

National Convention on Making Growth Inclusive: Opportunities, Scope and Challenges at the State Level

October, 26-28, 2009

Gujarat Institute of Development Research, Ahmedabad

A Narrative Report

1. Background

The Indian economy has witnessed an impressive growth averaging more than 8 per cent over the past few years. Ironically, the high economic growth has been accompanied by slowing down of the rate of poverty reduction, informalisation of workforce, and continued multiple-deprivation among a large section of the poor. Also it is contemplated that increased inequality, emanating from a range of reform measures, is essential for sustaining the high growth trajectory of the economy. Moreover, it is feared that high growth for about a decade may be followed by a big fall in the subsequent decade as suggested by experiences of several of the currently developing economies. Unfortunately the recent global financial melt down has turned into economic crisis, which in turn, has dampened the potential for sustaining high growth in the Indian economy. All these have added to the already dire scenario with respect to various aspects of development and human well-being prevailing in the country.

Recognising this, the Approach Paper for the Eleventh Five-Year Plan (2007-12), had recommended restructuring of policies to achieve a new vision based on faster, broad-based, and inclusive growth. The vision of faster and more inclusive growth however does not clarify whether and to what extent the growth strategy would address some of the structural issues that have, for long, hampered distributive justice and human-well being in the country. It focuses more on poverty reduction by increasing productivity in agriculture and creating non-farm employment opportunities through growth in labour intensive industries. The strategy also lays special emphasis on provisioning of basic amenities; environmental sustainability; gender equity and empowerment of the communities. All these, would centre on effective governance.

Improved Governance would play a vital role in improving agriculture growth, environmental sustainability thereby, diversification of workforce. It also calls for willingness as well as preparedness of the state Governments towards achieving the goal. This makes it imperative for the state Government to work out a strategic plan to achieve the larger goal of inclusive growth within their respective states and contribute towards sustaining the growth momentum at the macro level. How far the State Governments, operating under a fairly diverse socio-economic and political milieu share the larger goal, how consistent are the policy initiatives of the different states, and what are the constraints faced by the states under the present system of federal finance? These were some of the larger issues that needed careful attention at the time of launching the XI Plan.

2. Objectives

The proposed Convention aimed at discussing these issues by bringing selected states on one platform and focusing on the three critical themes:

Theme I: Sustainable Growth in Agricultural: Challenges and Alternative Perspectives

Theme II: Employment Scenario and Right to Work

Theme III: Effective Governance

In addition to the thematic sessions, the Convention also organised state specific Panel to discuss Poverty Reduction through Inclusive Growth in each state. The state level panel consisted of Gujarat, Madhya Pradesh, Tamil Nadu and Orissa. These state panels included eminent scholars, policy makers, and civil society organisations to deliberate on the current scenarios and future strategies in the state specific context.

Besides the thematic sessions and state level panels, there were two highlights of the Convention. These are Inaugural Session and a Special Session on Growth Dynamics. Both these sessions had speakers of high eminence and covered a wide range of issues pertaining to the central theme of the convention.

3. Participation and Discussion On the specific Theme on Employment and Right to Work:

In all 93 persons (including 10 faculty members from GIDR) had participated in the Convention. Of these about half of the participants were from outside Gujarat. Appendix 1 presents the list of participants and the Programme. Ten papers were accepted for presentation in the theme on Employment and Right to Work. These covered a spectrum of issues especially covering women's work and status in labour market under the changing economic scenario. The details of the papers and authors having presented the papers on this specific theme are given below:

Sr. No.	Paper Presenters	Title of the papers
1.	Dr. A.K. Patra	Level and Trend of Youth Unemployment and Population Change in India and Selected States
2.	Mr. Kingshuk Sarkar	Globalisation, Restructuring and Labour Flexibility in Tea Plantations in West Bengal
3.	Prof. Jeemol Unni	Governance Structure and Labour Market Outcomes in Garment Embellishment Chains
4.	Prof. Indira Hirway	Impacts of the Global Financial Crisis on Informal Workers and Small Producers in India
5.	Dr. Partha Pratim Sahu	Economic Diversification in Rural India: A Case of Orissa
6.	Dr. Debatra K. Dey	Institutional Failure: The Case of NREG in West Bengal
7.	Dr. Beena Narayan	Migrant Workers Status: Taxi Workers in Mumbai
8.	Dr. Krishna Chandra Pradhan	Changing Pattern of Women Employment: A Situation Analysis in Orissa
9.	Dr. P. Malaydri	Women Entrepreneurs and Inclusive Growth
10.	Prof. B.K. Swain	Sustainable Growth through Microfinance

Besides the paper writers, four resource persons were invited for the session in addition to Prof. Jeemol Unni who coordinated the thematic sessions. The resource persons included Prof. Sheila Bhalla, Prof. Maithreyi Krishnaraj, Prof. T.S. Papola and Prof. Alakh Sharma.

Unfortunately Prof. S. Bhalla had to cancel at the eleventh hour due to unforeseen emergency in the family. Nevertheless her note titled 'Inclusive Development and the Growth of the Proletariat?' was circulated and also briefly presented for discussion by Prof. Unni. Prof. Bhalla clearly demonstrated failure in creation of additional work especially in agriculture and the resultant decline in labour productivity in the sector. Prof. M. Krishnaraj in her key note address presented an overview of the challenges facing women's work and work burden and discussed the need for special measures for social protection among women in the workforce. Prof. Papola raised the issue of inclusiveness in the context of employment and labour processes. He raised certain basic questions regarding employment *per se* being an indicator of inclusiveness as against the nature, terms, and outcomes of employment sought through the processes of growth.

Pertinently, the issue of employment was brought into the core of the Inaugural address by Prof. A. Sen who noted that employment projection has been one of the most important missing elements in the XI Plan's Approach to Inclusive Growth. The discussions that followed during the three days deliberations kept referring to the joblessness, gender discrimination, and informality hence declining quality of work in the wake of globalisation and more recently the global financial crisis influencing the Indian economy during the past couple of years.

NEREGS, as an important move towards social protection came up for discussion at several points during discussion through out the Convention.

4. Other Major Points Emerged During the Discussion:

As the mid-term appraisal of the Government of India's 11th Five Year Plan is taking place, the Gujarat Institute of Development Research held a symposium in Ahmedabad this week on this topic – which is the leading theme of the Plan. It was attended by senior researchers, senior government officials, and a range of other researchers and practitioners and supported by the Chronic Poverty Research Centre as part of the preparation for writing a Chronic Poverty Report for India, as well as UNIFEM and the Indian Council of Social Science Research. The symposium had an innovative approach – it focused on agriculture, employment and governance, all key issues for inclusive growth; and the experiences of four states, Gujarat, Madhya Pradesh, Orissa, and Tamil Nadu, which gave a range of experiences.

While there was some confusion among participants about what inclusive growth means, and whether it represents any advance over pro-poor growth, the 11th Plan is clear: inclusive growth yields broad based benefits and ensures equal opportunities for all. It was made clear by Prof. Abhjit Sen in his inaugural address that there were clearly two sets of factors that had driven the agenda of inclusive growth this time around: First, pertains to the high growth and sustained rise in the state revenue, which then makes it possible to shell out a part of the resources for social sector expenditure. And second relates to shifting of the political impetus away from the right wing. This in fact does not mean any significant shift in production sphere; what it implies is using part of the surplus for welfare orientated programmes.

What is new about poverty reduction in India in this century is that it is beginning to replace a service delivery approach with a rights based approach. Rights to food, employment and information have been incorporated into legislation and major efforts are being made to provide an employment guarantee in rural areas, representing a partial right to employment. In all of this, the passive recipient is being replaced by the active citizen. It is here that the civil society actors assume importance.

The symposium tracked various challenges for the ambitions of the 11th Plan. Agricultural growth is a major means of including poor people in growth. However, agricultural growth is very hard to achieve in the poorest states like Madhya Pradesh and Orissa, and even where it is achieved – Gujarat has had a high rate of agricultural growth, led by Bt cotton and livestock, it does not seem to be leading to a substantial poverty reduction, perhaps because cheap migrant labour flows in from neighbouring poorer states and tribal areas. It is noteworthy that efforts to increase productivity with the given technology are made in tribal areas in form of System of Rice Intensification. However, such efforts are taking place in isolated. As a result, it fails to make a dent on increasing productivity of crops grown in tribal belt and overall productivity of land in tribal areas. However, jury felt that lot of studies need to be done in this direction before adopting it in large parts of the area. Overall agricultural sector has been growing at just above the population growth rate, well below the 4% target, and agricultural incomes are 6 times lower than non-agricultural income. Even higher employment growth has not generated higher level of poverty reduction in the recent past.

There are major issues still to be sorted out in agricultural policy – the skewed subsidies on fertilisers, where government has recently shifted the subsidy to allow for a more balanced application of nutrients. But crops and sub-sectors which have been heavily subsidised are those where there has been little growth – the government seems locked into these subsidies by making promises of providing free water and electricity to farmers of northern India and providing subsidised fertiliser. The political dynamics of subsidies are illustrated by cancellation of fertiliser subsidies in Tamil Nadu during its financial crisis in 2001 which was then reinstated at the 2004 election. By contrast, high value livestock and fruit and vegetables are growing rapidly, in response to demand, their markets are well organised by co-operatives, contract farming, and retail driven value chains. Most serious has been the failure to produce enough good quality seeds: the state seed corporations are moribund, there is no clear policy on private sector production, and research stations are asked to produce seed. There are tough decisions to take ahead if the agricultural sector is going to grow at a higher rate.

There are even tougher decisions to take to make farming more sustainable than it currently is. Water is not efficiently used; soil fertility has reduced; and in some areas farmers are selling out to urban or industrial buyers. The government is investing heavily in agriculture (4% of GDP directly; this does not include rural roads etc), and particularly irrigation, but old irrigation fields are also going out of commission, thus slowing down the progress. Thus, the point on managing a resource was effectively made. Overall, if implementation of the programme is done properly, efforts made by the government in agricultural sector, rural development and poverty reduction has the potential to lift the bottom 20% population (with nearly Rs 6000 or US \$ 500 per year) above the poverty line.

Employment largely depends on the private sector, and much of the high levels of growth fail to employ the masses. Jobs are increasingly informal and casual. India has a massive low wage unskilled labour force. Demand for skilled labour from industry remains low. The labour inspectorate is poorly staffed and resourced. At the same time, there is a serious concern about the falling demand of agriculture labour, resulting in declining productivity hence income among these workers. In 2004-05, Indian workforce consisted of 455.7 million workers in the category of usual principle and subsidiary status (UPSS). Of this 55.6 per cent were self employed. Whereas the proportion of self employed has increased as compared to 1993-94, that of hired workers in total workforce declined. The decline in the share of hired workers is an outcome of the collapse of demand for casual labour in both rural and urban

areas. Low and declining labour productivity in agriculture, coupled with increasing prices of food and other essential commodities in the recent past, seems to have created a dismal scenario of poverty and vulnerability among a vast majority of people in India—both working and non-working. Failing to create demand for hired labour and the resultant decline in GDP per worker, the agricultural sector emerges as the most important source of rural distress that lies behind the shift in employment scenario in the recent time. It is in this context one needs to appreciate the appropriateness and importance of the initiative of employment guarantee programmes in the country.

It was also discussed that there is a missing link between trade and labour policy. The government's National Rural Employment Guarantee of up to 100 days of work for anyone who needs it, represents the Government of India's major and celebrated effort to bring incomes of the poorest up to a reasonable minimum. It is an appropriate response to the insecurity experienced by labourers looking for work.

The global crisis has reduced FDI, ODA, remittances, tourism and export revenues, and increased the cost of imports. In the massive informal economy, there has been a substantial decline in income – an average of 33% across a number of sub-sectors including gems, engineering, auto-motive parts, chikan crafts. Government assistance has reached only to 4% of the workers. Some of the impacts that were noticed due to global recession were households have reduced consumption (6% reduced a meal), withdrawn children from school, shifted to cheaper schools and have reduced health consumption. More women have joined the labour market. Some migrants have returned home to places where there is little work.

The state of Gujarat has very high growth, in industry, services and agriculture, but little of this got translated into poverty reduction or human development. Unlike in East Asia, macro-economic policies on exchange rate and credit have prevented labour intensive manufacturing from leading the way towards inclusive growth. Moreover, limited value addition reduces the employment potential.

Tamil Nadu presents a model of balanced development. Over decades, it has invested in human development, social protection and growth and has reduced the incidence of poverty to 22%. While it has its own challenges, this would seem to be the best approach available in India currently for addressing the worst poverty. The exceptional development of social protection schemes since the 1980s is a particular feature – tax-based pensions for the poor, allowances for several deserving categories of people, and the famous Mid Day School Meals programme. This probably explains the significantly better than average reduction in poverty.

By contrast, the poorest states do not seem to have development-minded elites. They are natural resource-rich and have malfunctioning development institutions. Mineral based development in tribal areas is highly regressive for the local population. There are instances of progressive Government of India legislation, like the 2006 Forest Resources Act, which hands over forests to local people, something which could benefit large numbers of India's poorest (tribal) people. Even out-migration is not a good solution for most migrants, but with helpful policies in sending as well as receiving states the outcomes of migration could be significantly better. This is largely an inter-state issue, and so requires the Government of India to take an interest. Even to make out-migration a success in the long term, massive investment in health, education, and social protection would be needed. Civil society actors raising rights and entitlement issues are sometimes repressed.

5. The discussions were enriched by a number of very senior scholars such as Prof. Y.K. Alagh, Prof. A. Vaidyanathan, Prof. Abhijit Sen, Prof. S.P. Kashyap, Prof. Indira Hirway, Prof. Aasha Kapur Mehta, Prof. Padmini Swaminathan, Prof. Sakti Padhi, and several others from different parts of the country. Overall the thematic session on 'Employment Scenario and Right to Work' and the discussion around that contributed significantly to the understanding of the emerging scenarios and policy imperatives for making the growth inclusive.

Appendix Table 1

National Convention on Making Growth Inclusive: Opportunities, Scope and Challenges at the State Level

October 26-28, 2009 at Mahatma Gandhi Labour Institute, Drive-in Road, Ahmedabad

Day I - October 26, 2009

9:30-10:00 a.m	Registration		
10:00 a.m. -11:00 a.m.	Inauguration		
	Chairperson - Prof. Y.K. Alagh		
	Welcome - Prof. Amita Shah		
	Introductory Remarks - Prof. Y.K. Alagh		
	Chronic Poverty and Inclusive Growth - Dr. Andrew Shepherd		
	Inaugural Address - Prof. Abhijit Sen, Member, Planning Commission		
Vote of Thanks - Dr. Jharna Pathak			
11:00 a.m. – 11:30 a.m.	<i>TEA BREAK</i>		
11:30 a.m. -1:15 p.m.	Poverty Reduction through Inclusive Growth: Gujarat		
	Facilitator: Prof. Indira Hirway <i>Rapporteur: Prof. Biswaroop Das</i>		
	Speakers	Shri P. K. Laheri Prof. Sebastian Morris Prof. Tushaar Shah Ms. Jayanthi Ravi, IAS Shri Binoy Acharya	
1:15 p.m. – 2:15 p.m.	<i>LUNCH BREAK</i>		
2:15 p.m. – 3:45 p.m.	Session: Employment I		
	Chairperson	Prof. Alakh Sharma	
	<i>Rapporteur:</i>	<i>Dr. Jaya Prakash Pradhan</i>	
	Keynote Speaker	Prof. T.S. Papola	
	<i>Paper Presentations</i>		
	Dr. Arabinda Acharya and Mr. N. Acharya and Dr. A.K. Patra	Level and Trend of Youth Unemployment and Population Change in India and Selected States	
	Mr. Kingshuk Sarkar	Globalisation, Restructuring and Labour Flexibility in Tea Plantations in West Bengal	
	Prof. Jeemol Unni	Governance Structure and Labour Market Outcomes in Garment Embellishment Chains	
	Prof. Indira Hirway	Impacts of the Global Financial Crisis on Informal Workers and Small Producers in India	
	Dr. Partha Pratim Sahu	Economic Diversification in Rural India: A Case of Orissa	
	Dr. Debatra K. Dey	Institutional Failure: The Case of NREG in West Bengal	
	3:45 p.m. – 4:00 p.m.	<i>TEA BREAK</i>	
	4:00 p.m. – 5:15 p.m.	Session: Governance I	
Chairperson		Prof. Aasha Kapur Mehta	
<i>Rapporteur</i>		<i>Mr. Rudra Narayan Mishra</i>	
Keynote Speaker		Prof. Anand Kumar	
<i>Paper Presentations</i>			
Dr. M. Gopinath Reddy		Implementation of Forest Right Act of 2006 in Andhra Pradesh: Will Effective Governance Matter?	
Dr. Bidu Bhushan Dash		Participatory Governance Paradigm for Inclusive Growth in Rural India	

	Mr. Sangram Kumar Rout	Growth, Governance and Human Development: A Dialogue
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❖ To leave for the Second Pravin Visaria Memorial Public Lecture at AMA, Ahmedabad

Day II - October 27, 2009

9:30 a.m. – 11:30 a.m.	Session: Agriculture I	
	Chairperson <i>Rapporteur</i>	Prof. S.P. Kashyap <i>Prof. Niti Mathur</i>
	Paper Presentations	
	Dr. Basanta K Sahu	Inclusive Growth and Agriculture in Orissa: Opportunities and Challenges
	Dr. Sukhpal Singh and Mr. Naresh Singla	Fresh Food Retail Chains in India - A Case Study of their Inclusiveness and Impact on Primary Producers in Gujarat.
	Dr. Braja Bandhu Swain	Contract Farming, Social and Environmental Risk: A Case of Rice Seed and Gherkin Cultivation in Southern India
	Dr. Rajeswari Raina	Landscapes of Exclusion: Rice, Wheat and Poverty in the Indo-Gangetic Plains
11:30 a.m. - 11:45 a.m.	<i>TEA BREAK</i>	
11:45 a.m. – 1:30 p.m.	Poverty Reduction through Inclusive Growth: Orissa Facilitator: Prof. Andrew Shepherd <i>Rapporteur: Prof. Keshab Das</i>	
	Speakers	Prof. Sakti Padhi Mr. Sanjib Hota, IAS Mr. Sudhir Pattnaik
	Discussion	
1:30 p.m. - 2:30 p.m.	<i>LUNCH BREAK</i>	
2:30 p.m. – 4:30 p.m.	Session: Employment II	
	Chairperson <i>Rapporteur</i>	Prof. Jeemol Unni <i>Dr. Partha Pratim Sahu</i>
	Keynote Speaker	Prof. Maithreyi Krishnaraj
	Paper Presentations	
	Dr. Beena Narayan	Migrant Workers Status: Taxi Workers in Mumbai
	Dr. Krishna Chandra Pradhan	Changing Pattern of Women Employment: A Situation Analysis in Orissa
	Dr. P. Malaydri	Women Entrepreneurs and Inclusive Growth
	Prof. B.K. Swain	Sustainable Growth through Microfinance
4:30 p.m. – 4:45 p.m.	<i>TEA BREAK</i>	
4:45 p.m.– 6:00 p.m.	Poverty Reduction through Inclusive Growth: Tamil Nadu Facilitator: Prof. Sudarshan Iyengar <i>Rapporteur: Dr. N. Lalitha</i>	
	Speakers	Prof. Padmini Swaminathan Prof. V.K. Nataraj Dr. Vijay Kumar, IAS
	Discussion	

To start from Hotel Anmol/GIDR at 7:30 p.m for dinner at Vintage Village, Gujarati Traditional Restaurant, Sardar Patel Ring Road, Near Kathwada Circle, Ahmedabad.

Day III - October 28, 2009

9:30 a.m. - 11:30 a.m.	Session: Agriculture II	
	Chairperson <i>Rapporteur</i>	Prof. D.N. Reddy <i>Dr. Braja Bandhu Swain</i>
	Keynote Speaker	Prof. Ramesh Chand
	Paper Presentations	
	Dr. Ashwini Kumar	Sustainable Agriculture in India: Role of Price and Non Price Factors
	Dr. Pulak Mishra and Dr. Bhagirath Behera	Does Crop Diversification Reduce Risks and Make Agriculture Sustainable? Empirical Evidence from India
	Dr. Jharna Pathak	Does the Method of System of Rice Intensification (SRI) Outperform Conventional System? A Case Study of Gujarat
	Dr. Nimisha Shukla	Organic Farming: Way to Sustainable Agriculture
	Dr. P.K. Viswanathan and Dr. N. Lalitha	GM Technology in Indian Agriculture: Working Towards Inclusive Growth
11:30 a.m.-11:45 a.m.	TEA BREAK	
11:45 a.m. – 1:00 p.m.	Session: Governance II/Others	
	Chairperson <i>Rapporteur</i>	Prof. R. Parthasarathy <i>Dr. Shiddalingaswami Hanagodimath</i>
	Keynote Speaker	Prof. Ghanshyam Shah
	Paper Presentations	
	Prof. Keshab Das and Mr. Rudra Narayan Mishra	Governance on Ground: Sanitation for the Urban Poor in Gujarat
	Mr. Manoj Kumar Mishra	Result Based Monitoring and Evaluation for Measuring Governance
	Mr. Ankush Agarwal	Healthy Growth Unhealthy People
	Dr. Ananta Kumar Giri	Towards a Critique of the Discourse of Inclusive Growth: The Calling of Transformative Inclusion
1:00 p.m.- 2:00 p.m.	LUNCH BREAK	
2:00 p.m. - 3:15 p.m.	Poverty Reduction through Inclusive Growth: Madhya Pradesh	
	Facilitator: Dr. Shovan Ray <i>Rapporteur: Dr. P.K. Viswanathan</i>	
	Speakers	Dr. J.B. Lal Mr. Alok Shrivastava, IAS Mr. Rahul Banerjee
3:15 p.m. - 3:30 p.m.	TEA BREAK	
3:30 p.m. - 5:30 p.m.	Plenary: Growth Dynamics and Welfare Implications	
	<i>Rapporteur: Dr. Jharna Pathak</i>	
	Chairperson	Prof. Ravindra Dholakia
	Panelists	Prof. Shashanka Bhide, Mr. Sunil Parekh, Ms. Kate Bird, Prof. Leela Visaria, Prof. Sudarshan Iyengar
5:30 p.m. – 6:00 p.m.	CONCLUDING SESSION AND VOTE OF THANKS	

Hotel Address: Anmol International, Opposite Bank of Baroda, Near H.L.Commerce College, Near Hotel Nukkad, Navarangpura, Ahmedabad