the market in meeting the challenges of development. The role of the government is sought to be constrained or it is urged just to get out of the way. Governance reform is either concerned with re-orienting the existing government institutions to promote the role of the market or creating such new institutions that will facilitate private investment. The inclusion of good governance in the neo-liberal agenda had two very important implications. One was that the pursuit of good governance became essentially a pursuit of establishing such institutions and processes that would facilitate the functioning of markets. State began to be seen as a facilitator for non-state actors to operate and not an institution to intervene in society. The second implication flowing from the first was that business assumed greater power and influence than other segments of society. Large corporate houses began to see themselves as partners of state in development. Neo-liberal reform emphasizing the role of market was widely accepted because of state failure in providing services to all its citizens. But market also failed to provide services to the marginalized and the poor. Thus, Public-Private Partnerships (PPP) as new institutions seen as a response to market failure and state failure. PPP offered a new institutional arrangement that would mitigate the perverse effects of the state and market.

The emphasis on public-private partnerships changed the pattern of governance, as well as adaptations in management practices and in perceptions regarding the role and responsibilities of different development actors in the context of globalization and liberalization. PPPs appeared as a pragmatic turn in the new governance architecture because of the context where the financial circumstances of both the government and private sector were changing. Governments were suffering from financial crisis and fiscal deficits in the 1980s while the corporate sector was doing well with good returns and technological advancement. Across the world partnership among the three actors—state, market and civil society began to be promoted as a strategy of good governance. The partnerships promise to avoid duplication of efforts and are seen to draw on their complementary resources and capabilities to design more effective problem solving mechanisms. They



Prof. Kuldeep Mathur delivering the Foundation Day Lecture

promise to increase responsiveness of policies and create accountability by including other actors—market and civil society—into decision-making processes.

Collaboration between the public and private sector is not a new phenomenon but as strategy to deliver public goods and services as part of the new governance style is new. In this avatar, it has taken many forms and has become amenable to many definitions. While it is broadly agreed that PPP is transfer of private investment on infrastructure projects that were traditionally in the realm of the public sector, the form that it takes is in the realm of ambiguity.

The PPP has two important characteristics. First, there is an emphasis on service provision as well as investment by the private sector. Second, significant risk is transferred from the Government to the private sector. Typically, however, PPP is not privatization. “The key difference between the PPP and privatization is that the responsibility for delivery and funding a particular service rests with the private sector in privatization. The PPP, on the other hand, involves full retention of responsibility by the government for providing the services.

Prof. Mathur emphasized that the PPPs began as institutions to attract private sector investment in infrastructure like road building or constructing sea ports and airports but are now spreading to the provision of essential services like water, power and gone further into education and health sectors. The proliferation of PPPs raises two very important questions: One is that of the way public goods and services are delivered and the other is of accountability of such institutions in a democratic set up. Secondly, the PPPs are outside the normal governmental hierarchical system which ends up with Minister in Parliament being held accountable for all the deeds of her Ministry. They are created as semi-autonomous institutions which abide by the contracts that they have entered into through negotiation and bargaining between one partner which is the state and the other is the corporate sector that is bringing financial and technological resources. Failure to live up to the contracts is a legal issue to be decided by the courts.

Prof. Mathur raised the question how the private sector which works for profit subsumes this over-riding goal of its existence for the pursuit of public interest. The argument is that large corporate sector has easier access to finances and technology and thus eases out both government partners and community organizations in decision-making. The capacity of state institutions which are constantly berated for being weak and corrupt in India cannot have the capacity to work on equal terms with the corporate sector. To expect such government institutions to enforce contracts, and regulate partnerships is a challenge by itself. In classical terms, this challenge is that of a weak state and powerful corporate sector. Most governments have resolved this challenge by strengthening bureaucracy. The expectation is that such a way to organize the civil service will strengthen its capacity to work for public interest. However, for a long time doubts have been expressed about its ability to rise to such expectations. It is of committing it to facilitating the private sector to be partners in development and creating incentives for greater private investment in the economy.

Prof. Mathur mentioned that as a sign of the importance of this strategy, a Committee under the chair of the Prime Minister was established to smoothen any wrinkles that crept in the way of encouraging PPPs. A key initiative of the government was the Viability Gap Funding Scheme which provided financial support to those infrastructural projects that were economically justifiable but not commercially viable. In order to expedite projects in PPP mode, government has sought technical assistance from Asian Development Bank for what it calls Mainstreaming PPP Initiative in India. To create an improved relationship between the bureaucrats and the private sector, other informal measures are also being attempted. The thrust of governance is to promote private sector and the strategy is to create a partnership which facilitates the corporate sector to invest in infrastructural development in the country so necessary for attracting foreign investment particularly.

With the blurring of public and private boundaries, this presents a dilemma. Who serves public interest and who guards it? Is public interest same as private interest even when the primary basis of the existence of business is to earn profits? A step in raising questions about public interest and to explore whether the PPPs serve it is to explore to what extent are under public scrutiny or part of public discourse of strengthening democratic governance. Prof. Mathur in his recent study *Public-Private Partnerships and Public Accountability: An Exploration for Centre for Democracy and Social Action*, New Delhi, attempted to examine some of these issues. India is still struggling to define processes and mechanisms of accountability for partnerships. One of the first requirements is that of financial and legal accountability of public expenditures. The passage of the Right to Information Act in 2005 has been hailed as an important democratic step empowering citizens. The main bone of contention is whether such projects come under the ambit of being a public authority or not. In both the cases of audit and right to information, there is a hesitation to make the operations of PPPs public. The other democratic institution that can demand information and comment on the functioning of PPPs is the Parliament. Parliament has also not been a significant player in seeking accountability of PPP strategy for attracting private investment.

Prof. Mathur mentioned that despite these concerns, Government of India is going ahead with the PPP strategy and has committed itself to an allocation of 9 per cent of GDP for infrastructure investment during the Eleventh Five Year Plan all through PPP. The Approach Paper for the Twelfth Five Year Plan mentions that this approach has contributed significantly to the recent strides in rolling out a large number of PPP projects in different sectors. India has 1,017 PPP projects accounting for an investment of Rs. 4,86,603 crore. According to the Private Participation in Infrastructure database of the World Bank, India is second only to China in terms of number of PPP projects and in terms of investments, it is second to Brazil. Grievance machinery does not exist and transparency is not seen as needed, the autonomy of PPPs is being achieved as the effort is to insulate

CULTURAL PROGRAMME ON FOUNDATION DAY

Dance performances by the disciples of Padmashree Guru Jayarama Rao & Vanashree Rao's Kuchupudi Dance Academy 'Anghaar' and semi-classical dances by artists of Shri Prabir Datta's Navapallav Troup.



them from the political domain. What is worrying is that PPPs are being replicated in every sector of the economy. It is one thing to build physical infrastructure but it is entirely another matter to supply drinking water, for example, to citizens on this basis. It is now well known that large multinational companies building infrastructure see PPPs as a window of opportunity for investment. Prof. Mathur concluded his lecture by emphasizing a couple of important issues that need to be scrutinized in greater detail and debate raised in public domain. As mentioned earlier, jury is still out on these PPP institutions and we need to be careful about their implications for governance and role of state. The present evidence regarding their impact on governance and role of state is alarming and suggests much greater caution. Given that neo-liberalism is an ideological project, issues of legitimacy and accountability of public action become important. The argument for PPPs at one level is that the government does not have the technological and financial resources to provision public goods and services and even if it has them cannot provide them with economy, efficiency and effectiveness. Thus the argument is not only based on lack of resources but perceived failures of government in provisioning them. At another level, there is a new value discourse. The government policies are continuously morphing citizens/residents to consumers and propounding a value discourse about the civic responsibility of the consumer citizens, of fee paying citizens as against free riders. Thus, transport users pay a toll, water consumers pay fees, so does the patient who goes to a hospital. Exclusion is built into the foundation of the system.

PPPs as institutions are symbolic of another trend that governance is taking. Emphasizing private sector managerial practices that aim at economy and efficiency, political demands are being seen as a source of friction in performance of these institutions. So the step towards reform is to insulate them from group pressures and autonomise. Semi-autonomous institutions are now being created to allow for greater professionalism and expertise in decision-making. Setting prices for supply of electricity or water or for patient care in a hospital are, for example, in the domain of such institutions. These bodies are supposed to be independent of the normal hierarchy of the government and escape that political accountability. Great faith is being put on technocrat-guardians and freedom is sought for them to function professionally. Prof. Mathur cautioned that the PPP projects should have higher standards of transparency and accountability because a public service is being entrusted in the hands of a private body. However, this is precisely what the government is reluctant to do. At the end of the lecture, Prof. Mathur patiently answered to a number of the questions from the audience.

Prof. M.R. Murthy, Director, ISID, proposed the vote of thanks. The ISID Foundation Day Lecture was attended by a number of scholars.

TWO-DAY NATIONAL CONFERENCE

INDIA'S INDUSTRIALIZATION: HOW TO OVERCOME THE STAGNATION?

December 19–21, 2013

When India opened the economy in 1991 the expectation was that a liberal external sector regime (trade, investment and technology) coupled with virtual abolition of the constraints on private sector development such as the industrial licensing system, anti-monopoly legislation, capital issues control and public sector reservation would help India build a strong and efficient industrial sector. Experience has, however, exposed the shortcomings of this strategy and the failures are being acknowledged widely in the policy making circles. The manufacturing sector's performance during the recent past has been quite disappointing. From the peak of 18.4 per cent in 2007-08, manufacturing sector grew by a mere 3.0 per cent in 2011-12. During 2012-13, it fared even worse growing at just 1.2 per cent. The stagnation thus has two faces. One, share of manufacturing sector in GDP has been hovering around 16 per cent since the beginning of the 'eighties. Second is the setback being experienced during the recent past.

As a result, the Indian policy makers had to turn their attention to the manufacturing sector. The National Manufacturing Policy indeed set the target of raising the share of manufacturing in GDP to 25 per cent within a decade. The severity of the problem can be gauged from the Planning Commission's Strategies for Accelerating Manufacturing in India in the 12th Five Year Plan and Beyond. It emphasized that "[t]he slow pace of growth of the manufacturing sector at this stage of India's development is not an acceptable outcome, and we must ensure that manufacturing becomes the driver for GDP growth". It also expressed concern in respect of technology and employment. For instance, the Commission noted that "[t]echnological capabilities for most manufacturing firms appear to be stuck at a basic or intermediate level and there is an absence of organized technology led development initiatives" and "... manufacturing must provide a large portion of the additional employment opportunities required for India's increasing number of youth. ... Unless manufacturing becomes an engine of growth, providing at least 100 million additional decent jobs, it will be difficult for India's growth to be inclusive."

Keeping the above context in view, the Institute has organised a National Conference "India's Industrialization: How to Overcome the Stagnation?" during 19-21 December 2013 at its premises in association with the Indian Council of Social Science Research (ICSSR). The Inaugural Session was chaired by Professor S.K. Goyal, Emeritus Professor and Vice-Chairman of ISID. Prof. Goyal welcomed the participants and explained the objectives in setting up the Institute. Shri T.N. Chaturvedi, Chairman of ISID, made the opening remarks and described the ISID's efforts at promoting research and debates on policy issues. Professor Deepak Nayyar, Emeritus Professor of Economics at the Jawaharlal Nehru University and former Vice Chancellor, University of Delhi delivered the Keynote Address.



Prof. Ajit Singh, University of Cambridge [second from right] and Prof. Deepak Nayyar [left] at the inaugural session.

A Special Address was delivered by Prof. Ajit Singh, Emeritus Professor of Economics, University of Cambridge, U.K. Twenty two presentations -- rich in empirical evidence -- were made by scholars belonging to various organisations during the eight technical sessions. The papers/presentations covered diverse related topics: Manufacturing Strategy, Technology, Public Sector, Finance, Foreign Direct Investment (FDI), Small Enterprises and Employment. The Conference was well attended as overall there were as many as 78 presenters/participants.

Professor Deepak Nayyar in his keynote address described the various models of industrialization followed by late industrialisers and highlighted the importance of initial conditions, institutions and supportive government intervention. He pointed out that South Korea and Taiwan which have completed the transition relied on foreign markets but mobilized domestic resources and developed domestic technological capabilities instead of relying on foreign capital and foreign technology. He laid special emphasis on the transformation based on importation, absorption, adaptation and diffusion of technology followed by innovation at least in some sectors or industries. In this context he felt that participation in global value chains that is advocated by the OECD, the WTO and the World Bank cannot sustain the process of industrialisation. Innovation takes place at the firm level but there has to be national technological capabilities which are an outcome of the complex interaction of incentives, capabilities and institutions. This is where a pro-active technology policy in the form of strategic intervention by the government would be required. An open regime for import of technology is not the answer as there will be no incentive for innovation. He likened the situation to that of a school boy who, if he can find someone else to write the examinations for him year after year, does not learn.

Professor Nayyar attributed the recent setback to India's industrial sector to the contractionary macro-economic policies which squeezed industrial growth from the demand side and to the monetary policy with very high interest rates that affected from the supply side. Infrastructure which is at best inadequate and at the worst poor, coupled with the complexities of land acquisition further constrained industrial growth. Weakening of institutions eroded confidence of entrepreneurs and worsened

the situation. While attention to the recent setback is important, he felt that more than short-term it is the relative decline of manufacturing in output and employment that was more worrisome. He cautioned that India was witnessing the beginning of deindustrialization not in terms of higher share of services but in terms of quality manufacturing. It is an outcome of the mix of economic policies: trade policy – sometimes un-discriminatory liberalisation – industrial policy and technology policy. Professor Nayyar concluded by saying that there was a need to address the structural problems which surfaced in India's industrialization since the early 1990s and to rethink in strategic terms not just about industrial and trade policies but also the technology policy and hoped that the Conference would address the issue from a longer term perspectives.

Prof. Ajit Singh's talk "New Developments in the World Economy: A Tough Agenda for MICs?" was made in the context of developing countries growing at a much faster rate than the developed countries. His observations were based on the experience of South Korea, the most successful industrialisation story. He underlined the role of the government and of privately-owned large firms and trade unions/labour. He explained the struggle for democracy in the evolution of South Korea's economy and polity and the role of competition and competition policy and their implications for policy for other countries. Elucidation of the mechanics of knowledge-sharing between developing countries followed with the recommendation that there should be south-south cooperation and collective learning from developing countries' own experiences even while seeking to benefit from north-south cooperation.

From the presentations and the discussions the need for a proactive industrial policy emerged unambiguously. It was noted that the demise of the Washington Consensus has brought with it a strong revival of industrial policy especially following the recent economic downturn. While the developed countries have clearly taken the lead to draw out the contours of industrial policy in a more coherent manner the steps by developing countries in general appear to be in their infancy. For instance, the United States of America recently enacted a whole host of legislations like (i) The Bring Jobs Home Act, (iii) Patriot Corporations of America Act, (iv) Market Based Manufacturing Incentives Act, (v) American Jobs Matter Act, (vi) Congressional Made in America Promise Act, (vii) American Export Promotion Act, (viii) Select USA Authorization Act and even an All-American Flag Act -- all in 2013. A direct emphasis in these provisions was to increase local content in domestic production and consumption and promote domestic employment. Interestingly, among a number of initiatives taken by the European Union was the provision with regard to finance which seeks to ensure that financial markets have the right incentives to finance the real economy and investment rather than engaging in financial market speculation.

It was noted that while India has the habit of announcing a plethora of policy pronouncements and has done so during the post-1991 period, a major problem has been with their implementation. The various sector level and macro policies are stated in such general and vague terms and silent on evaluation

that implementation will be next to impossible or at best difficult to track over time. This was also the bane of the earlier well-meaning policies. The failure on the technology front was apparent from the R&D being concentrated in a few sectors and worse still, there are no unambiguous evidences to show that performance of R&D has actually improved. On the other hand, there is a realisation that the past two decades of liberal policies, without any binding constraints, did not help India technologically. The results of a strategy based on subsidizing R&D, stronger Intellectual Property Rights and encouragement to outward FDI and tax rebates for export promotion has been disappointing in respect of technological learning, innovation and value addition in manufacturing. The policy regime on trade, investment and technology has been either encouraging the domestic firms to participate in the emerging global value chains at the lower value end or attempting to insert the foreign firms into national productive structure through the capture of existing assets and values rather than the creation of new assets and values in the knowledge-intensive sectors. Hence, the same type of policies and incentives will not yield the desired results. Interestingly, the case of Tata Motors was elaborated to suggest that the frugal innovation capabilities acquired in the earlier regime helped the company to progress in the passenger car manufacture suggesting that frugal engineering could be an important component of India's technological advancement.

Based on the experience of pharmaceutical industry it was underlined that re-introduction of product patent protection instead of meeting the expectations positively had impacted negatively in the form of high prices, import rather than domestic manufacture, little investment in R&D and aggressive litigation by foreign companies. It was thus concluded that a liberal FDI and stronger IPR regime do not help India. It was felt that for chemical-based traditional pharmaceutical products, Indian companies may not require the type of industrial policy support they received earlier but for biotechnology drugs which are becoming increasingly important it would be an imperative. It was also noted how the Information Technology Agreement (ITA) hurt India's manufacturing in the industry. When dealing with the sector it should be noted that there are huge entry barriers. However, TBT measures are increasing thereby annulling the ITA tariff reductions. Additionally security concerns are a major issue.

It was noted that the argument that rigid labour Laws and unionism which make labour adjustments difficult are responsible for the slow industrial growth and employment and whatever expansion that had taken place was only with flexible labour was flawed. Some industries recorded reasonably fast employment growth, with the same institutional framework. This was because industry specific rather than institutional factors were responsible for the growth of employment. Rising demand for products led to expansion in production and employment, not constrained by labour laws and other institutional factors. Where employment has grown for these reasons, it has grown both in organised and unorganized segments. In fact, labour rigidity argument, by and large, is no longer valid due relaxations especially at the state level.

A facet of the GPNs was brought out in a complementary paper dealing with the automobile and garments industries. It was noted that the employment that is being generated is mostly contractual, casual and insecure in nature. Cheap labour with a minimum social and economic insecurity has been the precondition to attract capital investment. The traditional institutions of Welfare State that gave some social and workplace protection to workers seem to be undermined in the contemporary globalised production regime. The general tendency is of deskilling for the majority of the workers even in the arena of modernized production. Third, the right of the workers to form union and the other rights related to permanency, overtime, similar payment for similar work, collective bargaining etc. are in a generalized state of denial. It has weakened the traditional forms of trade unions based on associational power of relatively homogenized permanent workforce.

Logistic deficiencies, another important aspect of India's weaknesses, were highlighted in another paper. Logistics cost in India is comparatively high, and is estimated to be around 11 per cent of the national GDP and inventory holdings for organized manufacturing comprise around 18 per cent of the value added of the organized manufacturing. A reduction in logistics costs by even one percentage point will result in noteworthy savings annually. Transport and logistics scene in the country reveals that despite substantial improvement of national highway network and addition to port capacity, the gap between India and East Asian countries in the domain of logistics efficiency persists which provides immense scope for improvement. This problem must be tackled for India to successfully migrate its industries up the value chain.

The general perception has been that public sector is inefficient and makes huge losses and hence is a major burden on the exchequer. In the post-1991 period, the sector went through a major transformation in terms of both policy and organisational aspects. Two complementary papers dealt with this important constituent of the economy and brought out some lesser known aspects of the sector. It was noted that in the new regime the role



Prof. Surajit Mazumdar, Prof. R. Nagraj (chairing), Prof. Lakhwinder Gill and Prof. Biswajit Dhar [left to right] at the Technical Session 1

of public sector has shrunk but it has managed to survive due to compulsions of development state. Its financial performance has improved contrary to popular belief. SOE reforms and autonomy have strengthened SOEs. Their profitability and performance has improved and they played an important role in India's growth surge. But due to reasons of political economy, the services are not priced properly thereby making the enterprises depend upon subsidies. What is required is to address this problem through a combination of pricing based on costs and productivity incentives.

A supplementary paper sought to dispel the popular belief that public sector is a drag on economy and losses of PSEs are the cause of fiscal crisis noted that in manufacturing, the return on investment of Central PSEs is superior to private sector since mid-1990s. Further, steps like dismantling of Administered Price Mechanism (APM), by which all entities in petroleum were promised world prices for their produce meant to help private sector which entered the de-regulated industries also inadvertently boosted the profits of CPSEs in the power and petroleum sector. In services, it lags private sector till late 1990s, rises to match private sector service firms, and then plunged into large losses. The key players in this segment included IA, AI, BSNL, MTNL, Shipping Corp, Container Corp and Konkan railways. Thus sector-company specific problems are more important than ownership per se. While Services CPSEs as a group show losses two entities, namely, Air India and BSNL account for bulk of losses. Both were prevented from adding capacity in time, when they were leading in market share. Experience of Air India and BSNL shows that regulators or owners of CPSEs can be influenced to work to the detriment of the CPSEs to benefit their private sector rivals. What is needed is a Strategic Vision for Public Sector instead of treating them as Cash Cows to be milked to meet budget deficits. There is a strong case for using them to meet strategic gaps in ship building, Chip Fabrication (Semiconductor Ltd), Solar cells, Telecom Equipment, Aircraft manufacture, almost all heavy defence equipment.

India's approach since 1991 has been to offer FDI freedom of entry and operation. The initial emphasis was however on the manufacturing sector. However, the emphasis gradually receded to the background and with the opening up of the services sector. As a result, the share of manufacturing sector in the inflows during 2000-2012 was not even one-third. While consolidation of hold by the already existing foreign companies was an important facet of the inflows in the initial years, during the past one decade acquisitions accounted for a sizeable component of the inflows into the manufacturing sector. In fact, they explain the year-to-year fluctuations in inflows to a very large extent. This implies that the expected benefits from FDI inflows have remained limited as this form of capital would not have contributed to the expansion of India's manufacturing base. Obviously, acquisition-related inflows, unaccompanied by substantial capacity expansion, would not help India achieve the objective of increasing the share of manufacturing in GDP. While aggregate FDI inflows thus do not provide any indication of the capital formation in the manufacturing sector both due

to the small share of manufacturing and the preponderance of acquisition of existing facilities.

The prevalence of acquisitions in certain industries like pharmaceuticals shows that there could be sector-specific issues and thus may be indicative of the uncertain future foreseen by the Indian entrepreneurs. In other sectors, some of the entrepreneurs may be finding it difficult to break into the next stage or to face competition due to lack of access to finances of the required magnitude. In general, it would be difficult to miss the role of private equity/venture capital investors in the acquisitions by foreign companies. Access to long term finance could have prevented many of the acquisitions by foreign companies. In the context of falling share of manufacturing in global FDI flows, it would be a real challenge for India to attract FDI in the manufacturing sector, which meets its requirements. Coupled with the experience with technology development, it implies that India does not seem to have an option except to seek alternative sources of finance and indigenous development of technology.

In this context, the observation of another paper appears to be quite relevant as it noted that since the initiation of financial sector reforms and demise of development banking in India, there are indications that credit to industrial sector could have been adversely affected within the aggregate credit. While newer sources of finance could have compensated the paucity of bank financing, in case of term-financing the downfall of development banks turned out to be very costly. The paper suggested that the experience of the Brazilian Development Bank, BNDES, could serve as a useful model for India. Further, it felt that going by the experience of global financial crisis, further entry of foreign banks will not ease the finance constraint.

Two papers highlighted additional aspects. One underscored the need for an active fiscal policy. The non-industrial nature of recent Indian growth and its instabilities are not its isolated and autonomous features but tied up with other features – in particular the unbalanced income distribution and spending it generates – and in changing these fiscal policy will have a necessarily a very important role to play. Greater expenditure on productive investments in deficit areas like infrastructure, agriculture and the social sectors and less on unproductive and import-intensive assets depend on changing the balance between private and public expenditures in favour of the latter. Such a shift would also broaden the social base of Indian growth and thus change even the pattern of private expenditures. These in combination offer the prospect of easing the demand constraint faced by the industrial sector and make this demand less import-intensive. Industrial investment would also thus acquire a more sustainable basis. Active fiscal policy and not fiscal conservatism holds the key to the macroeconomic stability. This in turn will provide the basis for more specific choices that will constitute industrial policy proper. While no stable future is possible without an explicit industrial policy, the forces that are generated endogenously following the integration without industrialization are unlikely to allow pursuit of such an industrial policy.

In a similar vein but with emphasis on employment generation, it was argued that the growing share of profit incomes has to be altered in order to increase the domestic demand and also to influence the composition of demand. Redistribution in favour of wage income would increase the demand for durable consumer goods that contributes to manufacturing growth. It, however, does not necessarily lead to higher employment. Therefore, there has to be some control on the diffusion of labour displacing technologies. This issue is also related to the larger question of degree of engagement with external markets and setting up of incentive structures that favour a calibrated process. Therefore policies related to demand management for both domestic and external markets are essential elements for conceiving strategies for employment augmenting manufacturing growth.

One of the papers observed that in the post-1991 period wherein the emphasis was on growth and reliance on the private sector to achieve it, there has been an unmistakable change in the relationship between government and business. Policy networks are embedded in the assumption that the state has the capacity to negotiate with business on equal terms. But the alliance that has emerged is one that supports the power and influence of big business. What is striking is that trade unions/labour federations, small industries and NGOs went unrepresented in these structures. The policy impact of governance networks of government and business on socially and economically deprived groups has been more of exclusion from the benefits of the market. This was probably the milieu to which one of the papers alluded to when it expressed the scepticism regarding the emergence of an effective industrial policy. Also, such an alliance inhibits the disciplining mechanism required to implement policies in letter and spirit.

While integrated industrial, trade and technology policies with due emphasis on the role of public enterprises and development financial institutions and complemented by macroeconomic policies aimed at restructuring of the demand pattern and income redistribution are the need of the hour, the conference cautioned that bringing about these changes will be a real challenge.

WORKSHOP-CUM-EXPERT GROUP MEETING

STUDY OF ESTIMATING TAX INCIDENCE OF TOBACCO PRODUCTS IN INDIA

ISID-PHFI Collaborative Research Programme
Sponsored by World Health Organisation (WHO)
November 05, 2013

The Institute for Studies in Industrial Development in collaboration with Public Health Foundation of India organized a workshop on the study of "Estimating Tax Incidence of Tobacco Products in India" on November 05, 2013 at ISID. Around 18 scholars from different organizations including fellows from Ministry of Health and Family Welfare (MoHFW) and World Health Organization (WHO) India attended the meeting. After the opening remark by Prof. Dinesh Abrol (ISID), Dr Sarit Kumar (PHFI) and Dr Shailender K. Hooda (ISID) presented the



Group members of the study responding to the queries

theme, database, brief methodology, tobacco industry strategies, to avoid/absorb tobacco taxes, plan and deliverables of the study. The final discussion comes out with vibrant academic comments and suggestions ranging from how to strengthen tax policy that can be effective for tobacco control, existing tax policy in the forthcoming GST regime, taxation and illicit trade, how to institutionalize the data collection, capture tax burden under differential tax structure and possibility, if any, of upper bound of tax to reduce the use of tobacco products and how to determine the upper bound of tax, data source, methodology, etc. The participated scholars raised several questions.

The workshop ends with Prof. S.K. Goyal (Vice-Chairman, ISID) and Ms Vineet Gill (WHO, India) closing remarks. Prof. S.K. Goyal highlighted the importance of the study and thanked the WHO for sponsoring. Ms. Vineet thanked the ISID for taking up this study and highlighted the deliverables. Dr Shailender K. Hooda thanked all the participants for their active participation and lively discussion. He also ensured the deliverables in a time bound manner.

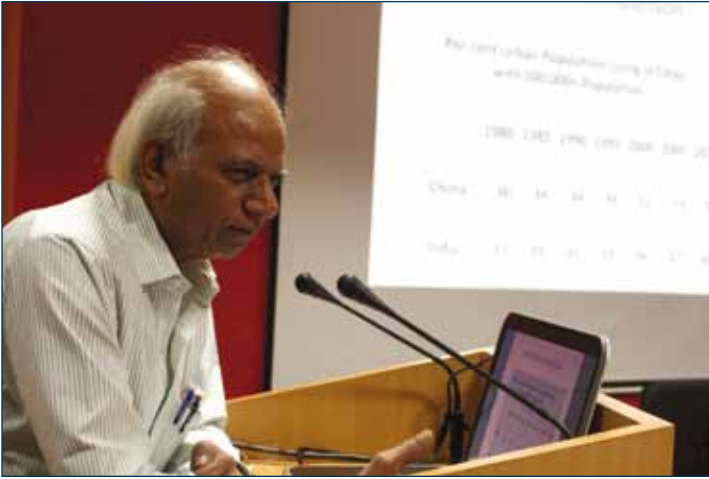
ISID DISCUSSION FORUM

CHALLENGES FOR URBANIZATION IN INDIA

Prof. H. Ramachandran, ICSSR National Fellow
November 08, 2013

For too long Indian policy makers have argued that India lives in its 600,000 villages and hamlets and development policies were and are to a substantial extent, geared to discourage rural-urban migration by (a) providing in-situ employment and (b) large public expenditure on often populist rural development programmes. For several decades urban problems tended to be ignored by both policy makers and academic researchers. The question is whether one wants the country's demography to be eternally rural-agricultural?

The irony is that a segment of the academia is discouraging on over-urbanisation in India when the reality is that urban growth has crawled from an urban population of 11 per cent in the 1950's to a mere 28 per cent in 2001 and 31.6 per cent



Prof. H. Ramachandran delivering the lecture

by 2011. Urbanisation in India still trails other comparable industrialising countries.

Noted scholars have argued that urbanization in India is dysfunctional, sans industrialisation, dependent on a largely informal tertiary sector and totally unsustainable. Internationally it is possible to show that more urbanized countries have higher per capita income, higher proportion of export as a ratio of GDP, and a larger proportion of export of services. In India, there is a notable change in the source of growth since 1990's. Earlier on, in the 1980's the secondary sector recorded a growth of 6.86 per cent, followed by tertiary sector (6.58 per cent). But in the 1990's, tertiary sector recorded 8.24 per cent followed by secondary sector with a growth rate of 7.45 per cent. This change in the major source of growth prompted the question – "whether India's pattern of growth sans industrialisation is sustainable?" One is tempted to quickly counter this question with another; is the situation wherein agricultural sector with a share of 60 per cent employment and 25 per cent share (1999-2000) in GDP sustainable? Contrast this with corresponding figures of tertiary sector - 24 per cent in employment and 48 per cent in GDP which is even better than 16 per cent employment share and 27 per cent of GDP in the secondary sector. If unemployment is an important policy issue in India, then the preceding figures compel us to cheer the growth of tertiary sector. The argument in the presentation was tertiary sector-led urban growth as experienced in India is not as unsustainable as a segment of research literature makes it out to be, despite increasing regional and interpersonal income disparities, since accelerated reduction of poverty is positively related to level of urbanisation and without much cost to the public exchequer.

Recent decades have recorded increased absorption of labour force released from rural economy in the urban informal sector in the developing world including India where the informal sector accounts for over 90 per cent of employment. This has been viewed as a solution to the growing problem of unemployment.

A related important question is about the pattern of urbanization - in India there has been an increasing concentration of urban population in large cities (cities with a population of over a

REMEMBERING FORMER MEMBERS OF THE BOARD OF GOVERNORS

The members of the Board of Governors, faculty and staff expressed condolences on the passing away of Professor G.S. Bhalla, founder member of the Institute on September 13, 2013 and Air Commodore Jasjit Singh (ICSSR Nominee since April 2012), on August 04, 2013.

- The institute wished to place on record its sincere appreciation of the contributions of Professor G.S. Bhalla in the development of the Institute. Professor Bhalla had been a source of strength and inspiration to the ISID community since the formation of the Institute in October 1986. In his passing away, the nation has lost an outstanding Economist and academician.
- The institute also wish to place on record the distinguished services of Air Commodore Jasjit Singh to nation as a brave soldier and an inspirational military leader, who provided intellectual vision for India's defence and strategic planning.

million) that leads to enclaves of development. It should also be noted that while India started with four such large cities in the 1950's, it recorded 35 such cities in 2001 and this number is 53 in 2011. It is these cities that have attracted investment and have grown rapidly.

It has been argued that there is an imbalance in the distribution of urban population with increasing top heavy character evidenced by an enhanced proportion of urban population living in large cities. On the other hand, it is to be noted that there is evidence of dispersed concentration in the urban population with million-plus population cities increasing from about four in the 1950's to 53 in 2011. These and the corridors connecting them are the hubs that will fight poverty with enhanced growth rates rather than investment in rural development. Promotion of medium and small sized towns can only ensure spatially equitable social services, but such towns cannot become engines of growth.

PATHWAYS TO TECHNOLOGICAL AUTONOMY: INDIA'S EXPERIENCE AND CHALLENGE

Prof. Dinesh Abrol
September 20, 2013

Technological autonomy involves the accumulation of capabilities for technological learning. Processes of acquisition of the abilities of how to implement and eventually also how to generate new ways of producing and new products under conditions of dynamic increasing returns are critical to the achievement of success in technological learning. Lessons from the history are that the industrial policies and institutional building play a major role in the transformative processes of acquisition of the abilities. How well the pathway followed for industrial development is allowing the economy to achieve success in the process of accumulation of knowledge and capabilities can be treated as a benchmark / criterion of success. Capabilities include not only education / human capital but also the capabilities associated with problem solving knowledge embodied in organizations and systems.



Prof. Dinesh Abrol making the presentation

At the institute Dinesh Abrol discussed on the forenoon of 20th September in his lecture at the mini conference hall the question of design of “Pathways to Technological Autonomy: India’s Experience and Challenge”. How strong or weak has been the political desire for technological autonomy in India was discussed at the level of conversion of the desire to the policies in practice. Comparison of the Indian experience was undertaken using the experience of latecomers like Japan and South Korea. He focused on what kind of technology autonomy the latecomers were able to achieve using the selected pathways. In what manner did the countries of East Asia and Latecomers differed from the experience of US and Europe. He suggested that we need to keep in mind the factors like political economy dimension of technology acquisition and the windows of opportunity available through the acquisition of capabilities for the development of the new and emerging technologies of electronics in the case of East Asia when we want to consider why the routes used for the acquisition of capabilities by the latecomer countries in East Asia were constituted very differently. He pointed out that how Soviet Russia failed to develop the ecosystem and the required pathways for the acquisition of capabilities for electronics.

Experience tells us that these countries took into account in the requirements of meeting the challenge of steering and coordination of the actors through the development of institutions needed for the disciplining of the actors to put a curb on the rent seeking activities of the conglomerates. Efforts were made for the integration of emerging technological opportunities into the systems of production to take care of the labour surplus constraint. Technological trajectories evolved reflected the efforts needed for the processes of indigenization of mature technologies, blending of new and old technologies with a view to take care of the constraints and requirements of the challenges facing the economies with regard to the transformation of rice and cottage industry based labour surplus local economies of Japan and South Korea. He suggested that the key challenge facing us today is also one of design of appropriate pathways of development. In our own case, constraints exist at not only the level of labour surplus but also at the level of socio-ecological problems. Alternate pathways of industrialization should be

constituted using very different of kind of socio-technical frames for indigenization. Institutions required for the steering and coordination of the efforts required for the development of socio-technical systems and policy regimes would have to be developed to suit our own challenges, and we cannot rely on the imitation of others to achieve success.

BRIDGING INDIA’S CURRENT ACCOUNT DEFICIT Dr Chandra Mohan, Consultant July 12, 2013

The ISID Discussion Forum group met on 12 July, 2013 to discuss the problem of widening current account deficit that the Indian economy is currently facing. The discussion was initiated by a stimulating presentation by Dr N. Chandra Mohan followed by lively interactions and interventions by the faculty members. There were issues of debate as well as positions on which most of the participants agreed upon and more importantly questions were raised that could provoke further research.

The rise of the current account deficit touching a critical level of 4.8 per cent of GDP is a matter of grave concern invoking issues related to macroeconomic stability as well as fall in nominal exchange rate of rupee vis-à-vis other currencies. The deficit at the moment is high above the 3 per cent level of danger mark which the country faced in 1991 leading then to rely on IMF loans and the liberalization policies followed as a consequence. The situation although seems similar but hardly comparable because India is far more globalised today compared to the early 90s. The quantum of foreign trade as a per cent of GDP increased from 21.2 per cent in 1997-98 to 44 per cent in 2012-13. The amount of capital sloshing through external accounts was 46.8 per cent of GDP in 1997-98 and increased to 108.9 per cent in 2012-13. Despite the fact that our foreign exchange reserves has not reached the danger mark as it was in 1991 and greater integration to global markets of course provides increased leverage to remain afloat but increases volatility in the economy at the same time.

One of the major consequences of this widening current account deficit especially in a context of depressing global market is the rising pressure on the rupee. Rupee has declined not only in terms of US dollar but more in respect to British pound and Japanese yen. The depreciation in nominal exchange rate against a foreign currency primarily reflects the relative difference in growth rate and difference in regard to inflation. Declining difference in growth rate and widening gap in inflation causes depreciation in nominal exchange rate. But this nominal depreciation of rupee creates an indefinite spiral of rising inflation. The cost of imports increases putting pressure on the growth itself and the cost of dollar denominated loans including students’ loan and corporate liabilities increases as a result. On the other hand exports are expected to rise because of relative decline in prices in foreign markets. But this did not happen in case of India precisely because of the following reasons. Firstly, exports are becoming more and more price inelastic and therefore even if prices fall there is little increase in the volume of exports. The competitiveness of Indian exports declined in the global market due to low

productivity. Increase in capital intensity did not result in higher productivity as the case may be in industries such as gems and jewellery. Historically in the Indian case it has been observed that episodes of currency depreciation were not actually followed by any significant improvement in the export front. Moreover continued depreciation would not help the export sector to grow rather slow and small calibrations as done by China are likely to bring better results. Secondly, exports would not rise following the depreciation of rupee because of the global depression that is yet to overcome.

The reasons behind the rise in current account deficit are multidimensional. The trade gap which was mended most of the time by returns from invisibles in the form of remittances and NRI deposits are not in order to make up the widening gap. In fact there were very few years since independence when India could attain a surplus in the trade front and this is because of the indefensible structure of exports and imports. India is the third largest store of coal but its coal import doubled in the past five years. Agriculture has an important role in our economy but one-third of fertilizers are imported and imports of fertilizers increased by 33 per cent in the past three years. Eighty per cent of our crude oil requirements are met by imports. Moreover the composition of consumption is changing in a direction which is heavily dependent on imports. Some of our major export items are also very import intensive. Therefore the problem of rising current account deficit is a structural one and the solutions are to be sought of in a medium or long term basis. One can of course think of a complex exercise what determines a sustainable level of current account deficit given the specific features of a particular country.

The rising deficit in the current account needs to be balanced by net capital inflows that include stable components such as FDI, commercial borrowing, trade credit or NRI investments on the one hand and volatile portfolio investment on the other. Reliance on FDI and pushing through the entry in sectors such as retail trade, telecom, banking, insurance and defence by way of major policy reforms would not provide easy solutions. However there would be fresh drive for opening up sectors such as railway transport, atomic energy and agriculture. In fact the apparent entry of FDI might eventually result in a net outflow as it happened in the case of some retail companies. Similarly in the context of retail not much investment took off as a result of opening up and foreign investors are now pushing for further relaxation of the 'local sourcing' condition. India's approach towards outward FDI is also very difficult to understand because it encourages outflow of internal resources while seeking foreign resources through relaxing existing caps. In fact it is a research question worth pursuing whether India could really emerge as a big ticket FDI destination or not. If the Chinese case reflects a success story of FDI sourcing then one can easily discern how different it is from the Indian story. Unlike the Chinese case in India the drive is founded more on acquisitions than creating capacities for long term growth and employment.

Given the fact of not so encouraging prospect of net FDI inflow rising current account deficit would lead to increasing reliance on

FORTHCOMING EVENTS

- National Workshop-cum-Conference on "Pharmaceutical Policies in India: Balancing Industrial and Public Health Interests" in collaboration with Public Health Foundation of India (PHFI) during March 03-07, 2014.
- Training Programme on "Social Science Research for Research Scholars and Teachers belonging to Scheduled Castes and Tribes" during March 24-29, 2014.
- "Skill Development Programme for Non-academic Staff" of the Institute to be conducted during March 10-22, 2014.

volatile portfolio investment and thus making the economy more vulnerable to the whims of finance capital. If Ben Bernanke's declaration of the end of low interest regime in US has driven capital from various parts of the world to their safe heaven then it is less likely that there would be sustained inflow of portfolio capital in developing countries such as India even if the interests rates are jacked up as a short term defensive measure. Therefore the structural issues need to be addressed instead of allowing rupee a free fall and let market determine the final point or arbitrarily defend an exchange rate by decreasing liquidity in a depressing economy. The rising inflation caused by rupee fall would cause tremendous pressure on the balance sheet of the common man and would ultimately lead to a decline in the real wage and further redistribution against the wage and salary earners.

The situation gives another alarm call to rethink the degree of integration with the global market. In any case the structural issues need to be sorted out. Appropriate policies need to be put in place to rejuvenate our internal productivity and competitiveness. We have sufficient indigenous technological capabilities that can reduce import dependencies for instance in sectors such as pharmaceuticals, coal and fertilizers and on the other hand could also transform the demand structure towards a consumption pattern that is less energy intensive and relies more on decentralized and flexible production systems. But this calls for a rethinking of the development strategy altogether and not just short term measures as raising the interest rate or intervention of the central bank in the currency market. A complex problem need to be addressed with a holistic approach, taking note of the structural problems in the external front as integrated to the domestic imbalances, instead of relying on short term correctives and responding to immediate price signals.

RESEARCH AND ACADEMIC ACTIVITIES

ONGOING PROJECTS

- "India's Inward FDI Experience in the Post-liberalisation Period with Emphasis on the Manufacturing Sector", ICSSR Research Programme, K.S. Chalapati Rao.
- "Estimating Incidence of Tobacco Products in India: An Empirical Analysis" under the ISID-PHFI Collaborative Research Programme, funded by WHO, Shailender Kumar Hooda.

COMPLETED STUDIES

- “To study the Elasticity of Demand for Exports of Top 10 Commodity Groups of India” sponsored by Department of Commerce, Ministry of Commerce and Industry, Mahua Paul.
- “To identify the Linkages between Growth of Manufacturing Sector as Reflected by the Annual Survey of Industries (ASI) and Export Growth Rate” sponsored by Department of Commerce, Ministry of Commerce and Industry, Mahua Paul.

WORKING PAPER(S)

WP158: Access to and Financing of Healthcare through Health Insurance Intervention in India, ISID-PHFI Collaborative Research Programme: Working Paper Series, Shailender Kumar Hooda, November 2013

Health insurance is expected to promote equity in access to health, financial protection, reduce escalating healthcare cost, enhance provider networks and enable country to make an optimal use of limited resources through targeting, but empirical evidences on the issue are limited in India. This study evaluates the impact of health insurance on these issues using unit level records of two National Sample Survey 60th (2004-05) and 68th (2011-12) rounds data. The results show that health insurance promote equity in access to healthcare use but the likely impacts on the poorer segment of the society are very low and limited. Health insurance appears to encourage people to switch to costlier cares and to seek more care from expensive tertiary care providers, sidetracking primary care providers. This has resulted in both demand-sides as well as supply-sides moral hazard problems and in turn increases in the cost per inpatient episode of care in India. Impact of health insurance in providing the financial protection remained noticeable only for richer but limited on poorer and near poor. The role of private insurance companies, which promise to provide better service and health access, seems to be ineffective to achieve the stated objectives. Evidences show that the impact of health insurance on access to health would be effective if the provider networks fairly extensive spreading across regions and in failure, the likely impacts would be thinner. The study suggests that achieving universal health coverage through tax-financed systems or mix would be more cost-effectiveness than alone health insurance intervention model. However, effective implementation, people awareness about health insurance schemes and adequate regulation of private providers and insurers can enhance the likely impact of health insurance in India.

WP157: Parental Education and Infant Mortality in India: Understanding the Regional Differences, ISID-PHFI Collaborative Research Programme: Working Paper Series, Pradeep Kumar Choudhury, November 2013

Using data from the National Family Health Survey (2005-06), this study examines the effect of parental education in the regional variation of infant mortality in India. Although, research evidences show that mother's educations have a strong effect on reducing the mortality of young children,

systematic attempts to understand the role of parental education in the regional variation, are limited. Similarly, there is hardly any attempt to examine the impact of mother's exposure to mass media and her socioeconomic empowerment (factors that are closely related to the education) on the risk of infant mortality in the regional level. Thus, the need for this study lies with the argument that the role of parent's education and other related factors in reducing infant mortality differ significantly with the region, classified here as Empowered Action Group (EAG)-Non-EAG states, and rural-urban. While the overall infant mortality is 57 in major states of India, the analysis shows that it varies enormously by parental education and regions. The regression results show that both mother's and father's education are significantly associated in reducing the infant mortality across the regions and major states of India, although the relative effect of different levels of education of the parents varies between EAG-Non-EAG states and rural-urban regions. Similarly, it is also evident that the children born to the mothers having any kind of exposure to the mass media have lower probability of death in their infant stage compared to the children born to the mothers having no mass media exposure and it works more effectively in the regions that are underdeveloped such as EAG states and rural areas. The analyses of the findings suggest that the low level of female education is a major hindrance to reduce the infant death in rural India and EAG states than that of urban India and Non-EAG states respectively. The results are very robust to different potential confounding factors including socio-economic, demographic, accessibility to health care, and sanitation related variables. The policy implication of the study include, obviously, providing education to the parents, particularly to the mothers of backward regions or states. Besides parent's education, attempt should also be made to increase the scope of getting mass media exposure and higher level of socioeconomic empowerment of the mother to reduce the infant mortality in India.

WP156: The “Special Category State” Conundrum in Odisha, Nilmadhav Mohanty, October 2013

The Government of India has consistently turned down the requests of Odisha, Bihar and a few other states located in the eastern and central parts of the country for being accorded the “special category state” status on the ground that these states do not meet the prescribed criteria which reflect the disadvantageous geographic location of the ‘special category’ states. However, some of these states like Odisha and Bihar have been trapped in the vicious circle of low income and poverty due to a variety of factors such as lack of physical and social infrastructure, sizeable percentage of tribal population with deficient human skills and various other deficiencies that a mechanical application of the old criteria is not able to address. Besides, their cumulative economic record has brought down the overall or average growth-performance of the nation as a whole although these states are rich in natural and human resources and have shown decent economic performance in the recent years. It is, therefore, suggested that these states may be grouped under

a new category of 'specially backward states' and provided with special central assistance for their development.

PUBLICATIONS

- K.S. Chalapati Rao with Biswajit Dhar, "Regulating FDI in MBRT: Some Key Concerns" forthcoming in the Volume on the International Conference *Retailing vis-à-vis Farm Economy of India*.
- Dinesh Abrol, "Where Is India's Innovation Policy Headed?" *Social Scientist*, Vol. No. 41 Issue No. 3-4 2013.
- Satyaki Roy, "Regional Disparities in Growth and Human Development" in *Alternative Economic Survey, India 2012-13*, pp. 27-42, Indian Political Economy Association, Delhi.
- Satyaki Roy, *Book Review: "Re-envisioning Socialism"* by Prabhat Patnaik, in *History and Sociology of South Asia*, 2013, Vol. 7, No. 2, pp. 212-16.
- Swadhin Mondal co-authored with Gupta I., "Fiscal Space for Health Spending in South East Asia", *Journal of Health Care Finance*, 2013; Vol.39, No. 4 pp. 68-82, 2013 (Wolters Kluwer, New York)
- Swadhin Mondal co-authored with Gupta I., "Urban health in India: Who is responsible?" *International Journal of Health Planning and Management*, DOI: 10.1002/hpm.2236 (in Press) (Wiley Blackwell) 2013.
- Pradeep Kumar Choudhury, "Determinants of Employment Probabilities and Expected Earnings of Engineering Graduates: An Empirical Study in Delhi, India", *Journal of Income and Wealth*, 35(2), July-December 2013.
- Pradeep Kumar Choudhury, "An Economic Analysis of Demand for Higher Education in India: A Study of Engineering Education in Delhi", *Journal of Educational Planning and Administration*, 27(3), July 2013.
- Pradeep Kumar Choudhury, "Relationship between Education and Poverty in India: An Empirical Study", *North Orissa University Journal of Social Science*, 2(1), January-June 2013.
- Pradeep Kumar Choudhury, "Public Financing of Technical Education in India: Issues and Challenges", in Rajive Kumar and Narendra Kumar (Eds.), *Higher Education in India*, Atlantic Publishers and Distributors, Delhi, 2013 (ISBN 978-81-269-1840-9).

PRESENTATIONS IN CONFERENCES/SEMINARS

- T.S. Papola participated and chaired a session in the *First Northern Regional Social Science Congress* organised by ICSSR Northern Regional Centre, Institute of Development Studies, Jaipur (IDSJ), April 03-04, 2013.
- T.S. Papola delivered a lecture on "Labour Policy" in the *Training Course for Afghan Government Officials*, V.V. Giri National Labour Institute, Noida, April 08, 2013
- T.S. Papola participated and made a presentation on "Informal Sector" in the *Second Workshop on Labour Market Segmentation*, International Labour Office (ILO), Geneva, April 25-26, 2013.
- Satyaki Roy was the discussant in the *National Workshop on Women's Work, Employment and the Indian Economy*, CWDS, New Delhi, April 26-27, 2013.

- T.S. Papola delivered a Keynote Address on "Economic Growth in India: How Inclusive it has been?" at the *National Conference on Economic Growth in India: Experience and Prospects*, Aligarh Muslim University, April 30, 2013.
- Satyaki Roy was the Discussant in *International Workshop on State, Capital and Labour: The Garment and Construction Industries in India and China*, JNU, New Delhi, May 11, 2013.
- T.S. Papola delivered two lectures in the *Refresher Course in Economics*, Sardar Patel Institute of Economics and Social Research, Ahmadabad May 15, 2013.
- T.S. Papola delivered inaugural address and also presented a paper at *National Seminar on Youth Unemployment* organised by Department of Economics, Patna University, Patna, May 18-19, 2013.
- Shailender Kumar Hooda presented the paper on "Changing Pattern of Public Expenditure on Health in India: Issues and Challenges" at ISID, May 21, 2013.
- H. Ramachandran delivered a lecture on "Urban Management" to Bangladesh Civil Service Officers, NIAR, LBSNAA, Mussoorie, May 28, 2013.
- Shailender Kumar Hooda presented a paper on "Decentralization, Health Infrastructure and Equity in Access to Health Care Utilization: A Case of Rural India" in a *National Conference on Health Systems Strengthening: What Works and What Lies Ahead?* organized by Health Economics Association of India, in collaboration with SRM University and IIT Madras, SRM University, Chennai, India, May 29-31, 2013.
- K.S. Chalapati Rao participated in *Round Table on Human Development Report, 2013* on June 03, 2013.
- T.S. Papola participated and chaired a session in the *IHD-DFID-ESRC-Oxfam Symposium on Technology, Jobs and a Lower Carbon Future: The Informal Economy Case of Rice in India*, New Delhi, June 13, 2013.
- T.S. Papola participated and presented a paper in the *Workshop on Rural and Unorganized Labour*, National Institute of Rural Development (NIRD) Hyderabad, June 28-29, 2013.
- T.S. Papola chaired the Brainstorming Session on *Research Programme on Uttarakhand: Disaster and Development*, Indian Council of Social Science Research (ICSSR), July 21, 2013.
- T.S. Papola participated in the Planning Meeting on *Research on Urban Labour Markets*, Indian Council of Social Science Research (ICSSR), New Delhi, July 26, 2013.
- Satyaki Roy Presented a paper titled "Imperialism and the New World Order: Departures and Continuities", ICSSR sponsored *Workshop on Imperialism: Old and New*, Institute of Culture, R.K. Mission, Kolkata, July 29-30, 2013.
- Jinusha Panigrahi delivered a paper "Inclusive Higher Education and Its Access by the Underprivileged" presented in *National Conference on Inclusive Higher Education 2013*, University of Mysore, organized by ICSSR-UoM, August 01-02, 2013.
- Jinusha Panigrahi delivered lectures in Micro Economics (1st Year) and Macro Economics (2nd Year) to the students of B.A. Economics (Programme) for the first-term of the session 2013-14 of Non-collegiate Women Education Board (NCWEB), University of Delhi during August-December 2013.
- Shailender Kumar Hooda presented a paper on "Decentralization, Community Participation and Health Sector Performance: Evidences from Rural Haryana of

India”, *National Conference on National Rural Health Mission: A Review of Past Performance and Future Directions*, Institute of Economic Growth, Delhi, August 06-08, 2013.

- Swadhin Mondal presented a paper on “Urban Health in India: Who is Responsible?” *NRHM Conference on A Review of Past Performance & Future Directions*, Institute of Economic Growth (IEG), Delhi, August 06-08, 2013.
- K.S. Chalapati Rao participated in the discussion meeting on “Reviewing India’s Current Macroeconomic Scenario: Towards a People’s Development Agenda”, organised by the Third World Network and Madhyam, August 20, 2013.
- T.S. Papola delivered a lecture on “Structural Changes in Indian Economy” in *Refresher Course for Teachers in Economic*, Academic Staff College, Jawarhlal Nehru University, New Delhi, August 20, 2013.
- H. Ramachandran delivered a lecture on “Quantitative Techniques in Social Sciences” at the ICSSR Sponsored *Programme on Research Methodology for SC/ST Research Scholars*, Academic Staff College, Raipur, August 22, 2013.
- T.S. Papola delivered a lecture on “Social Science Research in India: The Quality Challenge” at the inauguration of the Ph.D. Programme, Symbiosis University, Pune, August 25, 2013.
- T.S. Papola delivered a lecture on “Employment and Labour Market in India”, to the team of Japanese Scholars from Nihon Fukushi University Tokyo, at South Asian University New Delhi, August 27, 2013.
- H. Ramachandran delivered Inaugural Address on *Urban Poverty at a Seminar on Urban Poverty* at Institute of Rural Management, Anand, August 29, 2013.
- T.S. Papola participated and chaired a session on *International Conference on Labour and Employment* at Indira Gandhi Institute of Development Research (IGIDR), Mumbai, September 05-06, 2013.
- H. Ramachandran attended ICSSR: Screening Committee on Research Projects on Urbanization and Urban Development, September 06, 2013.
- H. Ramachandran delivered a lecture on Urban Management to Bangladesh Civil Service Officers at NIAR, LBSNAA, Mussoorie, September 24, 2013.
- T.S. Papola participated in and chaired a session in *Sustainable Mountain Development Summit (SMDS)-3*, organized by Indian Mountain Initiative (IMI), Kohima, September 25-27, 2013.
- Dinesh Abrol presented a paper on “Industrial Policy and Pharmaceuticals: Implications for Universal Access to Medicine”, National Health Systems Resource Centre, October 04, 2013.
- K.S. Chalapati Rao participated in the “Brainstorming on Promoting Enterprise Innovation in India” organised by the Research and Information System and UNCTAD, October 08, 2013.
- T.S. Papola delivered Inaugural Address at the *Capacity Building Programme for Social Science Faculty Members*, Giri Institute of Development Studies, October 17, 2013.
- T.S. Papola chaired the Course Development Committee on Labour and Development, Indira Gandhi National Open University (IGNOU), New Delhi, October 22-23, 2013.
- K.S. Chalapati Rao made a presentation “Towards a Deeper Understanding of India’s FDI Inflows” at the *Silver Jubilee Conference on Trade and Industry* organised by the Indira Gandhi Institute of Development Research (IGIDR), October 22-24, 2013.
- K.S. Chalapati Rao participated in the discussion meeting on “From Doha to Bali: Challenges to the Development Agenda”, organised by the Research and Information System and the Third World Network, October 29, 2013.
- H. Ramachandran delivered a lecture on “Environment and Sustainable Development” at the Academic Staff College, Jamia Millia Islamia, November 05, 2013.
- Shailender Kumar Hooda presented a paper on “Access to and Financing of Healthcare through Health Insurance Intervention in India” at ISID, November 11, 2013.
- H. Ramachandran delivered a Plenary Lecture on “Urban Development, Policies and Planning in India: The Question of Equity” at the *35th Indian Geographers Meet*, University of Burdwan, November 13, 2013.
- Jinusha Panigrahi delivered a paper “Higher Education Financing in Odisha: Does Student Loan is an Alternative?” in ICSSR sponsored *National seminar on Remapping Development in India: Alternative Paradigms for 21st Century*, organized by Department of Economics, Ravenshaw University, Cuttack, Odisha, November 13-14, 2013.
- H. Ramachandran delivered a lecture on Programme Evaluation at Decentralized Level, IAMR, November 18, 2013.
- Pradeep Kumar Choudhury presented a paper on “Explaining the Role of Parental Education in the Regional Variation of Infant Mortality in India” at ISID, November 18, 2013.
- Jinusha Panigrahi presented the paper on “Foreign Providers in Medical Education Services in India: Mapping the Challenges and Opportunities” at ISID, November 29, 2013.
- T.S. Papola Delivered a lecture in the *Training Course on Labour Economics*, Organized by South Asian Research Network (SARNET) at IHD, December 02, 2013.
- Shailender Kumar Hooda participated in the *Seminar on UHC and Health Financing: Why Global Experience is Relevant to India* organised by Public Health Foundation of India (PHFI), December 03, 2013.
- Pradeep Kumar Choudhury participated in the *Seminar on UHC and Health Financing: Why Global Experience Is Relevant to India*, PHFI, New Delhi, December 03, 2013.
- Mahual Paul made two presentations of the studies on “Macro Analysis for Estimating Elasticity of Demand for Top Ten Commodities of India’s Exports” and “Linkage between Growth in Manufacturing Sector and Growth in Exports”, sponsored by Department of Commerce, Ministry of Commerce and Industry at ISID, December 03, 2013.
- H. Ramachandran delivered a lecture on “Urban Displacement and Resettlement” at the Council for Social Development, December 13, 2013.
- Pradeep Kumar Choudhury participated and acted as a Discussant in the *Seminar on Education and Social Empowerment: Policies and Practices* held at NUEPA, New Delhi, December 16-17, 2013.
- Satyaki Roy presented a paper “Dysfunctional Labour Regime and Growing Instability in Capitalist Accumulation in India” at *55th ISLE Annual Conference*, JNU, December 16-18, 2013.
- T.S. Papola participated and chaired a Technical Session and made keynote presentation in the Panel on Labour Statistics

at the 55th ISLE Annual Conference, JNU, New Delhi, December 16-18, 2013.

- K.S. Chalapati Rao presented a co-authored paper “FDI Inflows into India’s Manufacturing Sector & M&As: An Exploratory Study”, in the *National Conference on India’s Industrialization: How to Overcome the Stagnation?* organised by ISID, December 19-21, 2013.
- Dinesh Abrol presented a paper on “Industrial Revival and the Challenge of STI: Breaking Away from the Present”, in the *National Conference on India’s Industrialization: How to Overcome the Stagnation?* organised by ISID, December 19-21, 2013.
- T.S. Papola participated and presented a paper on “Employment in Manufacturing”, at the *Conference on India’s Industrialization: How to Overcome Stagnation?* organised by ISID, December 19-21, 2013.
- Satyaki Roy presented a paper “Towards Employment Augmenting Manufacturing Growth” at the *National Conference on India’s industrialization: How to overcome Stagnation?* organised by ISID, December 19-21, 2013.
- Mahua Paul participated at the *National Conference on India’s industrialization: How to overcome Stagnation?* organised by ISID, December 19-21, 2013.
- Pradeep Kumar Choudhury presented a paper on “Explaining the Role of Parental Education in the Regional Variation of Infant Mortality in India”, in the *Golden Jubilee Conference of The Indian Econometric Society (TIES)*, IGIDR, Mumbai, December 22–24, 2013.
- Mahual Paul presented a paper “Macro Analysis of Export Demand for Top-ten Commodities for India” at the *Golden Jubilee Conference of The Indian Econometric Society (TIES)*, IGIDR Mumbai, December 22–24, 2013.
- Jinusha Panigrahi delivered a paper “Medical Education in India: Exploring the Challenges and Opportunities with the Rising Foreign Providers” presented in *CESI International Conference 2013 on Education, Diversity and Democracy*, organized by Indian Statistical Institute, Kolkata and Department of Economics, University of Kolkata, December 28-30, 2013.
- H. Ramachandran delivered a lecture on “Principal Component Analysis” to the ICSSR sponsored programme on *Research Methodology for SC/ST Research Scholars*, Department of Geography, Delhi School of Economics, University of Delhi, December 30, 2013.

DISCUSSION NOTES

- Development, Environment, Biodiversity and The Sixth Great Extinction, M.M.K. Sardana, *DN2013/11*, December 2013.
- The Real Estate Regulatory Bill, 2013, M.M.K. Sardana, *DN2013/10*, November 2013.
- Addressing Naxalism and Left Wing Extremism through Good Governance, Development, Security Action and Readiness to Talk, M.M.K. Sardana, *DN2013/09*, October 2013.
- Indefinite Definition of FDI, K.S. Chalapati Rao, Biswajit Dhar and K.V.K. Ranganathan, *DN2013/08*, September 2013.
- Addressing Inequalities in Globalised World, M.M.K. Sardana, *DN2013/07*, August 2013.

- Ethical Issues Surrounding the Science and Engineering of Economics, M.M.K. Sardana, *DN2013/06*, July 2013.
- FDI in Multi-brand Retail Trade and the Safeguards, K.S. Chalapati Rao and Biswajit Dhar, *DN2013/05*, June 2013.
- Economic thoughts of M.K. Gandhi and Adam Smith M.M.K. Sardana, *DN2013/04*, June 2013.

AWARD OF DOCTORAL DEGREE

- Shailender Kumar Hooda, Assistant Professor at the Institute was awarded a Doctoral Degree for his thesis entitled “Decentralization and Financing of Healthcare Services in Rural India: A State Level Analysis”, Centre for the Study in Regional Development (CSR), School of Social Science (SSS), Jawaharlal Nehru University (JNU), New Delhi, India, 01 October 2013.
- Swadhin Mondal, Assistant Professor at the Institute was awarded a Doctoral Degree for his thesis entitled “An Analysis of Equity in Health-care, Financing in West Bengal, India” from Vidyasagar University, Midnapur, West Bengal, on 17 July 2013.

MEDIA CENTRE

Three short films namely; i) *Travesty of Justice*, ii) *Andheria Morh*; and iii) *An Industry Untamed*, were produced in-house by the Media Centre of the Institute. These films were screened on December 13, 2013 in the ISID Auditorium. A brief description about the films is given below:

- Travesty of Justice*** (Duration: 15 minutes 45 seconds): The film is about free treatment for the poor or economically weaker sections to be provided completely free of cost by private hospitals who have taken land, grant or subsidies from the Govt. The policy laid down by the Govt. makes it obligatory for such hospitals to provide a certain percentage of free beds. However, it has been found that most hospitals are not fulfilling this obligation. The film further tries to bring out some of the shortcomings of this policy and hopes to help create an awareness of such a facility being available as a right for the poor people.
- Andheria Morh- Voices of the Unheard*** (Duration: 9 minutes 24 seconds): The film shows the voices of the women who reside in the ‘Nat Colony’ near Andheria Morh, South Delhi. They work as domestic workers in Vasant Kunj area. The film hopes sensitize the audience about the lives of these women - their frustration, struggles and their aspiration.
- An Industry Untamed*** (Duration: 9 minutes 25 seconds): This is a film made under the banner of ISID-PHFI Collaborative Research Centre, about Tobacco Advertising Promotion and Sponsorship (TAPS), together with HRIDAY Foundation. This film is already being distributed by HRIDAY to create awareness about the issue.

STAFF MATTERS

- Dr Partha Pratim Sahu, *Assistant Professor* at the institute has joined the Gujarat Institute of Development Research (GIDR), Ahmedabad as Associate Professor on one year lien from September 2013.
- Shri Amar Singh, *Maintenance Assistant-cum-Cook*, who served the institute for more than 23 years, attained superannuation on December 31, 2013. The Faculty and Staff of ISID gave warm farewell.



Group photo of the faculty and staff with Shri Amar Singh

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Prof. K.S. Chalapati Rao, ISID

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Prof. K. Srinath Reddy, President, Public Health Foundation of India (PHFI), New Delhi & former HoD, Cardiology, All India Institute of Medical Sciences (AIIMS)

Shri M.M.K. Sardana, Former Member, Monopolies & Restrictive Trade Practices Commission (MRTPC), New Delhi and former Secretary, Ministry of Company Affairs, Government of India

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