



ISID DISCUSSION GROUP

BIG BUSINESS AND POLITICAL CLASS: CRONYISM NOW AND THEN

29 November 2012

ISID organized a discussion on 'Big Business and Political Class: Cronyism Now and Then' as a part of its plan of holding series of discussions on issues of contemporary relevance. The discussion held on 29 November 2012 was chaired by Shri T.N. Chaturvedi, Chairman ISID, former CAG and Governor Karnataka. The speakers were Prof. Zoya Hasan (School of Social Sciences, JNU), Dr Surajit Mazumdar (School of Liberal Studies, AUD), Prof. Nasir Tyabji (Former Director, Centre for Jawaharlal Nehru Studies, Jamia Millia Islamia), Dr Chirashree Dasgupta (School of Liberal Studies, AUD) and Mr Javid Chowdhury (IAS, Retd). Prof. M.R. Murthy, Director ISID spoke on the need for discussing issues in a regular manner that would help in bridging the gap between academia and the common man and Prof. S.K. Goyal made some initial observations. Dr Satyaki Roy, Programme Coordinator briefly initiated the topic for discussion.

Dr Surajit Mazumdar primarily underlined the reason why cronyism is imminent in a profit driven capitalist system which is essentially spontaneous by nature. In response to the discussion he further made the point that autonomy of the state changes with the change in economic policy regime but within a regime this autonomy takes various shapes determined by many other factors. The regime change he pointed is a major shift from a phase where state could be engaging with the business class for some broader goals of capitalist development to the present phase where the assets and functions of the state are essentially sold to the highest bidder. Prof. Zoya Hasan elaborated the difference between the cronyism of the past and that in present. She underlined the erosion of the notion of 'public' in the private sector led development regime and the conflation of public and private interests in the corporate led media. The downgrading of general ethical standard in the administrative system is very much correlated to the decline of the state-led capitalist development. Prof. Nasir Tyabji mentioned how cronyism worked in the past. He also mentioned that in the present context because



Dr Satyaki Roy, Programme Coordinator introducing the topic of discussion

of cronyism the political establishment is hesitant to spell out its policy objectives and depend more on removing people who are creating discomforts to the establishment. Mr Javid Chowdhury talked about the change in the organizational structure of Indian bureaucracy. He pointed to the process of a systematic dismantling of the general route of evaluation and rising dependence on ad hoc bodies those are hardly driven by objective analyses and mostly to recommend already decided policies. Dr Chirashree Dasgupta put forward a theoretical and historical account of the notion of cronyism in the context of both developed and developing countries. She mentioned how cronyism was prevalent in the early days of capitalism and how in the context of Latin America and East Asia the idea was co-opted with its negative connotation in the discourse of capitalist development. She also mentioned how cronyism has been legitimized in developed countries and about the push on the part of international institutions to facilitate the partnership between state and corporate in developing countries.

In response to the panellists the discussion from the participants continued for an hour. The major points highlighted were the role of media in the present context and how that reveals cronyism as against the past. It also changed the idea of public responsibility and brought forward the private interest as probably the more important concern for growth and development. This has been accompanied by a change in ethical structure that assigns enormous importance to private gains achieved through whatever means. The disconnect between the government and public

SHRI T.N. CHATURVEDI TOOK OVER AS CHAIRMAN OF BOARD



Shri T.N. Chaturvedi took over as Chairman of the Board of Governors of ISID on 15 September 2012.

Shri Chaturvedi was educated at Allahabad University where he took his degrees in M.A. L.L.B. He joined the Indian Administrative Service in 1950, and was allotted the Rajasthan cadre. On deputation with the Government of India, he worked as Joint Director, National Academy of Administration; Chief Secretary, Delhi Administration; Chief Commissioner, Chandigarh; Director, Indian Institute of Public Administration; Secretary, Ministry of Education, Culture and Sports; and Secretary, Ministry of Home Affairs. He was sworn in as Comptroller and Auditor General of India in 1984. He was elected to the Rajya Sabha in 1992 and 1998.

He was Chairman, Standing Committee on Industries and Member, Committees on Defence and External Affairs. He was elected to the Executive Board of UNESCO in 2000. He was Governor of Karnataka from 2002 to 2007. He was also Governor of Kerala in 2004. He also served as Chairman of the Executive Committee, Nehru Memorial Museum and Library. He is currently Chairman: ISID;

Indian Institute of Public Administration; The Lala Dewan Chand Trust; and Society for Indian Ocean Studies. He has authored two books and edited many more.

He received many honours which include the Plaque of Appreciation for his contribution to public audit and public administration by Eastern Region Organisation of Public Administration (EROPA), Manila in 1987. He was awarded the Padma Vibhushan by the President of India for his contribution to public affairs in 1990. He has been conferred honorary degrees by the Lal Bahadur Shastri Sanskrit Vidyapeeth, New Delhi and Panjab University, Chandigarh.

CHAIRMAN'S MEETING WITH FACULTY

Shri T.N. Chaturvedi, after taking charge of the Chairman, met the Faculty on 23 October 2012 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.

interest, marginalization of issues that really affects people at large in the official discourse signifies a role reversal of the state where the state maintains a conspicuous silence on public issues and extremely eager to serve the corporate. It was also talked about that the present phase of capitalist development entails increasing use of primitive accumulation and that involves more deliberate and crude versions of cronyism as against what we find in phases largely characterized by capitalist accumulation.



Speakers [R-L]: Prof. Surajit Mazumdar; Prof. Zoya Hasan and Mr Javid Chowdhury

SEMINAR

SUSTAINABLE MINERAL DEVELOPMENT AND MMDR BILL 2011: A POLICY-ORIENTED SEMINAR

24 August 2012

A policy-oriented seminar on the theme of "Sustainable Mineral Development and the Mines and Minerals (Development & Regulation) (MMDR) Bill 2011" was organized by the Institute for Studies in Industrial Development (ISID) in its Conference Hall in New Delhi on 24 August 2012. At the outset Prof. M.R. Murthy, Director ISID welcomed the participants of the seminar and Prof. S.K. Goyal, Vice-Chairman ISID gave opening remarks briefly commenting on the objectives and activities of the Institute. Shri Nilmadhab Mohanty, Honorary Senior Fellow, ISID briefly outlined the theme and scope of the seminar. Shri P.K. Lahiri (former Secretary, Ministry of Mines, Government of India), Chairman, Indian School of Mines, Dhanbad chaired the seminar and made his introductory remarks. Professors Sumantra Bhattacharya and Biswajit Paul of the Indian School of Mines, Shri B.K. Mohanty, Advisor, Society of Geoscientists and Allied Technologies, Bhubaneswar (former Director of Mining and Geology, Odisha), Shri Partha Sengupta, Vice-President (Raw Materials), Tata Steel, Shri Mahesh Patil, Associate Vice President-HSEC, Sesa Goa Ltd., Shri Glenn Kalavampara,



Shri Nilmadhab Mohanty, IAS (Retd), Honorary Senior Fellow ISID introducing the seminar

Secretary, Goa Mineral Ore Exporters' Association, and Shri Nilmadhab Mohanty made presentations on various aspects of the subject. Their papers along with two background notes were circulated to the participants earlier. A number of experts, academic scholars, civil servants, Members of Parliament and distinguished political leaders participated in the discussions. They include Shri Digvijaya Singh, former Chief Minister of Madhya Pradesh, Shri Shantaram Naik M.P., Shri Chandan Mitra, M.P., Shri Vijay Bahadur Singh, M.P., Shri K.P. Singh Deo, former Union Minister, Shri T.N. Chaturvedi, Chairman, ISID and former M.P. and Governor of Karnataka and Shri R.K. Sharma, Secretary General, Federation of Indian Mineral Industries (FIMI). The panellists made their presentations and a film on a few relevant aspects of mining operations was also screened by Shri Mahesh Patil and Shri Glenn Kalavampara.

The discussion ended with Prof. K.V.K. Ranganathan, ISID proposing a vote of thanks to the Chairman, the panellists, the distinguished political leaders and Parliamentarians and other participants of the seminar.

The major issues highlighted in the seminar are the following:

- Mining as an activity has been there since the beginning of human society and minerals have contributed to the development of human civilization. However, traditionally mining companies have concentrated on the principle of maximum extraction of minerals with minimum expenditure on non-mining activities such as protection of environment and socio-economic development in mining project areas. Also mining and forest laws in India since the colonial days have excluded citizens from decision-making processes even when these affected their lives.
- The situation has changed somewhat since the 1980's due to increasing worldwide and also national concerns regarding intensified environmental damage and the failure to address the problems of poverty and marginalization of tribal and backward communities that have accompanied economic development in recent years. The rise of the Naxalite violence in the country's mineral-rich areas across

a number of states has further highlighted the gravity of the problems.

- Although in one sense sustainable mineral development could be considered an oxymoron since minerals are finite resources that will get exhausted over a certain period of time, appropriate systems can be put in place to ensure sustainable growth of the mineral sector. These systems include scientific prospecting and mining, prior environmental and forest clearance, protecting the health and safety of workers, rehabilitation and resettlement of indigenous people residing in mining areas, scientific closure and reclamation of mined out land and socio-economic development in mining project areas. What is needed is to transform mineral-generated wealth to more lasting areas of endeavour in order to generate "sustainable development" in the regions and communities where mining enterprises operate.
- The core emphasis of sustainable mineral development should be on creating alternate (man-made or constructed) capital assets as replacement for the damaged natural capital (minerals) in mining areas. This implies a more comprehensive approach to sustainability than what is being adopted in India where the focus is primarily on environmental management and mitigation of environmental pollution. The more comprehensive approach to sustainability goes beyond mere site-specific environmental concerns and includes miners' obligations for socio-economic development in mining project areas and close interaction with local communities living in these areas. Sustainable or scientific mining is also a crucial component of sustainable mineral development.
- In India, unlike in the developed mining nations, both the government and the mining industry have not yet embraced the comprehensive view of sustainability in mining operations. While some of the larger mining companies are adopting sustainable development measures, small mining enterprises are unable to do so due to financial and technical limitations. Large mining companies like Tata Steel and Sesa Goa Ltd. undertake socio-economic development measures in their respective mining project areas and keep



Prof. Biswajit Paul presenting his lecture

in touch with the local communities in these areas. They also carry out reclamation work in their mined out areas. But the practice is not uniform throughout the industry. The law must provide for imposing legal obligations on miners to execute socio-economic development projects in their mining project areas instead of leaving the matter to their discretion under the so-called CSR (corporate social responsibility) activity.

- It was, however, emphasized that for mining companies to undertake socio-economic development work, each one of them should have a minimum optimum size of leased property which is financially viable and generates enough surplus resources for these companies to spend on these development works. Small size of mining leases makes it impossible for the lease holders to undertake development works or the required closure and reclamation measures. Besides, the Indian mining industry is heavily taxed (61%) that prevents these companies from undertaking (socio-economic) development work in sufficient measure. The proposed legislation must take note of all these considerations
- Unfortunately, the proposed new mining law (the Mines and Minerals (Development and Regulation[MMDR] Bill 2011) that is presently under the consideration of the Parliament does not meet the long-held expectations of putting in place a modern mining legislation that will reflect the emerging concerns for efficiency, good governance and sustainability in mineral development and operations.
- The MMDR Bill 2011, comprising as many as 139 sections (as against the 33 sections of the present mining law) is a bulky, cumbersome and clumsy document that will lead to difficulties in its administration. It seems to have been drafted in haste, inappropriately sequenced and contains provisions which should appropriately be included under its rules. It creates a number of Funds, administrative and co-ordinating authorities both at the state and national levels that will surely result in increased and bothersome bureaucracy. Instead the efforts should have been to streamline the existing structures. The Bill also provides for competitive bidding for the grant of mineral concessions which is not the standard practice in the world mining industry and may cause avoidable complications in the provision's administration.
- The Bill too contains a very dangerous provision that says that all applications pending for grant of mineral concessions will automatically abate after the commencement of the new law. In Odisha, for example, there were about 13,000 applications pending in August, 2012. Many of these applicants are waiting for nearly 20 years for a decision. It will be unfortunate if all these applications are nullified when the new legislation comes into effect.
- It is, however in the area of sustainable mineral development that the MMDR Bill 2011 lacks any consistent conceptual or intellectual underpinnings and its provisions on this score will create implementation-nightmares. Instead of putting legal obligations on individual miners



Shri Digvijaya Singh, M.P. expressing his viewpoints while Shri Chandan Mitra, M.P. and Shri P.K. Lahiri looking on

to undertake socio-economic development projects in their respective mining project areas the proposed law seeks to create a District Mineral Foundation (DMF) in each mining district to which the miners of the district would contribute an annual amount equal to royalty (or 26% of profit in case of coal companies). The Fund to be managed by a government-dominated body would primarily distribute cash to identified persons and families and secondarily may undertake “such other activities” like infrastructure development in mining areas. Experience has shown that simply doling out cash is not a sustainable solution as it is mostly spent on consumption expenditure (mainly consumption of liquor) and not on the creation of assets. Besides, lack of capacity at the district-level and institutional graft would prevent efficient and timely utilisation of funds.

- The MMDR Bill 2011 continues the old tradition of excluding citizens from the decision-making processes that would affect their lives. Unlike the situation in other developed mining nations, the proposed law does not provide for direct consultations between mining companies and local communities in various stages of the mine life cycle, not even in the case of mine closure and associated reclamation and rehabilitation of mined out areas.
- The Bill seeks to create two Sustainable Development Frameworks—one for the state and the other at the national level. The rationale for creating two frameworks is not clear as mining rather than the country's territorial divisions is the subject matter of the framework. The government's main concern should be to put in place a sound legal framework for mining and ensure that the laws are implemented fairly and strictly, while making the mining industry design and implement the wider Sustainable Development Framework (along with a set of sustainability indicators) in order to enhance their public accountability.
- Finally, the proposed law needs to provide for and facilitate close social scrutiny of mining operations and establish firmly the concept of “social license to operate” in the mineral sector, exposing miners' conduct to community pressure and discipline.

COMPLETED

- “The Globalisation, the Development Question and the Current Crisis of Capitalism: A Study of China and India”, by Sunanda Sen, a Report submitted to the ICSSR on completion of the National Fellowship 2010–12.
- “Sustainable Development: Emerging Issues in India’s Mineral Sector” by Nilmadhab Mohanty. The revised final report submitted to the Planning Commission, 2012.

ONGOING

- “Regulating FDI in MBRT: Some Key Concerns”, by K.S. Chalapati Rao and Biswajit Dhar
- “Regional Difference in Productivity Growth in the Indian Manufacturing Sector”, by Jagannath Mallick.
- “Ports as Infrastructure, Ports as Cities: The Indian Port System from Colonialism to Globalization”, a research project sanctioned by the ICSSR, Atiya Habeeb Kidwai, formerly Professor at Centre for Study of Regional Development, Jawaharlal Nehru University is the Project Director.
- “A Multi-dimensional Study of Imerial Order and its Journey towards Neo-liberal Imperialism under Globalisation”, a project sponsored by ICSSR. This project is being administered at Jamia Millia Islamia University by Sunanda Sen.
- **ISID-PHFI Collaborative Research in Public Health and Health Economics:** ISID and the Public Health Foundation of India (PHFI) organised a workshop on 10 December, 2012 to discuss the emerging areas of research in health and pharmaco economics, health care, tobacco industry, medical devices and other issues related to public health and identify the resource persons to take forward the collaborative research programme. A number of researchers working in the area of health economics and social aspects of public health issues have attended the workshop. The following broad themes have been identified for research in the next three years.
 - **Industry Related Issues:** Pharmaceutical Economics, dealing with pricing, competition, patents rights, research and development and FDI issues; Medical devices and diagnostic industry, dealing with market structure, high-technology areas and assessment of potentials; Tobacco industry, relating to tax and FDI flows; Food and beverage industry, issues related to chronic diseases; Impact of health on productivity and earning of the workers; Use of fertilizers in agriculture and regulation to minimize its adverse effect; Shift from the use of chemical-based agriculture to bio-based agriculture; Production planning of tobacco and tobacco industry; Effect of corporatization in health services;
 - **Systemic Issues:** Occupational aspects of diseases; Clinical care issues; Monitoring of health care system;

Research and development in vaccine area; Use medicine in child care; Structural changes in health care system; Occupational health hazards; Health care of elderly people; study of Ayurveda and Unani medicines in health care services; Improving equity in Indian health care.

- **Technology Related Issues:** Health technology coverages, procurement and pricing; Distribution technology and its use by households; Incentivizing health innovation research.
- **Institutional Issues:** Mergers and acquisition activities of hospitals and its impact on health care system; Tobacco control strategy; Water quality and health related issues; Governance of health care system and policies; International funding of health services; Study of international donor’s programme in health services; Study of health education; Role of institutions and access to health care system.
- **Trade and Health Care Financing Issues:** Issues relating to trade, import structure and policy issues; Health financing, insurance and other sources; Health services, regulation and trade; Study health service charges in urban and rural areas; Trade and public health.
- **Advocacy:** Role of media in advocacy; Role of NGO’s in advocacy; reaching out policy makers.

Under ISID-PHFI collaborative research programme, it was decided to bring out the following research papers during the year 2012–13.

- “Changing Pattern of Health Expenditure in India”, Shailender K. Hooda, ISID
- “FDI in the Indian Pharmaceutical Industry”, K.S. Chalapati Rao, ISID
- “Impact of Takeover of Indian Firms on Pharma Pricing: Problem of Accessibility and Affordability”, Mahua Paul, ISID
- “Drug Pricing, Competition, R&D and FDI Issues”, Sakthivel S., PHFI

- Short term Research Studies for Department of Commerce, Ministry of Commerce and Industry: The Ministry of Commerce and Industry, Department of commerce has requested the Institute to give expression of interest for undertaking short term studies on Industrial Sector using ASI and DGCI&S data base. The institute submitted two proposals namely:

- “Linkage between growth and manufacturing sector and reflected by ASI and Growth in Exports given by ITC-HS”;
- “Macro Analysis for working out elasticity of demand for top 10 commodities of India’s exports (1999-10 to 2008-09 and 2009-10 to 2011-12)”

A presentation was made on the proposed studies on 26 November 2012 at Udyog Bhawan, New Delhi. The department conveyed, in principle, approval for both the studies in the last week of December 2012.

NEW INITIATIVES

- The Institute submitted the following research proposals to the Indian Council of Social Science Research (ICSSR) for financial support under the new scheme Research Promotion Scheme for Research Institutions in September 2012:
 - Impact of Trade on Labour Market: A Study of Indian Organised Manufacturing Sector.
 - Industrialization and Land Acquisition in India: Challenges for Inclusive Development.
 - India's FDI Inflows & Outflows: Monitoring and Analysis.
 - Analysing Employment Potential of Indian Manufacturing: Current Situation, Challenges and Prospects for Expansion.
 - Impact of Preferential Trading Arrangements on India's Foreign Trade.
 - Productivity Growth in the Manufacturing Industries: Spatial Experience in India.

ISID ON-LINE DATABASE ON UGC INFONET DURING THE 12TH FIVE YEAR PLAN PERIOD

The Institute's Online Database on Index to Indian Social Science Journals, Press Clipping Images and other e-Resources are hosted on UGC-INFONET Digital Library Consortium known as INFLIBNET since 2008-09. Nearly 200 university and academic institutions are accessing these databases. During the 11th five year plan period the Institute received financial support from INFLIBNET for maintaining and updating the database. In September 2012 INFLIBNET invited proposals for inclusion of the ISID Database during 12th five year plan period. In the 3rd week of October 2012, ISID made a presentation before the negotiation committee of INFLIBNET at Ahmedabad. INFLIBNET conveyed their approval for extending the support to the ISID during the 12th five year plan period.

FACULTY NEWS

ARTICLES/PAPERS/CHAPTERS IN BOOK

- Partha Pratim Sahu, "Employment Situation in North Eastern Region of India: Recent Trends and Emerging Challenges", *NLI Research Studies Series No. 096/2012*, V.V. Giri National Labour Institute, NOIDA.
- Sunanda Sen, "China in the Global Economy: Encountering the Systemic Risks" in Amiya Bagchi and Anthony D'Costa (Eds) *Transformation and Development: The Political Economy of Transition in India and China*, OUP, Delhi 2012
- Jagannath Mallick, "Private Investment in India: Regional Patterns and Determinant", *Annals of Regional Science, Springer Publication*, Vol. 49(3), 2012.
- Jagannath Mallick, "Private Investment in ICT Sector of Indian States", *Indian Economic Review*, DSE, New Delhi, 2012.

- K.S. Chalapati Rao (with Biswajit Dhar), "Vaulting Over India's Retail FDI Policy Wall", *Economic and Political Weekly*, November 17, 2012.
- FDI in Multi-Brand Retail Trade and the Safeguards, by K.S. Chalapati Rao and Biswajit Dhar, *Alternative Economic Survey* (forthcoming)

PRESENTATIONS IN CONFERENCES/SEMINARS

- Satyaki Roy presented a paper on "Labour Intensive Sectors: Self-exploitative Fragmentation and Flexible Accumulation" in a Workshop on *New Spatialities and Labour*, IGIDR, 06-08 July 2012.
- T.S. Papola presented a paper titled "Labour Rights in Globalizing India" in a National Seminar (in Honour of Prof. L.K. Deshpande) *Globalization, Labour Markets and Employment Relations in India* organized by ISLE-IHD, held at ICSSR Western Regional Centre, Mumbai University, 09-10 July 2012.
- Satyaki Roy presented a paper "The Decline of Labour: Myth of 'Rigidity' in India's Labour Market" at the National Seminar on *Globalisation, Labour market and Employment Relations in India* at University of Mumbai, 09-10 July 2012.
- Partha Pratim Sahu presented a paper titled "The Challenges of Technology and Innovation for Rural enterprises in India" in an International Workshop on *Systems of Innovation and Rural Transformation in China and India* organized by Centre for Policy Research, New Delhi and India International Center (IIC), (with NISTADS, New Delhi, CDS, Trivandrum, GIDR, Ahmedabad, and Central University, Hyderabad) at IIC, New Delhi, 23-24 July 2012.
- Jagannath Mallick presented a paper on "Private Investment and Economic Growth: Regional Experience in India" was presented at *32nd General Conference of The International Association for Research in Income and Wealth (IARIW)*, Boston, U.S.A., 05-11 August 2012.
- Satyaki Roy, presented a paper "Trends in Non-farm Employment and Limits to Urbanisation in India" at the IDRC Think Tank Initiative Workshop on *Rural-Urban Linkage* at IRMA, Anand, 20-21 August 2012.
- Partha Pratim Sahu made a presentation on "Can the Constraints of Financial Inclusion for India's Small Scale Industrial Sector be overcome?" in a National Seminar on *Regulatory Aspects of Financial Inclusion* organized by Council for Social Development, Southern Regional Centre, Hyderabad, 23-24 August 2012.
- K.S. Chalapati Rao made a presentation "Some Aspects of FDI Trading Companies' Operations in India" at the International Seminar in *Retailing vis-a-vis Farm Economy of India*, organised by Centre for Economic and Social Studies (CESS) and Indian Society of Agricultural Marketing (ISAM) at CESS, Hyderabad, 21 September 2012.
- Sunanda Sen presented a paper in the Post-Keynesian Conference at Kansas City, Missouri, U.S., 29 September 2012.
- T.S. Papola presented "India Country Paper" in the International Workshop on *Labour Reform*, organized

by the Centre for Development and Enterprises (CDE), Johannesburg, South Africa, 05–07 November 2012.

- Partha Pratim Sahu presented a paper on “The Challenges of Financial Inclusion for Small Manufacturing Enterprises in India” in a National Seminar on *Informal Sector in India: Lessons and Way Forward* organized by Department of Economics, ST. Thomas College, Thrissur, Kerala, 14–15 November 2012.
- T.S. Papola acted as a Moderator in the Session on “Job Rich Growth from Macro Policies to Local Development” in a National Workshop on *Way Out of Informality* jointly organized by ILO and Ministry of Labour and Employment, 06 December 2012.
- Partha Pratim Sahu presented a paper on “Emerging Trends in Cropping Pattern, Crop Diversification and Agricultural Productivity: A Case of Odisha”, in a Symposium on *The Handbook of the Economy of Odisha* at the Nabakrushna Choudhury Centre for Development Studies, Bhubaneswar, Odisha, 06–08 December 2012.
- T.S. Papola presented a paper in “Labour Market Segmentation in India” at an International Seminar organized by International Labour Organization (ILO) at Geneva, 10–11 December 2012.
- T.S. Papola presented Key Note Address on “Employment in Post Reform India” at the Annual Conference of *Indian Society of Labour Economics* held during at Banaras Hindu University, Varanasi, 20–22 December 2012.
- T.S. Papola participated and made special remarks in the Concluding Session of the Conference on *Value Chains for Inclusive Development: Lessons and Policies for South Asia*, Dhaka, Bangladesh, 24–25 December 2012.
- T.S. Papola presented Key Note Address on “Economic Growth and Employment Linkages” at the Annual Conference of the *Indian Economic Association* at Gitam University, Visakhapatnam, 27–29 December 2012.

LECTURES DELIVERED

- T.S. Papola delivered a lecture on “Labour in Globalizing India: Issue of Employment, Inclusiveness and Social Protection” in a Training Programme on *Qualitative Methods in Labour Research* organized by V.V. Giri National Labour Institute, Noida, 03 July 2012.
- Partha Pratim Sahu delivered a lecture on “Working with migration statistics in India”, to a group of Ph.D. research scholars and young lecturers from colleges and universities in a Training Programme on *Migration and Development: Issues and Perspectives*, at V.V. Giri National Labour Institute, Noida, 03 July 2012.
- T.S. Papola delivered Nabakrushna Chaudhri Memorial Lecture on “Economic Growth, Inclusiveness and Regional Disparities: India’s Experience of the Last Two Decades”, at Nabakrushna Chaudhri Centre for Development Studies, Bhubaneswar, 13 July 2012.
- Partha Pratim Sahu delivered a lecture on “Working with Quantitative Data: Application of SPSS” to a group of Ph.D. research scholars from North Eastern States in a Training

Programme on *Course on Research Methods in Labour Studies* at V.V. Giri National Labour Institute, Noida, 18 July 2012.

- K.S. Chalapati Rao spoke on “FDI Implication on National Manufacturing Policy” at the Seminar on *National Manufacturing Policy: Way Forward for Realising the Goal* at PHD House, New Delhi, 20 July 2012.
- T.S. Papola delivered a lecture on “Studying Indian Labour in the Context of Globalization” in a Training Programme on *Research Methods in Labour Economics*, organized by V.V. Giri National Labour Institute, Noida, 09 August 2012.
- T.S. Papola delivered a lecture on “Structure of India’s Economic Growth: Trends and Implications” in the 45th *Refresher Course in Economics* at the Academic Staff College, Jawaharlal Nehru University, New Delhi, 14 August 2012.
- Partha Pratim Sahu delivered a lecture on “Working with Labour Statistics Application of SPSS”, to a group of research scholars, young lecturers in a Training Programme on *Research Methods in Labour Economics* during August 06–24, 2012, at V.V. Giri National Labour Institute, Noida, 18 August 2012.
- T.S. Papola delivered a lecture on “Labour Market and Industrial Relations in India: Recent Development” to a group of Japanese Scholars from Nihon University, Japan, at New Delhi, 21 August 2012.
- T.S. Papola delivered a lecture on “Growth and Employment—Interlinkages of Vocational Education and Skill Development” in a Training Programme on *Skill Development and Employment Generation for Government Officials from Afghanistan*, organized by V.V. Giri National Labour Institute, Noida, 29 August 2012.
- T.S. Papola delivered Presidential Address at the *Annual Day Function* of the G.B. Pant Institute of Himalayan Environment and Development, Almora, Uttarakhand, 10 September 2012.
- Satyaki Roy delivered lecture on “Informality and Capital’s Control under Neoliberalism” in the *Special Lecture Series in Economics* at Ambedkar University, Delhi, 26 September 2012.
- Sunanda Sen gave a talk on “Global Finance” at City University of London, 02 October 2012.
- K.S. Chalapati Rao spoke on “Reforms and FDI”, at a public lecture organised by *Anveshan*, Delhi, 12 October 2012.

9TH 3-WEEK REFRESHER COURSE OF THE ACADEMIC STAFF COLLEGE

The participants of 9th 3-week Refresher Course of the Academic Staff College, Jamia Millia Islamia University, spent one day at ISID on 19 July 2012. Following lectures were arranged for the group:

- Structural Changes in Indian Economy, T.S. Papola
- On-line Social Science Research References, K.V.K. Ranganathan
- Working with Indian Datasets: Industry and Labour, Partha Pratim Sahu

- Satyaki Roy delivered couple of lectures on “International Dimensions of Capitalism” in the undergraduate programme of Economics Department, Ambedkar University, Delhi, October-November 2012.
- Partha Pratim Sahu delivered a lecture on “Working with Labour and Employment Statistics Using SPSS” to a group of Ph.D. research scholars/young lecturers in a Training Programme on Course on *Research Methods in Micro Finance Research* at V.V. Giri National Labour Institute, Noida, 01 November 2012.
- Satyaki Roy delivered couple of lectures on “Value, Class Process and Marx’s Method” in post-graduate programme of Economics Department, Ambedkar University, Delhi, November-December 2012.
- T.S. Papola delivered a lecture on “Informal Sector: Concept, Role in Economic Development and Enterprise Development” in the International Training Programme on *Informal Sector Enterprise, Entrepreneurship and Local Development* at EDI, Ahmedabad, 03–04 December 2012.
- Sunanda Sen gave a Valedictory Address in the 40th Anniversary Conference of Centre for Economic Studies and Planning at Jawaharlal Nehru University, 12 December 2012.
- *being for Development and Policy Making*, OECD organised, jointly with the Government of India at New Delhi, 16–19 October 2012.
- T.S. Papola chaired a Panel Discussion on Economy of Uttarakhand in the 8th Annual Conference of UPUEA, 28–29 October 2012.
- K.S. Chalapati Rao and Satyaki Roy participated in the UNCTAD-RIS Workshop on *Technology and Innovation Report (TIR) 2012: Innovation, Technology and South-South Collaboration*, organised by Research and Information System for Developing Countries India Habitat Centre, New Delhi, 02 November 2012.
- K.S. Chalapati Rao chaired a Technical Session at the National Seminar on *Foreign Direct Investment in India: Response and Challenge*, organised by Shaheed Bhagat Singh College, Delhi University, 05 November 2012.
- Amitava Dey participated in the Launch of “South Asia Archive”, a Literary Electronic Material organized by Routledge (Taylor & Francis Group) and the South Asia Research Foundation, 07 November 2012.
- M.R. Murthy and T.P. Bhat attended the EXIM Bank Commencement Day Annual Lecture 2012 delivered by Prof. Padma Desai on “Financial Crisis and Consequences and its Impact on India”, New Delhi, 19 November 2012.
- K.S. Chalapati Rao participated in the Workshop on *Administrative Reforms for Better Governance* organised by National Social Watch, Delhi, 26 November 2012.
- Partha Pratim Sahu participated in *Silver Jubilee International Conference* in the Indira Gandhi Institute of Development Research (IGIDR), Mumbai, 01–03 December 2012.
- Partha Pratim Sahu attended a Workshop on *The Power of Statistics* and the launch of a book titled “Bridging Perspective on Labour, Informality and Poverty”, jointly organized by SEWA, WIEGO and Cornell University at the India Habitat Centre, New Delhi, 12 December 2012.
- Partha Pratim Sahu attended *IHD Foundation Day Lecture* by Kaushik Basu on “The Social and Political Foundation of Economic Development: The Indian Context”, at Teen Murti Auditorium, New Delhi, 15 December 2012.
- M.R. Murthy, T.P. Bhat, Mahua Paul and Partha Pratim Sahu participated in an International Conference on “Reviving Growth” as a part of *Delhi Economic Conclave, 2012* at Hotel Taj Palace, jointly organized by Ministry of Finance, National Institute of Public Finance and Policy (NIPFP) and Confederation of Indian Industry (CII), New Delhi, 14–15 December 2012.
- T.P. Bhat participated in *Delhi Economic Conclave—2012* on “Accelerating Growth in Tamil Nadu: Need for Paradigm Shift”, organized by the Ministry of Finance and South India Chamber of Commerce and Industry at New Delhi, 17 December, 2012.
- Partha Pratim Sahu attended One-day workshop on *Inclusive Growth in India* jointly organized by the Institute of Economic Growth (IEG), Delhi and the Chr. Michelsen Institute (CMI), Bergen, Norway at IEG, 20 December 2012.

MEDIA COVERAGE

- Partha Pratim Sahu’s brief interview appeared in the Weekly Magazine, *Outlook*, on “Labour Discontent in MARUTI Factory, Manesar”, 06 August 2012.
- Partha Pratim Sahu was invited by NHK (Japan Broadcasting Corporation), New Delhi for a discussion on the *Labour Problem in MARUTI Factory*, Manesar, 17 August 2012.
- Sunanda Sen, “Growth: Lost between RBI and North Block”, *The Hindu*, December 17, 2012.

PARTICIPATION IN CONFERENCE/SEMINAR

- Mahua Paul participated in “Perspectives on Indian Economic Development and Policy” in *Memory of Prof. Suresh D. Tendulkar*, at Department of Economics, Delhi School of Economics, University of Delhi, 19–20 July 2012.
- T.S. Papola chaired a session on “Labour Intensive Sectors” in the Conference on *New Spatialities and Labour*, at IGIDR, Mumbai, organized by IGIDR and IHD, 06–08 September 2012.
- T.S. Papola chaired a session on “Conceptualizing Social Security and Minimum Social Floor (s)” in the Conference on *Social Security and Pension for India’s Unorganized Workers: Context and Prospects*, Jawaharlal Nehru University, 07–08 September 2012.
- Sunanda Sen attended a Conference in *Honour of Luigi Pasinetti* at Cambridge University, 15 September 2012.
- Amitava Dey participated in a Two-day Workshop on *Electronic Resources* organized by University of Delhi South Campus Library, sponsored by UGC-INFLIBNET, 27–28 September 2012.
- T.S. Papola chaired a session on “Business, Jobs and Wellbeing” in the 4th OECD World Forum on *Measuring Well-*

WORKING PAPER(S)

Estimation of Private Investment in Manufacturing Sector and Determinants in Indian States, Jagannath Mallick, WP2012/06, November 2012 (paper under review in Singapore Economic Review)

This study estimates private investment in the manufacturing sector in Indian states over the period from 1993–94 to 2007–08 by using the unit-level data of ASI. The results show that though the variation in private investment across the major states is declining during this period, still it is high. The empirical analysis shows that private investment in Indian states is explained by its one-year lag, infrastructure, economic factors, fiscal factors and labour factors. This paper contributes to the regional development literature by estimating private investment of the manufacturing sector at the state-level and analysing their patterns and determinants, particularly after the economic reforms.

Regional Disparities in Growth and Human Development in India, Satyaki Roy, WP2012/05, September 2012

This paper argues that that per capita income in all states in India increased in the past four decades but in fact no sign of convergence could be visible as it was expected in the context of liberalizing markets. The paper shows that disparities in terms of income were higher within the rural areas across states compared to their urban counterparts. This might be a reflection of a converging trend in terms of opportunities available in the cities and towns across states. The paper identifies a declining gap in terms of various human development indices such as literacy rate, general enrolment ratio and life expectancy at birth across states and shows that gaps also declined between the rural and urban segments within states. The paper however argues that performance in terms of various dimensions of human development increases with income but at a declining rate which is indicative of the fact that per capita income at higher levels becomes less important in generating gains in terms of basic human development indices. Finally, the paper compares the performance of the states in terms of human development over the years including that computed from the latest available data and shows that the relative positions of the states didn't undergo much change over the years.

Social Exclusion and Discrimination in the Labour Market, T.S. Papola, WP2012/04, September 2012

Social exclusion of certain groups on the basis of race, creed, colour and caste has been practised in most societies. This paper explores the sources and implications of such exclusion, especially as manifest in discrimination in the labour market. After briefly reviewing the concepts of social exclusion in various contexts, the main focus of the paper is on the caste-based social exclusion and labour market discrimination in India. Based mainly on the data available from secondary official sources and past studies on the subject, it concludes that even

MS PUJA VINOD MEHTA

Ms Puja Vinod Mehta, Editorial Assistant resigned w.e.f 09 November 2012 after serving for about 9 years. Her contributions to the institute were widely recognized and appreciated by all. She devoted her time and efforts to participate and contribute in all activities of the institute. The institute wishes to thank her for her contributions, especially towards institute's publication activities through her excellent editorial assistances. She also participated actively and helped organizing seminars, conferences and workshops at the institute. The institute wishes her all success in her future endeavours. She now works as a freelance copy editor and can be reached at [puja14@gmail.com].

though the extent of discrimination and severity of discrimination has declined over the years, there is still a large degree of disadvantage faced by certain social groups in employment and wages. A large part of it is accounted for by differences in endowment among different social groups but a significant part is due to discrimination. The paper concludes by suggesting that capacity enhance and affirmative actions are necessary to bring about equality of opportunity in the labour market.

Changing Factor Incomes in Industries and Occupations: Review of Long Term Trends, Satyaki Roy, WP2012/03, July 2012

Impressive growth in India in the recent past had been accompanied by rising inequality that can largely be attributed to changing factor shares in favour of profits. This paper apart from looking into factor shares such as wages, profits, rents and interests also focuses on the changing share of inputs in value of output. The changes are identified at the macro level and also at more disaggregated levels of corporate sector, manufacturing segment and industries at two digit levels. The paper argues that rising capital intensity in industries can largely be explained by the peculiar trajectory of growth that increasingly depends on profit income but also indicates that investments in the manufacturing sector were not always directed towards productivity raising machinery but also toward creating capacities that did not result in higher productivity. The paper highlights that average wage of workers falls far short from their productivity and in fact the labour lost more than half they could get for producing the same output in the past two decades. In the final section the paper argues that skill premium for workers in an excess labour supply situation is largely determined by the relative absorption capacity of various sectors and not really linked to skill requirements of specific sectors.

DISCUSSION NOTES

- Land Acquisition Issues Revisited, M.M.K. Sardana, DN2012/07, August 2012.

- Advocacy for Creation of Ministry of Public Health, *M.M.K. Sardana, DN2012/08, September 2012.*
- Information Explosion, Challenges and Opportunities, *M.M.K. Sardana, DN2012/09, December 2012.*
- Integrating trickle-down and bottom-up approach for Inclusive Economic Development on the Wings of Innovation in Globalized Economy, *M.M.K. Sardana, DN2012/10, December 2012.*

VISITING SCHOLARS

- A delegation of high level academicians and senior government officials from Vietnam visited the institute on 01 August 2012. Prof. T.S. Papola delivered a lecture on “Indian Economy: Problems and Prospects”.
- Dr Nimah Mazaheri, Faculty, Department of Political Science, Tufts University, USA visited institute on 13 July 2012 and met Dr Jesim Pais and Dr Partha P. Sahu to discuss his on-going work on “Leadership and development of transport infrastructure in India’s Bihar”.
- Dr Baldev Raj Nayar, Emeritus Professor of Political Science, McGill University, Canada delivered a talk on Diffusion or Polarization in Industrial Location after Economic Liberalization on 14 December 2012 at ISID, New Delhi

INTERNSHIP

Ms Richa Khurana completed one year internship at the institute and submitted her paper titled ‘The Determinants of Export Performance: A Study of Indian Manufacturing Firms’.

MEDIA CENTRE

1. Issues and challenges of informal sector enterprises

Synopsis: Production of a short film showcasing the problems and challenges faced by the entrepreneurs of the Informal Sector Enterprises was initiated.

Informal Sector contributes significantly to the economy in terms of employment generation, manufacturing output contribution, service sector and exports. Yet, the livelihood and survival of these entrepreneurs often gets questioned and threatened when new policy initiatives and technological innovations happen. Finance becomes difficult as their requests for loans are denied. Without proper marketing support and infrastructure they find it difficult to sell their products in the face of the competition posed by the new products and services introduced by the organized sector.

Given more support these entrepreneurs could grow and contribute much to the economy and most importantly, make a better life for themselves and their families. The film aims to bring to notice stories and lives of these entrepreneurs, their problems and explore ways to empower them.

LIBRARY UPDATE

Apart from a well-stocked library with regular procurement of books and reports, 43 new academic journals in social sciences were subscribed during July – December 2012.

2. 25% Reservation: School quota for poor

Synopsis: ISID Media Centre also started production of a film that takes a closer look at the reservations for poor children in private unaided schools to explore and investigate, whether this decision of the government is a landmark step forward or a bad mistake.

No one denies that the government has not just constitutional but more importantly a moral commitment to provide free and compulsory education to every child between the ages of 6 and 14. Private Schools and institutions who have been given land or other subsidies on the condition that they provide 25% reservation for the economically weaker sections find ways and loopholes to violate these conditions. Some schools claim they don’t get many applicants under this category? Why? What are the complications and consequences of a mixed class education? How do the parents of these EWS students feel? How do the parents of the non-EWS children feel? What about the teachers and the teaching philosophy in a mixed group? What about the psychological and hidden economic impact on the children coming from poor families coming to study in schools essentially designed to cater to the more privileged class? Will this be a better education for the richer children who will be exposed to the real India and also learn from the aspirations that the poor children bring with them, or will this redesigning, in the name of social integration, create two schools in one school? How justified is it to enforce private schools, who don’t receive any money or subsidy from the government, to reserve 25% of their seats for poor children? These are some of the questions we wish to raise and debate in this production.

OBSERVATION

Emergence of Yuan Bloc *T.P. Bhat, Consultant ISID*

The economic rise of China raises the question whether the Chinese currency could become an international reserve currency or possibly also the premier international currency, eclipsing the dollar. The fundamental determinants of international currency status—not just the size of the economy, but also the size of its trade and external financial strength—were moving strongly in China’s favour. If China could undertake the necessary reforms of its financial markets and allow greater access for foreigners to the Yuan via capital account liberalization, the rise of the Yuan to international currency status could be imminent, perhaps within the next 10 years.

One way Yuan can become a reference point is when foreign governments and/or central banks often anchor/peg their

DIWALI CELEBRATIONS

Diwali was celebrated on Saturday, 03 November 2012 at the ISID Campus. A spirited celebration included singing, dancing programme and various activities and food stalls. Staff members and their families enthusiastically took part in cultural events, competitions like *diya* decoration, performances & fancy dress competition for children, *tambola*, musical chairs for children & adults, *dandiya*, etc. It was a great platform to get-together in an informal setting and reminisce all experiences and anecdotes. The event was very well attended and a huge success.



Lightening of the lamp



ISID family members taking part in cultural activities

currency to a reserve currency. Another way is for foreign trade and financial transactions to be denominated or invoiced in the reference currency. It is possible and perhaps even likely that being or becoming a reference currency will lead to its transition into an international currency: for example, if more countries track say the Yuan, that stability in the bilateral exchange rate will be conducive to the private sector using the Yuan as a unit of account in trade transactions. The fact is that the Yuan has become one of the major global reference currencies along with the US dollar and the Euro.

Since mid-2010, the Yuan has made dramatic strides as a reference currency compared with the Dollar and the Euro. This is happening at the extensive margin: when compared with the first period of Yuan managed flexibility (from mid-2005 to mid-2008), many more countries have seen an increase in the co-movements of their currencies with the Yuan than with the Dollar or the Euro. It is now the case that the currencies of South Korea, Indonesia, Malaysia, the Philippines, Taiwan, Singapore and Thailand, more closely track the Yuan than the Dollar. The Dollar's dominance as a reference currency in East Asia is limited to Hong Kong (by virtue of the peg), Vietnam and Mongolia.

The Yuan's role as a reference currency is not restricted to East Asia. For Chile, India and South Africa, the Yuan is the dominant reference currency. For Israel and Turkey the Yuan is a more important reference currency than the Dollar. Overall, 9 currencies out of 42 outside East Asia co-move significantly with the Yuan. It is still the case that the Dollar and the Euro play a greater role beyond their natural spheres of influence than does the Yuan but that is changing in favour of the Yuan.

The rise of the Yuan as a reference currency is especially prominent in East Asia, this is as much a trade phenomenon, reflecting the increasing trade presence of China, as a regional one. This implies, consistent with the behaviour of currencies outside East Asia such as South Africa, Israel, Chile and India, that is possible for the Yuan bloc to extend beyond East Asia. The Yuan could become a global reference currency by 2030 if trade were the sole driver and much sooner of China were to undertake broader reforms.

The rise of Yen in the late 1980s offers a close historical precedent for the rise of the Yuan today. For East Asian countries, Japan accounted for 22.5 per cent of total trade in 1991 compared

FORTHCOMING EVENTS

- **Two-week Training Programme on the Indian Corporate and Industrial Sector for Teachers and Young Researchers**, during May 2013
- **Workshop on Revisiting Industrial Policy to Rejuvenate India's Manufacturing Sector**, on 29 March 2013
- **One-day National Workshop on Industrialisation & Land Acquisition Challenges for Inclusive Development**, on 22 February 2013
- **Workshop on Audio-Visual Media as a Tool in Research for Research Scholars & Teachers**, during 04–09 February 2013
- **Training Programme on Research Methodology & Project Formulation for Research Scholars & Teachers**, during 07–19 January 2013

for details, visit our website

with 24.4 per cent today for trade with China. However, the Yen was never a reference currency and there was no Yen bloc. But the extent of East Asian trade with Japan was denominated and settled in Yen was greater than China's trade today. There are three rules with respect to denomination of trade. First, a higher share of exports than imports are denominated in home currency. Second, all else being equal the country that is larger in size tends to see its currency used as a unit of account. And third, that for homogeneous commodities and financial transactions the dominant global international currency tends to be used overwhelmingly.

The Japanese Yen even as a unit of account was never as pervasive as the dollar. The Yen was used to a much greater extent as a vehicle for trade transactions in the 1990s than the Yuan is today.

Perhaps East Asian countries compete more with China today than they did with Japan in early 1990s. And two reasons for greater use of the Yen in trade transactions could be that Japan's capital account was more open than China's is today. In other words, China's financial and external sector opening may be a condition for a more rapid use of the Yuan as a unit of account and medium of exchange.

While trade has been and can be an important driver for the rise of the Yuan as a reference currency, it cannot on its own ensure the eclipse of the dollar globally. However, if China reforms its financial and external sectors consistent with ensuring the rise of the Yuan as the preeminent reserve currency within 10-15 years, that would also bring forward the date for the emergence of a global Yuan currency bloc, eclipsing the Dollar.

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