



ISID FOUNDATION DAY

01 May 2011

Welcome Address

On the occasion of the Institute's Foundation Lecture, Prof. S.K. Goyal, Vice-Chairman, ISID, welcomed all the guests, in particular, the Chief Guest Shri Yashwant Sinha, former Finance Minister, who laid the foundation stone of the academic block of the Institute on March 11, 2002. Prof. Goyal in his welcome address remembered all those friends who have made valuable contributions to the growth of this Institute, especially the help, from Shri Yashwant Sinha when he was Finance Minister. Prof. Goyal while briefly highlighting the studies undertaken at the Institute, mentioned about the booklet, *An Overview*, of the Institute which gives the glimpse of the developments during the last 25 years.

Prof. Goyal also thanked Prof. Sukhadeo Thorat for his support in connecting the ISID on-line databases with number of universities through INFLIBNET when he was Chairman of the University Grants Commission. He also mentioned that these databases which were available as Research Reference CD (RRC) and the Version 1 of this RRC was released by Shri Yashwant Sinha in 2001.

Chairperson's Remarks

Shri Yashwant Sinha expressed his gratitude to Prof S.K. Goyal for inviting him to Chair the Foundation Day celebrations of the Institute. He said that "it does help me to renew my association with this Institute, which is, decades old". He recollected that his association with this institute started with his association with Shri Chandrasekhar ji, with whom he started his political career after he left the civil service. He also remembered very well those days when the institute was located at Narendra Niketan, where he used to go very often and force Prof. Goyal to share his lunch and also give some intellectual input. But, over the last few years, he said, somehow, things took away his time and he could not use the facilities of the Institute as much as he should have and this renewal today does encourage him to do that in future. He



Prof. S.K. Goyal, Vice-chairman, ISID delivering his welcome address to the august gathering

said that this is an Institute which really has travelled a long distance over a period of time and it is very rich, not only in its traditions, but also in the services which it provides to scholars from all over and under the guidance of Prof. S.K. Goyal and this will continue to happen.

Shri Yashwant Sinha, before inviting Prof Thorat, Chairman of the Indian Council of Social Science Research, to deliver his Foundation Lecture, expressed in his inaugural speech that despite the tumult, despite the dim, despite the noise that we see in our

ICSSR NATIONAL FELLOWSHIP TO PROFESSOR T.S. PAPOLA

- Indian Council of Social Science Research (ICSSR) awarded National Fellowship to Professor T.S. Papola, Honorary Professor at ISID, for his outstanding contribution to the field of social sciences, to work on "Employment in Indian Economic Development: Approaches, Policies and Performance". Professor Papola is going to undertake his research from ISID.
- Professor T.S. Papola took over as Chairman of the Board of Governors of Giri Institute of Development Studies (GIDS), Lucknow. Professor Papola had earlier contributed immensely to the development of GIDS during its formative years.



CHAIRMAN'S MEETING WITH FACULTY & STAFF



Dr Abid Hussain, after taking charge of the Chairman, met the Faculty on February 17, 2011 to acquaint with the academic activities undertaken by individual faculty members and also to find out other areas of research which the Institute can undertake. He also met the staff on that day to familiarize himself with the Institute's activities.

DIRECTOR

Professor M.R. Murthy, Officiating Director, has been appointed as the Director of the Institute for a three-year term with effect from March 16, 2011. Professor Murthy was a member of the Corporate Studies Group (CSG) and has been actively involved in the Institute's functioning in various capacities from its very inception. He combined exceptionally well with his senior and junior colleagues and did yeoman's service by shouldering the burden of institution-building both in figurative and literal senses to bring the ISID to its present level wherefrom it can look forward to a stable and long term future.



- Prof. K. Srinath Reddy, President, Public Health Foundation of India (PHFI), New Delhi & Former Head of the Department, Cardiology, All India Institute of Medical Sciences (AIIMS) joined the Board of Governors of the Institute in May 2011.
- 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 joined the Board of Governors of the Institute in May 2011.

public life there is another side to it and we have to go back to the ground level, interact with people in far away places, see the things happening and see the things not happening!

We reproduce some of the views expressed by Shri Sinha in the following paragraphs --

One of the things which worries me and I come from a state which is extremely backward, very rich in resources but very backward otherwise, Jharkhand. And, you are aware of the social unrest which is reflected through the left-wing extremism movement in that state. Jharkhand is one state where the largest number of districts in any state in India are affected very badly and identified as such by the Government of India. And, the district I represent in Lok Sabha belong to that category. And when I travel in the rural areas, I am amazed at the change in mental attitudes.

There may not be change in the physical well-being of the people but the attitudes have changed. The theory of *Karma* no longer operates. People are not prepared to believe in the theory of rebirth. They are not going to assign their present day miseries to what they may have done in previous lives and they want things to improve in this life without waiting for another rebirth. There is an impatience which has to be seen, to be felt. And, because there is impatience and because the communication revolution has taken information to the doorstep of people, even in the far away areas, the natural tendency towards violence at deprivation is understandable.

In not only Jharkhand, Bihar, Orissa and many other states, this is a situation in which people are living in our rural areas. And, there is a complete disconnect between New Delhi and these far away places. I remember when I was Finance Minister and I used to be confronted by journalists here, I said none of the issues that you are raising with me here are issues which matter in my constituency. And, in a recent article which I wrote for a Weekly, I said that when I go to the villages and try and tell them about the loss of that the government has incurred, in let's say the 2G Spectrum allocation, they look at me in bewilderment because they neither understand what 2G is nor can they comprehend the one lakh seventy-six thousand crore or two lakh crores—these are figures which they cannot understand. So they look at me in bewilderment—What am I talking about? But, what are the issues with them? The issues with them are that I am poor and I should be included in the below poverty line (BPL) list and because of corruption at the ground zero level, I am not so included. And, all the entitlement programmes of the government today depend on whether you are in that charmed list or not. I said jokingly one day that this distinction has created a race to the bottom and everybody wants to be in the BPL list. Because then they will get their *Indira Awas*, then



Chief Guest Shri Yashwant Sinha M.P. & Former Union Finance & External Affairs Minister is welcomed by Prof. S.K. Goyal in front of the plaque 'Foundation Stone of the Academic Block' which he laid. March 2002

they will get their old age pension, then they will get their widow pension, then they will get cheaper rations which state governments are offering—all this is dependant on whether you are in the BPL category or not. And I told the Planning Commission representatives who appeared one day before the parliamentary committee on finance, which I head, and told them that you just identify the rich—and the rest are poor. Because you get involved in so many rigmaroles in identifying the poor that in all our independent existence this country has yet not been able to define what poverty is and who's poor in this country?

I am saying this with some sense of responsibility that if these issues are not resolved at the local level, at the ground level, then left-wing extremism or any other kind of extremism will not merely be confined to some pockets of eastern India or southern India or western India. It will spread all over the place and it will become unmanageable, uncontrollable. I'll request Prof. Thorat to carry out a study and find out how many communities are there in our urban areas today which are gated communities. Every locality in Delhi today is a gated community. You can go on raising the walls, you can go on building more and more of steel gates but let me tell you that when the starving people of this country come, then no wall however high, no gate however strong, is going to prevent them from coming in. When I was Deputy Commissioner, many-many years ago in my civil service life, the bungalow in which I lived did not even have a fence! It was absolutely open. Anyone could walk in. It had only a few trees to define the boundary of the property. And, from that day until today, not only gated communities for civil community but look at the walls behind which the administrators hide these days. What is happening to this country is something which calls for serious attention from all of us and I am sure, though this is the Institute for studies in industrial development, I'll suggest that Prof. Goyal, Prof. Throat and others collaborate in carrying out some studies, which will become an input for policy makers.

FOUNDATION DAY LECTURE

The Status of Higher Education: Some Reflections

Prof. Sukhadeo Thorat, Chairman, ICSSR

Prof. Sukhadeo Thorat, Chairman ICSSR, delivered the foundation day lecture this year on 'The Status of Higher Education: Some Reflections'. His immediate concern was to focus on the status and developments of social science research in India and how it should be promoted in universities and colleges. In his lecture he took the opportunity to address some very important issues confronting higher education—the present status of higher education in India and the progress that we have made, and, related issues like: the extent of higher education, which is generally measured by enrolment ratio in higher education; the present status with respect to access—the inter-state and inter-district disparities; quality and excellence; academic reform and issue of providing relevant



Prof. Sukhadeo Thorat, Chairman ICSSR, delivering Foundation Day lecture while the chair observing keenly to him

education; and the issue of reform of governance in higher education. He touched upon each of these issues and ended by suggesting possible solutions.

Prof. Thorat emphasised the need to answer a few basic questions. Why should we value higher education? What are the goals of higher education? He said, "Celebrated Nobel Laureate T.W. Schultz, argued and established that expenditure on higher education is not consumption, it is an investment. It is an investment because it leads to increased productivity in the economy by enhancing the capabilities, skills and the knowledge of the workforce. For him the issue of higher education was indispensable for economic growth; it was not just a human right issue. Higher education teaches and enhances the skills and capabilities of the people, simultaneously increasing productivity, net value addition and creating economic growth. Although the gross enrolment rate has increased over the years—looking at the developing countries in the world, when they were in the process of take-off, the enrolment rate in higher education was only around 20 to 25 per cent—it still stands low. In other words, access to higher education should be increased in order to aid research programmes for economic growth. Higher education promotes not only economic growth, but also research & development and technology."

According to Prof. Thorat, while the growth of higher education in India over past decades has been sizeable, it has hardly been uniform or equitable. Under the Eleventh Plan, the strategy is to raise gross enrolment ratio in higher education to 15 per cent. This is proposed to be achieved by a two-fold strategy: enhancing the intake capacity of existing institutions, and, increasing the number of new institutions. To achieve this target of 15 per cent within a period of 5 years (2007 to 2012) will require close to fifty thousand crore—a tremendously high target set by the Planning Commission. In his lecture, Prof. Thorat also talked about issues related guidelines for the allocation

FOUNDATION DAY CULTURAL PROGRAMME

To celebrate 25 successful years of accomplishment, the annual day oration was followed by lunch and a cultural and entertainment programme for the faculty, staff and their families. A spirited celebration included singing and dancing programme followed by musical chairs for the kids as well as the adults. It was a great platform to get-together in an informal setting and reminisce all experiences and anecdotes.



of funds to colleges and universities, issues of multiple disparities across inter social and inter religious groups, private sector and its role in higher education in India, infrastructure and curriculum development impacting the quality of higher education

He gave equal importance to the issue of multiple disparities across inter-social and inter-religious groups that hinder access to higher education. In order to promote inclusiveness, UGC, during the Eleventh Plan, developed what is called the “inclusive education policy,” which focuses on regions, areas and social groups suffering from low access to higher education. In his article titled “Inclusiveness in Higher Education,” The Hindu, Prof. Thorat focused on the need for increased access to education for groups that currently have only limited access, and, on the difference between male and female enrolment ratio thus implying that our education system suffers from multiple disparities. He said that these issues will remain even at the end of 2012; therefore, there is need for comprehensive policy of inclusiveness to reduce disparity among them.

The private sector is a key constituent of the higher education segment in India. Prof. Thorat emphasised that higher education is primarily a state responsibility though there is a substantial role for the private sector. The high fee structure of these private institutions is certainly beyond the imagination as well as the capacity of the relatively poor classes, including the middle class and the lower middle class. To address this issue, the Government and UGC have made an attempt to further democratize universities to make them more equitable and inclusive places which would relate to the real life demands of the

society. The objective is to ensure that universities follow national policies on equity and ensure that no student is turned away for want of financial resources. The urgency of reform in the higher education system has arisen because this sector has hardly seen any major reform. The world around us has changed dramatically but our higher education continues to operate in the old policy frame. He stressed that there is a need for a major paradigm shift in this sector which would not happen with small incremental and unrelated changes here and there.

In recent years, great concern has been expressed about lack of infrastructure facilities for imparting good quality higher education and conducting advanced research. While the departments in universities and other higher educational institutions have made some impact on the development of teaching and research through their own efforts, a stage had reached where they need to strengthen their infrastructure for education and research in emerging areas. The primary duty of any government is to fully support the entire education sector for its infrastructure and recurring costs. Higher education requires larger amounts of funding not only to provide good knowledge, but also to give the country great architects of society.

Prof. Thorat addressed other important issues related to curriculum, development of the intellect and of moral character, and, the power and influence of TV on the contemporary and globalized human society. He concluded by reiterating the need to revisit our policies and programmes with a view to making them deal effectively with the emerging realities.

INDIA'S QUEST FOR NUCLEAR ENERGY**M.M.K. Sardana, Visiting Fellow***February 25, 2011*

Despite European Union, except France, UK and Finland, deciding not to go ahead with new nuclear reactors, Indian Government has finally decided to take up generation of nuclear energy in an accelerated manner. Legal Instruments have been put in place for flow of nuclear fuel and related technologies and materials. Supplies of such technologies and materials perceive a business opportunity of US\$150 billion in the first phase ending 2020. Indian institutions and entrepreneurs are raring to go by joining hands with foreign vendors. Government would do well to make amendments to legislations as required, and, set up a strong regulatory mechanism before the deals are actualized on ground. Further, the Indian Government, entrepreneurs and institutions should learn lessons from the deal with Enron on Dabhol Power Project so that negotiations take place between two equals and on an equitable basis otherwise everyone would stand to lose as in the aforesaid case. Environment concerns of tackling the nuclear waste should remain paramount, and, satisfactory means be devised to contain any fall out. Besides it would be debatable if Nuclear Power is cost competitive taking into account the high initial costs and costs of replacement of nuclear reactors. There would be additional cost requirements for maintaining higher standards of safety. The disposal of spent fuel would not only be technologically challenging, but would also continue to pose a hazard for coming generations.

Even those countries that have been in the business of Nuclear Energy for decades have not been able to come up with a final resting place for the spent fuels. In the face of costs, risks and wastes the progress of nuclear energy has been limited and the trend in advanced countries of Europe is towards rolling back the expansions. Indian leadership has before it the enormous task of political management of civil society towards assuring them the selected sites, and, that those being dispossessed of land would have brighter future. The track record of satisfactory political management has not been inspiring, which has resulted in many major projects getting stalled. While commercial negotiations take place, the political management needs to be given attention alongside. Otherwise, the cost overruns and delays are inevitable. Nuclear technology for power generation cannot be thrust upon unless there is assured public support on informed facts of affordable power with safety measures placed in position supervised by independent regulators.

FDI OUTFLOWS AND OVERSEAS ACQUISITIONS: EVIDENCE FROM INDIA**P.L. Beena, ICSSR General Fellow***March 11, 2011*

Recent policy shift related to trade liberalisation and deregulation of foreign investment policy at the global level have, probably, been the main determinants in the emergence

FORTHCOMING TWO-DAY WORKSHOP***Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern******July 07–08, 2011***

The Institute has been carrying out a Research Programme on “Structural Changes, Industry and Employment in the Indian Economy: Macro-economic Implications of the Emerging Pattern”, sponsored by the Indian Council of Social Science Research (ICSSR), New Delhi. The programme is now in its third year and most of the studies planned under it have been completed or are nearing completion. A number of studies on research papers/reports on various aspects of structural change are envisaged in the following six major themes:

- Growth and Structural Changes in Indian Economy;
- Employment Implications of Structural Changes;
- Growth and Structure of Industry;
- Structure of Services Sector;
- Income Distribution, Macro-Economic Balances and Prices; and
- Structural Changes in India's foreign Trade

We are proposing to have a Two-Day Workshop during July 07–08, 2011 to present the draft reports/papers in these broad themes mainly to elicit comments and suggestions from a wider group of scholars and experts working in these areas. Tentatively, the Programme is divided in six technical sessions and about ten research papers and reports prepared by the faculty of the Institute will be presented/discussed in the Two-Day Workshop. The following papers/reports are to be discussed in the Workshop:

- Growth and Structural Changes in Indian Economy: The Role of Industry and Services (Surajit Mazumdar);
- Structural Changes in India's Foreign Trade (T.P. Bhat);
- Large and Small Industry Linkages (Jesim Pais and P.P. Sahu);
- Import Intensity of India's Exports (Mahua Paul);
- Inter-regional Disparities in Industrial Growth and Structure, (T.S. Papola, Nitu Maurya and Narendra Jena);
- Trends in Consumption Expenditure (Satyaki Roy);
- Corporate Sector in Indian Economy (M.R. Murthy and K.V.K. Ranganathan);
- Contribution of Different States in Export Growth (Mahua Paul);
- Employment: Trends and Structure (T.S. Papola, P.P. Sahu)

of new patterns such as internationalisation of the production process Although India has a long history of outward FDI, the amount was quite insignificant till 2000 but has significantly grown during 1999–2000 to 2009–2010. In the year 2009, FDI outflows account for almost 4 per cent of India's capital formation while FDI inflows account almost 9 per cent of India's capital formation. It is also important to note that the growth of overseas acquisitions by Indian firms has accelerated since early

2000s and this new trend has attracted scholarly attention. Most of the studies conform to the argument that the multinational enterprises of developing countries internationalize businesses mainly to acquire intangible assets and resources which they do not possess. There is also a viewpoint which is increasingly popular, especially in the media discussions today that Indian acquisitions overseas is a laudable question of national pride and an indication that the Indian firms have acquired capability to compete in the international markets. A recent study highlights the developmental implications of outward FDI *vis-à-vis* domestic investment.

Given this background, an attempt has been made in this paper to analyse the economic characteristics of Indian acquiring firms abroad and their sources of financing. Disturbingly, the study observed that the foreign exchange spending by these firms is 17 times higher than foreign exchange earnings during 1990 to 2010. The study argues that it is not because they were flushed with a surplus of funds that they went in for acquisitions overseas. Instead, they have made use of Foreign Currency Convertible Bonds, Foreign Currency Exchangeable Bonds and Special Purpose Vehicles in order to acquire large-sized firms abroad. Finally, drawing on the major findings, the study identifies the major topics needing consideration on appropriate regulatory measures of corporate governance.

INDIA AND ITS DIASPORA IN SOUTH EAST ASIA

Amba Pande, ICSSR Fellow

March 18, 2011

Diasporas are fast emerging as one of the agents of development in the globalised world. Contrary to the idea of diasporic formations as a phenomenon separated or superimposed on concepts like the 'nation state', Diasporas call for new interpretations with multiple belongings reinforced by initiatives like dual citizenship. The initial conception of migrant integration and their loyalty has gradually given way to their circulation and simultaneous commitment to two or more nations. This has led to a growing worldwide interest for integrating the Diasporas and contemplating their contribution for the development of both—the countries of destination as well as the origin. The Diasporas, too—owing to the increased transnational connectivity—are keenly looking forward to credible opportunities to be a part of this developmental process.

The presentation was an endeavour to situate the Indian Diaspora in the context of the changing Indian posture towards them and critically examine the extent to which they have contributed to India's position as a growing world power. In this regard, India's Look East Policy (with a particular reference to Singapore) was illustrated as a case to discuss the success of India's endeavours in incorporating its Diaspora in the developmental process. India has a forward-looking and proactive policy towards Southeast Asia and there is a strong presence of the Indian

Diaspora in the region, which makes it an appropriate case in point. The case of China was also discussed in order to have a comparative view because Southeast Asia has a large presence of overseas Chinese.

India and China adopted different approaches for tapping the expertise and resources of the Diasporas—majority of them are highly successful in the countries of settlement—to turn the despair of brain drain into brain exchange and brain gain. Owing to the dominance in the East Asian business with surplus capital and making extensive use of both formal and informal networks called 'Guanxi', the overseas Chinese (as the Chinese Diaspora is referred to) not only helped the fellow Chinese entrepreneurs, but also made spectacular contribution to China's emergence as a manufacturing centre and a vibrant economy. In the case of India and its Diaspora, although a bit late, they have slowly picked up the threads of history—after a long period of complete disconnect often termed as the 'missed opportunity'—to build a mutually advantageous relationship benefiting India hugely in terms of remittances, FDI, philanthropy, tourism, knowledge networks, or emergence as a soft power. Nevertheless, India has a long way to go towards managing its Diaspora engagement initiatives and reaping maximum gains out of it.

SUSTAINABLE DEVELOPMENT: EMERGING ISSUES IN INDIA'S MINERAL SECTOR

Nilmadhab Mohanty, Honorary Senior Fellow

March 25, 2011

Mineral wealth of a region (state) or country must be developed; for, minerals in the ground are a dormant asset. Using mineral production to sustain economic well-being is important for local communities, states blessed with mineral resources, and the entire nation itself. For many backward states in India mining underpins industrial development which in turn leads to technological upgradation, skill development and diversification of the economy.

While mining as an economic activity is crucial and expanding, its "social license to operate" is increasingly under threat. The problems and challenges faced by mining are somewhat inherent in the nature of the industry itself, as mineral extraction tends to have considerable negative physical, environmental and social effects. How these problems are managed and mineral development is integrated with social concerns, environmental integrity and good governance is of crucial importance for economic growth and for the development of the country's mineral-rich states.

The main objective of the study is to analyze these issues and explore ways to alleviate the problem, perhaps by suggesting a framework for sustainable development appropriate to the requirements of the mining sector in India.



Shri Nilmadhab Mohanty making presentation to the faculty on the study

The study involves, apart from desk research, a field study in mining areas. It proposes to undertake case studies in selected mining areas (producing iron ore and bauxite) in the mineral-rich states of Orissa, Jharkhand, Karnataka and Goa. The purpose of the field study is to ascertain the measures already being taken by mining companies in the area of sustainable development. Another objective is to assess the effectiveness of the present governance system to ensure sustainable development in mining.

During the field study it is proposed to interact with the concerned government officials and agencies, mining executives and local communities in the selected mining areas. Also, data and information on various aspects of mining, in particular regarding the measures adopted for sustainable development will need to be collected.

The studies in Orissa and Goa have been completed. Those in respect of Karnataka and Jharkhand will be undertaken during the next few months. Analysis of the information collected during the field study and further desk research will be needed for the completion of the study by the end of the year.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT: EVIDENCE FROM SOUTH ASIAN COUNTRIES

Nitu Maurya, Research Associate

April 19, 2011

Infrastructure is crucial for overall economic development and prosperity of any country. Developed infrastructure services are essential for enhancing public and private investments in a country. For less developed countries, development is difficult because their infrastructure is less developed. Better developed infrastructure attracts more investments to developed countries while backward countries face multiple problems. An attempt has been made in this study to examine the relationship between physical infrastructure and economic development among South Asian countries on the basis of composite index of physical infrastructure and Per Capita Income (PCI) of the

countries. Composite index of physical infrastructure has been prepared with the help of Principal Component Analysis for five South Asian countries, at three different point of time: 1991, 2001 and 2005. Regression Analysis has been used to measure the relationship between physical infrastructure facilities and the level of economic development.

The results are significantly conclusive that physical infrastructure facilities play an imperative role in the development of South Asian countries. Also, there are no significant changes in the relative ranks of the countries in terms of physical infrastructure development index as well as PCI rank. Further, physical infrastructure has been responsible for widening income gap in South Asian countries.

RESEARCH PROJECTS

- ICSSR sponsored research programme on *Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Trends*—the research programme is now in its third year and around ten research papers/reports on various aspects of structural change have been prepared and submitted to ICSSR. The programme is co-ordinated by Prof. T.S. Papola. Institute is organising a Two-Day Workshop during July 07–08, 2011 to present these draft reports/papers to elicit comments and suggestions from a wider group of scholars and experts working in these areas.
- *Determinants and Impact of FDI in the Creation and Diffusion of Knowledge in the Automobile Industry: A Study on Clusters in Chennai, Bangalore and National Capital Region*—Satyaki Roy, Principal Investigator. This project is sponsored by Technology Information, Forecasting and Assessment Council, Department of Science and Technology, GOI. In the context of automobile industry this study aims to understand the factors that influence the inflow of FDI and the extent to which these infusions impacted upon the technology diffusion process specific to the sector. The study includes identifying the major trends from secondary data as well as field surveys that further explains the motives and dynamics of technology diffusion. The major findings of the study will be presented in a workshop organized by TIFAC and the draft report will be submitted in July.
- *Employment Challenges in North-eastern States of India: Role and Potential of the Unorganized Manufacturing Sector*—The north-eastern region (NER) of the country continues to remain on the fringe of society in terms of any socio-economic indicators and creation of gainful employment opportunities is probably the single most critical problem in this region. The present study, specifically focusing on the unorganized manufacturing sector, analyses pace and pattern of employment growth in eight north-eastern states of India. The study is supported by the V.V. Giri

National Labour Institute, Noida. Dr Partha Pratim Sahu is the Principal Researcher.

- *Sustainable Development: Emerging Issues in India's Mineral Sector*—field study for the project at a few selected mines in Jharkhand, Orissa, Goa and Karnataka was finished and where extensive discussions and interviews were held with the mining executives, local community representative and government officials. The draft report of project is initiated. The project is funded by Planning Commission. Nilmadhab Mohanty is the Project Director.
- *The Employment Implications of Current Financial Crisis: Challenges, Threats and Coping Strategies in India*—Manufacturing enterprises of all sizes have been affected by the global economic slowdown that began in late 2008. The present study, based on a survey of 125 small exporting firms in National Capital Region of Delhi, manufacturing diverse product groups seeks to answer following questions: a) what did the sample enterprises feel about economic slowdown; b) how did these firms perceive the changes due to economic slowdown; and c) how did they respond to these changes. The study has been commissioned by the South Asian Network of Economic Research Institutes (SANEI). Dr Partha Pratim Sahu is the Principal Researcher.

FACULTY NEWS

WORKING PAPERS

WP2011/01: India's FDI Inflows: Trends and Concepts, K.S. Chalapati Rao and Biswajit Dhar, February 2011

India's inward investment regime went through a series of changes since economic reforms were ushered in two decades back. The expectation of the policy makers was that an "investor friendly" regime will help India establish itself as a preferred destination of foreign investors. These expectations remained largely unfulfilled despite the consistent attempts by the policy makers to increase the attractiveness of India by further changes in policies that included opening up of individual sectors, raising the hitherto existing caps on foreign holding and improving investment procedures. But after 2005-06, official statistics started reporting steep increases in FDI inflows. This paper is an attempt to explain this divergence from the earlier trend.

At the outset, the paper dwells on the ambiguities surrounding the definition and the non-adherence of international norms in measuring the FDI inflows. The study finds that portfolio investors and round-tripping investments have been important contributors to India's reported FDI inflows thus blurring the distinction between direct and portfolio investors on one hand

and foreign and domestic investors on the other. These investors were also the ones which have exploited the tax haven route most. These observations acquire added significance in the context of the substantial fall in the inflows seen during 2010-11.

In most countries, particularly those that have faced chronic current account deficits, obtaining stable long term FDI flows was preferred over volatile portfolio investments. This distinction between long term FDI and the volatile portfolio investments has now been removed in the accepted official definition of FDI. From an analytical point of view, the blurring of the lines between long term FDI and the volatile portfolio investments has meant that the essential characteristics of FDI, especially the positive spill-overs that the long term FDI was seen to result in, are being overlooked. FDI that is dominated by financial investments, though a little more stable than the portfolio investments through the stock market, cannot deliver the perceived advantages of FDI. The net result is that while much of the FDI cannot enhance India's ability to earn foreign exchange through exports of goods and services and thus cover the current account gap on its own strength, large inflows of portfolio capital causes currency appreciation and erodes the competitiveness of domestic players. The falling share of manufacturing and even of IT and ITES means that there is less likelihood of FDI directly contributing to export earnings. India seems to have been caught in a trap wherein large inflows are regularly required in order to finance the current account deficit. To keep FDI flowing in, the investment regime has to be liberalised further and M&As are allowed freely.

Even at the global level, the developmental impact of FDI is being given lesser importance notwithstanding the repeated assertions to the contrary in some fora. International data on FDI and its impact has never been unambiguous. If FDI has to deliver, it has to be defined precisely and chosen with care instead of treating it as generic capital flow. India should strengthen its information base that will allow a proper assessment of the impact that FDI can make on its development aspirations.

WP2011/02: Spatial Organization of Production in India: Contesting Themes and Conflicting Evidence, Satyaki Roy, April 2011

The emergence of space as a determinant in the functional relations linked to production and growth is a recent development in theories of industrial organization. This paper primarily reviews the contesting themes in explaining changes in relative importance of space. In reference to industrial clusters in India, the paper argues that it is the heterogeneity of the industrial organizations that captures 'space' as an analytical category and broad generalizations

often do not address the spatial dimensions. Neither also is it true, at least for developing countries such as India, that small enterprise clusters always reflect the post-Fordist dimension of change in the production organization. In the context of global production chain, this paper further argues that participation in such value chains might lead to contradictory outcomes in production organization giving rise to increased rift between the 'global' and the 'local'.

WP2011/03: The Global Crisis and the Remedial Actions: A Non-mainstream Perspective, Sunanda Sen, May 2011

The current global financial crisis, has spread across countries and sectors, affecting both financial and real spheres of economies in advanced as well developing countries. This has been caused by policies based on 'rational expectations' models advocating de-regulated finance, with uncertainty and facilities for easy credit and derivatives, globalised exposures for financial institutions and long term contractionary effects with underconsumption which contributes to further instability and contraction of finance. The responses so far from monetary authorities in US have been ineffective to cure unemployment, low growth, the lost monetary autonomy in developing countries and distress in Euroland. There is a need for a strict curbing of speculation in finance and instituting of an "employer of last resort".

BOOK CHAPTERS / ARTICLES / PAPERS PUBLISHED

- "Exemplar of Academia-Industry Interchange: The Department of Chemical Technology at Bombay University—1915–35" by Nasir Tyabji in Uma Das Gupta (ed.) *Science and Modern India: An Institutional History, c.1784-1947*, Pearson Longman, New Delhi: 2011.
- "The Big Indian Corporate Feast" by Surajit Mazumdar in *Governance Now*, 15–31 January 2011.
- "Economic Liberalisation and Financing Pattern: With a Focus on Acquiring Firms", P.L. Beena, CDS WP No. 440, January 2011.
- "Monetary Policy Corruption and Other Parameters Specific to India," M.M.K. Sardana, a Discussion Note DN1101, January 2011, <http://isid.org.in>
- "Subcontracting in India's Micro and Small Manufacturing Enterprises: An Exploratory Analysis" by P.P. Sahu in K. Das (ed.) *Emerging Issues in Micro and Small Enterprises in India: Era of Reforms*, Routledge Publication, Pp. 185–207, 2011.
- "Does the Current Crisis Remind us of the Great Depression?" by Sunanda Sen in Oscar Dejuan, Febrero Eladio, Maria Cristina Marcuzzo and Edward Elgar (eds.) *The First Great Recession of the 21st Century: Competing Explanations* [Hardcover]: Edward Elgar Publishing, London 2011.

- "Trading in India's Commodity Future Markets" by Sunanda Sen and Mahua Paul, *Takshashila Academia of Economic Research Seminar Volume*, February 2011.
- "Smoke and Mirror of Commodity Future Trading in India" by Mahua Paul, *Takshashila Academia of Economic Research Seminar Volume*, February 2011.
- "Competition Policy, Economic Growth and Corruption," M.M.K. Sardana, a Discussion Note DN1104, February 2011, <http://isid.org.in>
- "Advocacy and Lobbying: Indian Context," M.M.K. Sardana, a Discussion Note DN1103, February 2011, <http://isid.org.in>
- "Is there a Solution to Corruption!" M.M.K. Sardana, a Discussion Note DN1102, February 2011, <http://isid.org.in>
- "The Agrarian Constraint on Industrialization: Has India Outgrown the Problem?" by Surajit Mazumdar, in B.K. Mohanty (ed.) *Issues in Economic Development of India, Professor Basudeb Sahoo Felicitation Volume*, Delhi: New Century Publications (forthcoming).
- "Liberalization, Demand and Indian Industrialization" by Surajit Mazumdar, in S. Bhattacharya (ed.) *Two Decades of Market Reforms in India: Some Dissenting Views*, London, New York, Delhi: Anthem Press (forthcoming).
- "Impact of Triple Tragedy of 11th March in Japan on World Economy and Nuclear Energy Industry," M.M.K. Sardana, a Discussion Note DN1105, March 2011, <http://isid.org.in>
- "Foreign Direct Investment Caps in India and Corporate Control Mechanisms", by K.S. Chalapati Rao (with Biswajit Dhar), *Economic and Political Weekly*, Vol. 46 No. 14, 02–08 April 2011
- "Battle of Currencies," M.M.K. Sardana, a Discussion Note DN1106, April 2011, <http://isid.org.in>
- "Behavioural Biases of Consumers and Competition Policy," M.M.K. Sardana, a Discussion Note DN1107, May 2011, <http://isid.org.in>
- "Export-orientation of Foreign Manufacturing Affiliates in India: The Role of Host Country Market, Local Competition, Policy Regime and Import Competition," Mahua Paul (Co-author), *Eurasian Journal of Economics and Business*, May 2011.
- "Location of FDI in India: Some Less-Explored Aspects," K.S. Chalapati Rao and M.R. Murthy, *Transnational Corporations Review*, Vol.3, No.2, June 2011.
- "Economic Liberalisation and Financing Pattern of Indian Acquiring Firms Abroad," by P.L. Beena, *Transnational Corporations Review*, Vol.3, No.2, June 2011.
- "Information Asymmetry, Law and Competition", M.M.K. Sardana, a Discussion Note DN1108, June 2011, <http://isid.org.in>.

CONFERENCE PRESENTATIONS / LECTURES DELIVERED

- P.L. Beena delivered a Special lecture on "FDI and CBM&As: Evidence from India" in the National Conference on *Issues of FDI in India* held at Bharathidasan University, Tamil Nadu, 27–28 January 2011.

- P.L. Beena presented a paper titled “Economic Liberalisation and Financing Pattern: With a Focus on Acquiring Firms” in the conference on *Money and Finance*, held at the Indira Gandhi Institute of Development Research, Mumbai, 25–26 February 2011.
- Satyaki Roy presented a paper titled “Spatial Organization of Production in India: Contesting Themes and Conflicting Evidence” in SSE Conference 2011 at Houston, Texas, 09–12 March 2011.
- P.L. Beena presented a paper titled “Outward FDI and CBM&As: Evidence from India” in the International Conference on *Changing Structure of International Trade and Investment: Implications for Growth and Development*, organised by the Department of Economics, Jamia Millia Islamia (A Central University), New Delhi, INDIA in Collaboration with Centre for WTO Studies, 02–03 March 2011.
- Satyaki Roy presented the Draft Report on “Determinants and Impacts of FDI in R&D in the Creation and Diffusion of Knowledge in the Automobile Industry: A Study on Clusters in Chennai, Bangalore and National Capital Region” at the Workshop held at TIFAC, Department of Science and Technology, GOI, New Delhi, 16 June 2011.
- Sunanda Sen presented a paper on “Financial Crisis: Remedial Aspects” in the International Conference on Future of Capitalism held in Cambridge University, 27–28 June 2011.

PARTICIPATION IN SEMINARS, CONFERENCES, WORKSHOPS AND SYMPOSIA

- T.P. Bhat participated in the “Think-Tank Programme” organised by the Keizai Koho Center, Japan Institute for Social and Economic Affairs, 17–21 January 2011 in Tokyo.



A group photo of “Think-Tank Programme” organised by the Keizai Koho Center, Japan Institute for Social and Economic Affairs where in Prof. T.P. Bhat participated

- P.P. Sahu attended a special lecture by Mr Mark Holmström on “From Mass Production to Flexible Specialization: Large Firms, Small Firms and Industrial Districts,” held at USO

House, organised by MSME Foundation, New Delhi, 18 January 2011.

- T.S. Papola Chaired a session in KLEMS Conference organised by ICRIER at India Habitat Centre, New Delhi, 24 January 2011.
- P.P. Sahu attended the First India KLEMS Workshop at Gulmohar Hall, India Habitat Centre, organised by ICRIER, 24 January 2011.
- P.P. Sahu attended First Expert Committee Meeting of IGNOU’s MA Programme on Labour and Development, 01 February 2011.
- T.S. Papola participated in the Advisory Board Meeting of the India Human Development Survey being conducted by NCAER, NCAER, New Delhi, 15 February 2011.

ISID RESEARCH REFERENCE CD RRCD VERSION 5.0



Computer-based reference services have now become a basic requirement for the academic community. The journals published in India and other developing countries are not, however, adequately covered in the international packages. The Corporate Studies Group (CSG—precursor to ISID) had, way back in the early eighties, made a beginning to bridge this gap under the guidance of Prof. S.K. Goyal. The group created two databases by indexing the contents

of major Indian Social Science journals and articles & reports published in select Indian newspapers primarily to meet its own research needs.

Due to their proven utility for researchers, teachers, students and other academics, these databases were made available to the academic community not only through the Institute’s website, but also as a CD-ROM called ISID Research Reference CD (RRCD). The RRCD was specifically designed and created for quick reference to the index without requiring access to the internet.

ISID has now come out with version 5.0 of the RRCD. This not only includes index of articles, discussion notes, editorials and reports published in the 175 social science journals and clippings from 15 english language newspapers since 1999, but also contains full text of select policy documents, union budget speeches, review chapters of the economic survey since 1989–90, some basic macroeconomic data and website addresses of select institutions and organisations.

Demonstration of the RRCD was given at a stall put up by ISID during the 93rd Annual Conference of the Indian Economic Association held during 27–29 December 2010, at Panjab University, Chandigarh. The response to the RRCD was very encouraging.

- P.P. Sahu chaired one session in the Workshop on India's Economic Growth: Directions for Future Research, organised by The Science Research Promotion Fund (provided by the Promotion and Mutual Aid Corporation for Private Schools of Japan) and Musashi University, JNIAS/JNU, at Jawaharlal Nehru University, 21 February 2011.
- Seema Goyal Papola was one of the Judges on *Film-fest* on 'Green Reels—Environmental Documentary Film-Making Competition' jointly organised by Indian Institute of Mass Communication (IIMC) and Indo-Canadian Embassy, February 2011.
- T.S. Papola delivered Keynote Address at the National Conference on Employment Scenario in Post Reform Period, Department of Business Economics, MS University, Baroda, 04–06 March 2011.
- P.L. Beena attended a one-day workshop on "Writing in Research" organized by Department of Humanities and Social Sciences, IIT Delhi on 19th March 2011 and also acted as discussant of the following papers presented by Ph.D Scholars of IIT, New Delhi: "Integration of Indian Machinery Industry into Global Production Networks" and "Welfare Estimation of Recreational Demand of a National Park – Application of Truncated Poisson Regression for handling the Count Data."
- Satyaki Roy acted as discussant in the Session on "Growth and Development" in SSE Conference, held at Houston, USA, 09–12 March 2011.
- Sunanda Sen attended the UGC SAP Conference on Global Economic Crisis, in Kalyani University, March 2011.
- T.S. Papola Chaired a session on International Workshop on Time Use Studies organised by Centre for Alternative Development, Ahmedabad, held at Park Hotel, New Delhi, 06–08 April 2011.

VISITS RESEARCH SCHOLARS

- Dr Y. Venugopal Reddy, former Governor, Reserve Bank of India, visited ISID to meet Prof. S.K. Goyal on February 15, 2011. Prof. Goyal introduced Dr Reddy to the faculty members.

ASSOCIATION WITH ACADEMIC

- Prof. K.S. Chalapati Rao, Member, Editorial Advisory Board of (i) Chartered Secretary and (ii) Student Company Secretary Bulletin of the Institute of Company Secretaries of India.

PROFESSOR SURAJIT MAZUMDAR

- Professor Surajit Mazumdar left the Institute to join the faculty of Bharat Ratna Dr B.R. Ambedkar Vishwavidyalaya, Delhi on March 16, 2011. The faculty and staff of the Institute and the Editorial Committee wish to thank Professor Surajit Mazumdar for his immense academic contribution and constant support for the publication of the Institute's Newsletter. We

wish him all success in his new assignment at Ambedkar University, Delhi.

A DOCUMENTARY FILM SHOWCASING URBAN POOR

Blind Alley (Andheria Mor)

Synopsis

According to the United Nations, One billion people worldwide live in slums without access to what many of us consider "normal" sanitation, security or rights.

A documentary film won't change the world, but media does have the potential to shine a spotlight on important issues. That's what this documentary aims to do ...*to shine a light.*

In developing countries like India, underprivileged women are frequently uneducated, which leaves them disadvantaged, financially dependent and at a risk for physical and social hardships. Women's health, emotional well-being, and ability to fend for themselves reflect a great deal on the socio-economic indicators of a particular community. In fact, a community in which the women are not empowered cannot move forward until that deficiency has been remedied.

ISID, Institute for Studies in Industrial Development, apart from all its work in the field of social sciences also dedicates itself in spreading awareness about hiccups existing in our society. Therefore, with the help of its Media Centre, the institute seeks to develop films on important economic and social issues and helps raise the level of public debate and awareness.

India is growing very fast and along with this the slum dwellers are also increasing. Slums with high rates of poverty, illiteracy and unemployment are commonly seen as breeding grounds for problems like crime, drug addiction and



A snap-shot taken from the documentary

alcoholism. This film highlights on the life of women living in one such colony in the southern part of Delhi, within the blind alley, Andheria Mod, of Mehrauli region known as the “nat” colony.

Amidst social conditions worse than poverty, this colony of “nats” gives us an insight to a not so usual world of these women, with their kids suffering from substance abuse to their dealing with everyday domestic violence. This documentary provides a critical focus on the daily hardships of these women.

CAMPUS NEWS

MAINTENANCE DEPARTMENT

On 14th January 2011, the maintenance and upkeep department of the Institute shifted to a spacious and well organised work area in the basement of academic block. All the soft partitioning, glasswork and furnishing for the area was carried out indigenously by the skilled staff of the Institute. By moving to this new setup, all service facilities were brought in one place thereby increasing the efficiency of the system.



The Campus Maintenance and Upkeep Team

ISID RECOGNISED AS THE GOLD CUSTOMER BY ISP PROVIDER

May 18, 2011

ISID has been awarded the **Gold Customer** certificate in recognition of its valuable contribution Institute's one of the Internet Service Provider AIRCEL Business Solutions recognised ISID as a for the preferred service provider for data connectivity and handed over a certificate regarding the same on 18th May, 2011 by their Deputy Manager, Ms Reema Jaiswal.



Aircel Deputy Manager, Ms Reema Jaiswal presenting a certificate in recognition to ISID as Gold Customer

CONSTRUCTION OF AUDITORIUM

An auditorium with a seating capacity of 175 persons was planned originally. This was left unfinished due to limitation of funds. Now it is being furnished with state-of-the-art facilities with a good audio, video, lighting and acoustic system like a theatre. There is a need for further strengthening of infrastructural facilities by building faculty and hostel rooms in the second and third floors of Block B. It is also essential to have connectivity between the buildings. It is proposed to construct a bridge linking the Blocks A & B at the third floor level. This will make effective usage of the space and infrastructure facilities like library, conference halls, cafeteria, etc. situated in Block A in addition to facilitating movement without depending upon elevators.

BOOK REVIEW

RETHINKING CAPITALIST DEVELOPMENT

Kalyan Sanyal

Routledge, 2007, Pp x+275, ₹595

Reviewed by Satyaki Roy

The persistence of non-capital provides the entry point for a narrative of development which is radically different from the earlier notions based on linear progression of history. All pre-capitalist formations would eventually be taken over by capitalist development use to be the grand paradigm and the transformative vision at its core is predominant not only in Marx but also in liberalism and modernization theories. Kalyan Sanyal's thesis claims a radical departure from such constructs and redraws the space of post colonial development as a complex capital non-capital combine. The author critically reviews the various strands of development theories that aimed to reconcile the departures from the grand narrative in addressing the causes behind

underdevelopment. Dependency theories, world-system framework and multifaceted literature on articulation, all are caught in the web of historical transcendence that the author considers a weakness as well as incompleteness in explaining post colonial capitalism.



The principal thesis of the book is characterizing the 'need economy' and the way 'accumulation economy' in a sense capital interacts with the former in its hegemonic exercise through various nodes of governmentality. The wasteland of non-capital according to the author is neither be conceptually captured by the notion of 'reserve army of labour' nor by that of 'subsistence economy'; it is not based upon a relation assuming moments of extraction and exploitation but predicated upon the notion of exclusion. The argument runs as follows: the notion of reserve army of labour is assumed to be the result of increased capitalist accumulation and the consequent rise in the organic composition of capital while the wasteland occurs because the dispossessed in the process of primitive accumulation of capital are not turned into wage labour. Hence the people in the wasteland are deprived of the opportunity of being exploited in the capitalist production process. It is different from the 'subsistence' economy that is assumed to generate no surplus because the producers in the need economy generate surplus with the aim of consumption. The capitalist production process is organized primarily to generate surplus and in that process it satisfies consumption needs by producing wage goods while in the case of the need economy consumption is prior to accumulation. In the author's scheme non-capital is endogenous to the growth of capitalism and not something exogenously existing with which capitalism is forced to negotiate to replenish its hegemony, neither also it is created or reproduced for capitalism to meet the needs of demand or supply. On the contrary the need economy is an outcome of a complex process of both primitive accumulation of capital and the reversal of the same although in an asymmetric way. The existence, reproduction and sustenance of the need economy and the complex interaction with capital redefine the context of development. The flow of surplus from the capitalist to the need economy should conform to the rules of market and establishes a complex hegemony where the 'other' is promoted and valorized instead of being suppressed and silenced. Hence the author redefines the politics of development as a radical critique of capital to raise the voice of the need economy but at the same time denounces any transformative project.

The book is an excellent repository of the debates related to the genesis of development theories and pregnant with immense potent of debating the simplistic essentialist mode of production arguments but somewhere it is caught between its own horns. The relevance and sustenance of the need economy or the non-capital according to the thesis advanced is only to provide legitimacy to capital's hegemony and that gives rise to the capital-noncapital construct which is the incomplete or surrogate synthesis. This argument in any case involves an essentialist string: a non-economic logic of the persistence of non-capital is put forward while negating all such purposes of capital non-capital interaction that help in reducing the cost of reproducing labour power or maintaining a reserve market. Secondly, needless to say that the vast number of un/underemployed is much larger than the number required pushing down wages in the capitalist sector but that does not necessarily nullify the concept of reserve army of labour rather only reveals the inherent contradiction of capitalism. If we consider capitalism as a global system instead of looking post-colonial capitalism as different we perhaps get an answer: more the organic composition of capital increases the more people will be thrown in the ranks of relative surplus population. Is it something generic to 'post colonial' as the author argues or it simply reflects the declining employability of capitalism as a system that embraces an integrated labour market on the hand and has much less options of displacing unemployment to unsettled territories that it could do earlier. Third, the author dissociates his need economy from David Harvey's thesis on accumulation through dispossession that basically argues that the accumulation in capitalism at the present juncture is primarily dependent on dispossession rather than by accumulating surplus from production. The author argues that the need economy is not only the fallout of dispossession as Harvey argues but also the site of the reversal of primitive accumulation of capital as self employed people own their means of production. This is utterly mechanical since alienation of the producers from their means of production is not merely losing ownership of the means of production but essentially losing control over the process of production and that is true even for those who are self employed but entangled in the larger network of capitalist dominance. Finally in regard to the politics of development the author concluded that it should be radically different from politics of radical transcendence rather evolve as an emphatic appeal to 'governance' and raise the demands of the need economy that is expanding as against accumulation economy. But why this should be so? Even if we construct a non-essentialist narrative of capital-noncapital complex does it any way restrict us to think beyond capitalism; rather the same narrative might prompt a complex politics of convergence drawing in the interests of various dimensions of subaltern classes both from the accumulation and need economy towards a society owned and governed by associated producers.

OBSERVATIONS

IMPACT OF TRIPLE TRAGEDY OF 11TH MARCH IN JAPAN ON WORLD ECONOMY AND NUCLEAR ENERGY INDUSTRY

M.M.K. Sardana

The occurrences of earthquakes, Tsunamis and nuclear power accidents are not uncommon in Japan. Besides Japan has the unique experience of coming out of the Atomic attacks. Earthquakes are felt in Japan frequently and are also of a fairly high intensity. Japan, as a nation, is fairly prepared to handle emergent situations arising out of earthquakes and is able to contain the damages caused and recoup such damages. Japan has also the experience of facing Tsunamis in the past; the one of 1933 was fairly disastrous. Japan has had the experience of nuclear reactor accidents caused by human errors and also because of reasons of earthquakes. Accidents triggered by earthquakes occurred in 2007 and 2008 also. The accident of 2007 occurred at Kashiwazaki and Kaniwa Nuclear Power Plant as a sequel to an earthquake of 6.8 Richter causing spillage of radioactive water in the Sea of Japan. The plant remained shut down for an indefinite period for damage verification.

The tragedy of 11th March combined the impact of earthquake, Tsunami and Nuclear damage simultaneously and the resultant impact caused, has been of unprecedented intensity surpassing previous records. The damage and losses would also be undoubtedly very large compared to the previously recorded. The triple tragedy struck Japan at a particularly bad time when Japan has been struggling to pull out of a period of economic stagnation and has been plagued by political volatility. The Nuclear damage is turning out to be worse affecting even the food chain. The loss caused by earthquake and Tsunami can be assessed and restored in an accelerated manner. The damage caused by uncontrolled radiation is humongous and covers wide areas much beyond the prefectures affecting earthquake and Tsunami. Radiation spread not only retards the restoration task, it makes it hazardous. The otherwise grown up population of Japan is handicapped from giving its full in the reconstruction process.

Quick estimates have been made by World Bank, HIS Global Insight and IDSA about the impact on the world economy caused by the Triple Tragedy of Japan. Without offering its own estimates, World Bank has indicated on some private estimates, the cost of Japan's disaster in the range of \$ 122 billion to \$ 235 billion or 2.5 to 4 per cent of GDP compared to a loss of \$100 (2 per cent of GDP) consequent to earthquake of Kobe in 1995. Private resources are likely to bear a small portion of cost leaving most to be covered by households and the government. According to an estimate the insurance companies may be

required to shell out between \$ 20 billion to \$ 50 billion. However, the damage caused due to nuclear impacts is generally not covered by the insurers. In the scenario of triple tragedy of Japan, some of the insurance claim can run into difficulties and prolonged court battles cannot be ruled out as the insurance companies may perceive some claims bad as they might be occasioned by radiation effects.

IDSA study referred to above has highlighted that the triple tragedy has impacted most the prefectures of Iwate, Miyagi Fukushima and Ibaraki which represents 7% of Japan's economy. The region has steel plants, oil refineries, nuclear power plants and auto and electronic parts manufacture. The activity in all these centres of production has come to a stand still and will remain shut for quite some time. There has been disruption in transport and power networks which would be re-established at a distant future. Domestic plants of Toyota and Honda Motor companies have been shut down due to shortage of auto parts. Sony Corp. Has to close down its six factories in Tohoku for non availability of electronic parts. Other big names whose operations have been suspended in various regions of Japan are Toshiba Corp, Mitsubishi Electric Corporation, Renesas Electronic Corporation, Fugitsu Ltd. etc. Thus the electronic, TV, semi conductor, space industries etc. have been jolted. Many prominent departmental stores had to be shut.

The disaster in Japan would also impact the global economy, which was yet to recover from the downturn it has faced. According to a study made by Nariman Behraves, Chief economist at HIS Global Insight, the impact on world economy will, however, be limited. However, this study was made when there was a downward trend of prices witnessed in oil in the expectations of low take off because of halt of supplies to Japan following the triple tragedy in Japan and also when the radiation impact was not fully comprehended. In any case, as the nuclear power supplies etc. would remain disrupted for a longish duration, Japan's dependency on oil for recouping its power generation would increase and hence there would be north ward impact on oil prices globally with consequent impact on oil dependant economies.

Bank of Japan has taken care to check the financial panic by inducting \$250 billion dollars worth of liquidity into the Japanese economy and has indicated its readiness to pump more money as required. This would also ensure that yen dollar parity remains unaltered in case the Japanese corporates wish to draw on their reserves kept in dollars for boosting up their recovery.

As far as Japan is concerned there may be a negative growth in GDP of a few decimals during the current year which would be off set in the following year when reconstruction

activities are on way. However, this estimate may be off mark in case nuclear fallout gets out of hand. With this caveat, Japan's economy will not get significantly impacted as a whole but there would be disruption in supply chains of auto, electronic parts, food trade and there would be upward requirement of construction materials including cement and steel. Keeping the impact of Radiation impact aside, the global economy would also remain relatively unaffected as a whole.

Different regions would be impacted differently depending upon their trade linkages. However markets are ruled sometimes by sentiments. The sentiment of uncertainty of the extent of disaster in Japan persists because of unfathomed nuclear damage. Even the conditions of Middle East and foreseeable rise in oil prices would make the consumers and businesses circumspect and the duration of such sentiments would be determined by the stability of the disaster damage and its extent particularly on account of radiation threat.

Individual entrepreneurs and the countries would need to assess their strategies based on the pattern of existing trade and the new demands that are likely to emerge in the stages of reconstruction and in the network of global business model where one can fit in. For example, if there is going to be continued shortage of parts is electronic, telecommunication and auto segments; there would be opportunity of manufactures to bridge the gap by substitute parts and even products. Therefore, any fall out in trade would be met with by-substitution effects.

As far as India is concerned, it accounts for only 3% of its exports to Japan. However, the ODA loans may be impacted and thus projects like Metro rails, Delhi Mumbai Industrial Corridor may be in for delays.

The biggest impact is going to be on civilian Nuclear Business affecting Nuclear Industry generally and US particularly and also nuclear energy aspirants like India. The demonstrated inability of nuclear establishments to handle nuclear reactor accidents is going to make the task of establishments of nuclear reactors for energy difficult. India has an ambition of investing US \$ 150 billion dollars by 2020 for establishing state of art reactors to meet its energy needs. Public would have renewed concerns of safety of nuclear reactors as a source of energy and would seek assurances in handling nuclear wastes. Further, there would be fresh questions about the suitability of sites and the associated evacuation zones in a densely populated country like India. Thus the task of political management for establishing new nuclear reactors would be exposed to fresh and intense public scrutiny. Nuclear reactor accidents have been reported and catalogued. Earthquakes, of intensity close to 6.5 Richter have

FORTHCOMING EVENTS

Five-day Workshop on Audio Visual Media as a Tool in Research

Audio-Visual media and the technology needed for its production is becoming increasingly accessible to researchers, both in terms of ease of use and cost. Digital media productions are being used more and more by Government Departments, corporate houses as well as NGO's and other developmental organisations. However, social scientists and researchers in most academic institutions, who are doing a lot of meaningful work, have not yet fully realized the potential of integrating audio-visuals in their work. What is important is for them to first understand this medium, how it works and its utility in research.

As an experiment, training had been provided to ISID faculty and staff in the year 2001, which resulted in the production of four short films made in-house by the participants, using very basic production facilities. One of these films, a satire on the multinationals in India, called *Of MNCs and Gods* was screened at the 19th National Congress of Communist Party of India (CPI) held at Chandigarh in September 2004, and was used by Kern Institute, South Asia Department, Leiden University, The Netherlands for their classroom use. The film was widely appreciated.

ISID Media Centre proposes to organise a five-day training workshop in February 2012, to train and motivate researchers and academics to use this technology as a tool to enhance, not only the content, but also the impact and outreach of their research. The programme will not only include lectures and interaction with experts and professionals from the field of communication, but also practical hands-on training in using a camera and editing software. Techniques of audio-visual production and their incorporation in presentations and uploading on the internet will also be covered.

Those interested in attending, may email Prof. Seema Goyal Papola at seema@isid.org.in

also resulted in serious nuclear reactor accidents. Such concerns would be raised not only in India but also in European Union, where the movement against continuing with nuclear energy reactors is fairly strong. Three mile Island Accident in 1979 put cap on Nuclear energy programme of US and Chernobyl accident in 1986 set the European Union (except France) against expansion, Kashiwazaki Kaniwa Nuclear Plant accident in 2007 got the plant closed for unacceptable periods and the latest one at Fukushima is sure to make the waves among public mind which would beg addressing in all seriousness.

ABOUT THE ISID

The Institute for Studies in Industrial Development (ISID), successor to the Corporate Studies Group (CSG), is a national-level policy research organisation in the public domain and is affiliated to the Indian Council of Social Science Research (ICSSR). Developing on the initial strength of studying India's industrial regulations, ISID has gained varied expertise in the analysis of the issues thrown up by the changing policy environment. The Institute's research and academic activities are organised under the following broad thematic areas:

Industrial Development: Complementarity and performance of different sectors (public, private, FDI, cooperative, SMEs, etc.); trends, structures and performance of Indian industries in the context of globalisation; locational aspects of industry in the context of balanced regional development.

Corporate Sector: Ownership structures; finance; mergers and acquisitions; efficacy of regulatory systems and other means of policy intervention; trends and changes in the Indian corporate sector in the background of global developments in corporate governance, integration and competitiveness.

Trade, Investment and Technology: Trade policy reforms, WTO, composition and direction of trade, import intensity of exports, regional and bilateral trade, foreign investment, technology imports, R&D and patents.

Employment, Labour and Social Sector: Growth and structure of employment; impact of economic reforms and globalisation; trade and employment, labour regulation, social protection, health, education, etc.

Media Studies: Use of modern multimedia techniques for effective, wider and focused dissemination of social science research and promote public debates.

ISID has developed databases on various aspects of the Indian economy, particularly concerning industry and the corporate sector. It has created Online Indexes of 175 Indian Social Science Journals (OLI) and 15 daily English Newspapers. More than one million scanned images of Press Clippings since 1999 on diverse social science subjects are available online to scholars and researchers. These databases have been widely acclaimed as valuable sources of information for researchers studying India's socio-economic development.

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