



RESEARCH PROGRAMME

Structural Changes, Industry and Employment in the Indian Economy: Macro-economic Implications of Emerging Pattern

07-08 July, 2011

The Indian Council of Social Science Research (ICSSR) sanctioned a three-year research programme on the basis a proposal submitted by Prof. T.S. Papola in 2004. At the time of sanction of the project in March 2009, Prof. Papola, associated with the Institute as an Honorary Professor, was designated as the Principal Coordinator of the Programme. The programme envisaged bringing various reports/studies and research papers under the following six major themes:

- i) Growth and Structural Changes in Indian Economy
- ii) Employment Implications of Structural Changes
- iii) Growth and Structure of Industry
- iv) Structure of Services Sector
- v) Income Distribution, Demand Supply Balances and Prime Stability
- vi) Trade

As the Programme did not provide for appointment of staff at the faculty level, the existing faculty members of ISID were invited to undertake different studies and to constitute the Programme Team. Considering the time constraint, the relative importance and relevance of the subject for the overall theme and the interest and expertise of the participating faculty members, the team identified fourteen studies under different major themes of the programme.

The Institute organised a Two-Day National Workshop during July 07-08, 2011 to present the draft reports/papers prepared under the programme in those broad themes mainly to elicit comments and suggestions from a wider group of scholars and experts. Prof. S.K. Goyal delivered the inaugural address; Prof. T.S. Papola briefly explained the outline of the Research Programme; and Prof. M.R. Murthy proposed the vote of thanks.

In all there were eight papers and two detailed presentations were made in eight technical sessions. As many as forty persons, including chairpersons



Prof. S.K. Goyal, Vice-chairman, ISID delivering the inaugural speech

and discussants of various sessions, subject experts participated in the workshop and provided very useful comments and suggestions. A summary of each of the 10 presentations covered in various technical sessions are given in the following pages.

SESSION I

Growth and Structural Change in India: Some Unexplored Features; Prof. Surajit Mazumdar

The paper covered one part of a larger study of the Indian process of growth and structural change that unfolded over the period 1950-51 to 2007-08. The larger study looks at structural changes not only on the basis of the broad division of the economy into the agriculture, industry and services sectors, but also examines each of them more intensively. The paper showed that based on the combination of aggregate growth trends and their accompanying patterns of structural change, three turning points separate the entire period after independence into four sequential phases of growth and structural change, each with its own distinguishing features. The trends in the industrial sector' share in GDP are not quite the same if construction is excluded from it as compared to when it is included. The study in fact used two parallel classification schemes—one in which construction was included in industry and the other in which it was clubbed with services. The paper posed a few questions about India's distinctive trajectory of economic change. Why does India's story, in many ways, run contrary to the stylized facts about growth and structural change derived from worldwide experience?



Clockwise: Prof. D.N. Reddy (discussant) expressing his views, along with Prof. Mazumdar (presenter), Prof. K.L. Krishna (chair) and Prof. Biswajit Chatterjee (discussant)

The session was Chaired by Prof. K.L. Krishna, with Prof. D.N. Reddy and Prof. Biswajit Chatterjee being the discussants. Additional comments were made by others including Prof. R. Nagraj, Prof. G.K. Chadha, Prof. Nasir Tyabji, etc.

SESSION II

Linkages between Small and Large Industries: Implications of Subcontracting for Small Enterprises; Dr Jesim Pais and Dr Partha Pratim Sahu

Based on a mix of secondary (NSSO survey on unorganized manufacturing sector, 2000–01 and 2005–06) and primary data (a survey of 60 micro and small subcontracting enterprises in NCR region, Delhi conducted during 2008) sources, the study provides empirical evidence on the pattern and magnitude of subcontracting in unorganized manufacturing sector and across its different industry groups and analyses whether there are any sector-specific features in functions and linkages. In terms of select structural ratios, i.e. per worker productivity, capital:labour ratio and so on, a comparative analysis of enterprises that are engaged in subcontracts and those that are not has been attempted to identify factors that work for or against long term relationships between the large and micro and small firms. Subcontracting as an instrument for technological upgradation and employment expansion in unorganized manufacturing sector has also been discussed. The study shows that the subcontracting intensities were pronounced in few product lines. Although the subcontracting enterprises have reported receiving assistance in terms of marketing, technology and finance, these enterprises were found to be operating at a lower productivity level as compared to non-subcontracting enterprises. Further, small enterprises reported that they operated under unfavourable and exploitative terms of contract. The report also presents a critical appraisal of existing government measures to regulate and promote subcontracting practices.

The session was Chaired by Prof. R. Nagraj. The discussants for the presentation were Prof. S.P. Kashyap and Prof. Keshab Das.

SESSION III

Inter-state variation in Industrial Growth and Structure; Prof. T.S. Papola, Dr Nitu Maurya and Mr Narendra Jena

The study describes the changes that have taken place in the structure of manufacturing industries in different states and UTs over the period since 1980–81/2008–09. Main aspects covered are: variations in the extent of industrialization, structural shifts from agriculture to industry and services, growth of manufacturing and its relationship with overall growth, distribution of manufacturing industries among states and changes in their respective shares, organised-unorganised composition of manufacturing, changes in product structure in terms of agro-based and others and different 2-digit industry groups, industrial base, specialization and diversification and inter-state productivity differences.

The session was Chaired by Prof. A.K. Singh and Dr Dinesh N. Awasthi was the discussant.



Dr Dinesh N. Awasthi (extreme right), discussant, expressing his views, along with Prof. T.S. Papola (presenter) and Prof. A.K. Singh (chair)

SESSION IV

Some Aspects of the Services Sector in India; Dr Jesim Pais

The Sectoral composition of the different sub-sectors within services were covered in the presentation. There was a high growth of the services sector (GDP). This was also accompanied by relatively high growth in services employment, though employment growth has been less impressive when compared with GDP growth. Another notable aspect was the high growth in services exports. However, the impressive performance of the services sector is accompanied by sluggish and not so impressive performance by the industrial sector.

The issues and concerns with regard to the services sector growth were summarised in the presentation into four questions. (a) Is it sustainable? Can a large country such as India sustain the dominance of the services sector without commensurate industrialisation? From the point of view of productivity and



Dr Jesim Pais giving his presentation while Prof. D.N. Reddy (chair) and Prof. Aradhana Aggarwal (discussant) look on

therefore reflecting on equity and poverty, is the present form of services sector growth desirable? And finally, is the services sector growth real?

The proposed study attempts to answer the above and questions of quality and desirability of service sector growth through an analysis of the trends in services sector performance at a more disaggregate level. It shall also include a small section analysing the export performance of certain select services exports (health, education, legal services and so on). For the purposes of analysis, it is proposed the sub-sectors within services will be grouped as Traditional services and new and modern services, production services, services allied to industry and other services.

The session was Chaired by Prof. D.N. Reddy and Prof. Aradhana Aggarwal was the discussant.

Study of Structural Characteristics of the Large Indian Private Corporate Sector, Prof. K.V.K. Ranganathan and Prof. M.R. Murthy

Indian economic policy has undergone a rapid change during the past few years. These economic policy changes brought a greater importance in the corporate sector, comprising both government and non-government companies. Especially, non-government companies have acquired a dominant position both in terms of numbers as well of paid-up capital (PUC). Relative importance of the corporate sector in total output, net value added in the organised industrial sector has also grown over the periods. These changes also threw many challenges and opportunities to Indian entrepreneurs. Some of changes in the structural characteristics of the large Indian private corporate sector are:

- Role of private corporate sector under various plan periods
- Indian corporate sector – some characteristic features
- FDI in the India private corporate sector
- Changes in the ownership and control structure
- Stock Market and Corporate Sector

- Emergence of new class of entrepreneurs

The session was Chaired by Prof. Nasir Tyabji and Dr Dennis J. Raj Kumar was the discussant.

**SESSION V
Structural Changes in India's Foreign Trade; Prof. T.P. Bhat**

The study describes the changes that have taken place in the structure of India's foreign trade during the period 1950–2010. The main aspects covered are: the evolution of India's foreign trade during the pre-independence period, the foreign trade regime during the second and the third five year plans, the development of complex trade policy structure, episode of trade liberalization, economic growth and policy framework of foreign trade, trade policy reforms after 1991–92, service sector and reforms, export-import growth scenario, commodity composition of export-import basket, factor intensity analysis of exports and imports, structural analysis of India's foreign trade, stability of India's comparative advantage, rise of service sector exports, relationship between economic growth and export growth, and relationship between trade and employment. The question—Can India skip industrialization phase?—was also looked into.

The session was Chaired by Prof. B.N. Goldar and Dr Nisha Taneja was the discussant.

**SESSION VI
Import Intensity of Exports: Its Impact on Employment and Output; Dr Mahua Paul**

Trade liberalization has impacted the import content of exports. The objective of this paper is to study to what extent the trade liberalization had an impact on import content of exports in the manufacturing sector during the period 1993–94 and 2006–07 using input-output table and econometric estimations. It was observed that both the broad sectors of the economy and the manufacturing sector registered a rise in import intensity from 1993–94 upto 2003–04, but for 2006–07 the import content of



Dr Mahu Paul (presenter), Prof. B.N. Goldar (chair) and Dr Nisha Taneja (discussant) at the question and answer session

exports has declined because of the appreciation of the rupee which leads to reduction of export earnings. The impact of import intensity on exports, output as well as competitiveness has been negative. As compared to 2003–04, 2006–07 has less number of import competing sectors which means a reduction in domestic supply of imported raw materials, hence the reduction in output, exports and competitiveness of import intensity. Also, there has not been any differential impact of import intensity on import competing and non-import competing industries during the period 2006–07.

The session was Chaired by Prof. B.N. Goldar and Dr Nisha Taneja was the discussant.

Role of States in Exports; Dr Mahua Paul

The paper aims to study as to how 'open' the Indian states are with respect to international trade and to develop a proxy that will be used to rank the Indian states in terms of exposure to trade, since trade data are not available at state level.

Impact of trade liberalisation on employment differs significantly across states. To examine the impact of export orientation of states on employment an attempt was made to construct state export orientation variable for further analysis, both at the state level and the all-India level.

The state wise export orientation has been estimated first by constructing industry level share of exports in a state. Further, it was observed that the states which are more export oriented are those states which have a significant aggregate export share and have achieved high ranking with regard to the export product structure.

SESSION VII

Employment Growth and Structure; Prof. T.S. Papola and Dr P.P. Sahu

The study aims at reviewing the employment strategies and policies, employment performance and outcomes and employment prospects in the near future in India. It describes the broad contours of approaches to employment followed in development strategies in Five Year Plans and macro-economic and sectoral policies to promote employment generation. It describes and analyses the employment performance of the Indian economy in long-term (about 35 years, 1972–73 to 2007–08) as well as in short-term (five to 10 years) perspectives, in terms of rates of growth and structural changes, with special reference to the post-reform period. It then presents the employment challenge that India faces, in quantitative and qualitative terms. Finally, it examines the prospects of employment growth of sufficient magnitude and desirable quality and outlines the policy measures for its achievement.

The session was Chaired by Dr Ajit K. Ghose and Prof. Sheila Bhalla and Prof. Nithi Mehta were the discussants.

SESSION VIII

Trends and Patterns in Consumption Expenditure: A Review of Class and Rural-Urban Disparities; Dr Satyaki Roy

This paper aims to identify the major trends in consumption expenditure for various consumption classes and segments (rural and urban) during the past decade using NSSO reports for the period 1993–94 to 2006–07 and defines three broad categories of consumption classes that could be representative of the poor, middle and upper classes in the rural and urban segments. Firstly, it brings out the changes in terms of shares in consumption expenditure in the food basket for the three classes and segments over the years. Secondly, the changing shares of consumption in the non-food group for various classes. In order to see the changes in real terms, price indices for all the relevant commodity groups are being constituted using the private final consumption expenditure data provided by the NAS. The intercepts and slopes of these indexed expenditures were analysed to see the gaps in real consumption expenditure between classes at the initial reference time point and how the gaps changed over time. Finally, although consumption is not the domain in which income inequalities are adequately captured, rather more the economy reaches higher levels of development, inequalities in consumption across income classes are expected to decline at least for necessities. On the contrary, in case of India, although the economy envisaged high growth for more than a decade, there seem to be widening disparities between the 'rich' and the 'poor' even in terms of real consumption expenditure on basic needs.

The session was Chaired by Prof. Ravi Srivastava; Dr Himanshu and Dr Atulan Guha were the discussants.



Dr Satyaki Roy (presenter), Prof. Ravi Srivastava (chair) and Dr Atulan Guha (discussant) hearing to the views expressed by Dr Himanshu (discussant)

RESEARCH PROJECTS

COMPLETED

- **Determinants and Impact of FDI in R&D in the Creation and Diffusion of Knowledge in the Automobile Industry: A Study of Clusters in Bangalore, Chennai, National Capital Region; Dr Satyaki Roy**

The project primarily aims to capture four principal research questions and these are: *a)* How growth in per capita income constitutes the demand side of the growth of automobile segment in India; *b)* The extent of FDI flows in R&D in this segment and whether any distinct pattern could be visible in such investments; *c)* What are the determinants and rationale for an FDI to undertake in-house R&D in India; *d)* What could be the likely direct and indirect impact of such investments on the automobile assemblers and component manufacturers in India and more precisely the extent of technology diffusion in the process of FDI inflow. The study is based on secondary data as well as primary surveys conducted in three automobile clusters, namely Chennai, Bangalore and the National Capital Region.

The report discusses the growth of automobile industry in India and the way it is being influenced by growing middle class demand on the one hand, and on the other because of the relative shift in the geography of incremental growth in auto industry that draws in foreign investments in the segment. The principal focus in this regard has been to see how India participates in the global restructuring and consolidation process of automobile industry. In this context, the study brings out the performance of assemblers and component manufacturers, the way their role structures are undergoing change and also the extent to which research and development is linked to the growth. The report critically reviews the impact of FDI in the creation and diffusion of knowledge in the automobile industry in India and proposes that the impact has been more perceptible and direct in the sphere of soft technologies while knowledge sharing in core areas hardly takes place. It further argues that engagement of FDI in R&D in this sector could better be explained in terms of stages and cycles, and, their involvement in in-house R&D is critically determined by the respective positions in the non-linear growth path. The extent and nature of diffusion of technology is precisely related to the dynamic issue of technology gap between home and host countries. The report also argues that ownership assumes much greater importance than location of research in the context of minimizing the technology gap and proposes that policy interventions could help in calibrating competition with capability building in the component segment. Such interventions might also help using FDI not only as a source of funds, but also for higher levels of technology that create options in deconstructing those available in the international shelf to create alternative trajectories of technology growth.

▪ **The Employment Implications of Current Financial Crisis: Challenges, Threats and Coping Strategies in India; Dr Partha Pratim Sahu**

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 lines, seeks to answer the following questions: *a)* What did the sample enterprises feel about economic

**FORTHCOMING
TWO-DAY NATIONAL SEMINAR**

Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern

20–21 April 2012

Institute for Studies in Industrial Development (ISID) has been carrying out a research programme entitled “Structural Changes, Industry and Employment in the Indian Economy: Macro-economic Implications of Emerging Pattern”, sponsored by the Indian Council of Social Science Research (ICSSR). More than a dozen research studies have been undertaken by the faculty under the programme on the following six major themes:

- Growth and Structural Changes in Indian Economy;
- Employment;
- Industry;
- Services Sector;
- Disparities and Inequalities; and
- Trade

The three year programme is now coming to an end with the completion of all the studies envisaged to be undertaken. Some of the studies already completed earlier—Growth and Structural Changes in Output; Large Small Industry Linkages; Inter-State Variations in Industrial Growth and Structure; Changing Structure of India’s Foreign Trade; Import Intensity of Exports; Employment Growth and Structure; and Trends and Pattern in Consumption Expenditure—were presented in Two-Day National Workshop held during July 07–08, 2011 and have since been finalized. These reports along with the details of the workshop are available on the ISID Website. Seven other studies including three on which preliminary presentations were made in the workshop are now under finalization.

A Two-Day National Seminar is now proposed during April 20–21, 2012 to discuss the following seven studies along with a comprehensive synthesis paper incorporating findings of all the studies:

- Growth and Structural Changes in Industry: Organised Sector (T.P. Bhat)
- Growth and Structural Changes in Industry: Unorganised Sector (Ajit K. Jha)
- Changing Structure of Large Private Corporate Sector (M.R. Murthy & K.V.K. Ranganathan)
- Changing Factor Incomes: Long-Term Trends (Satyaki Roy)
- Growth and Structure of Services Sector (Jesim Pais)
- Role of States in Exports (Mahua Paul)
- Regional Disparity in Growth and Human Development (Satyaki Roy)
- Structural Changes in the Indian Economy: Emerging Patterns and Implications—A Synthesis of Findings (T.S. Papola)

slowdown?; b) How did these firms perceive the changes due to economic slowdown?; and c) How did they respond to these changes? This study is supported by the South Asian Network of Economic Research Institutes (SANEI).

▪ **Employment Challenges in North-eastern States of India: Role and Potential of the Unorganized Manufacturing Sector; Dr Partha Pratim Sahu**

The North-eastern Region (NER) of the country continues to remain on the fringes of society in terms of 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 the 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.

IN PROGRESS

▪ **Sustainable Development: Emerging Issues in India's Mineral Sector; Shri Nilmadhab Mohanty, Ms Aarushi Goyal**

The study identifies the operational principles of sustainable development that can be applied to the country's mineral sector; examines its current regulatory mechanism for sustainable mineral development; and analyzes international experience in the adoption of sustainable development principles to mining operations.

The project has been done through desk research and field study in the mineral-rich states of Odisha, Goa, Karnataka and Jharkhand. The broad conclusion of the study is that attainment of sustainable development in India's mineral sector is conditional on the existence of good governance, self-regulating mining enterprises and proper social and environmental safeguards being in place. Moreover, a sustainable development framework along with a set of sustainability indicators is required to enhance public accountability of mining enterprises in India. Also, the main initiative to design and implement the sustainable development framework should be that of the mining industry, its members and associations. While government may assist the industry in this matter, its main responsibility should be to ensure that appropriate legal provisions are in place to ensure sustainable mineral operations and that these are implemented fairly and faithfully.

The draft report has been prepared and submitted to the Planning Commission.

▪ **Private Investment in the Manufacturing Sector in India: A State Level Analysis; Dr Jagannath Mallick**

The inflow of private investment into a state has the potential to generate income and output, improve the fiscal positions

through tax revenue, and provide employment opportunities to local residents. The growth facilitating private investment is market oriented and determined by the rate of returns. The introduction of economic reform measures in 1991 aggravates the competition for attracting private investment in a variety of ways. For instance, the abrogation of the Industrial Licensing Act favours the investors to choose their preferred state among other states as the investment destination. The liberalization measures also reduce the degree of control exercised by the Centre in many areas, leaving much greater scope for state-level initiatives in Indian economy. The uneven distribution of private investment causes high disparity in economic growth in the Indian states. Hence, the ongoing study proposes to examine its patterns and determinants during the periods from 1993–94 to 2007–08.

The National Accounts Statistics of Central Statistical Organisation (CSO) is the source for data related to investment and capital stock in India. Investment is defined as the net addition to the stock of capital which comprises gross fixed capital formation (GFCF) and change in stocks. GFCF includes the construction and machinery & equipment, and excludes land due to its non-reproducible nature. The role of manufacturing industries is prominent in the recent high growth scenario of Indian economy. However, 43 per cent of total private investment goes to the manufacturing sector (34 per cent in registered and 9 per cent in un-registered segments). There is no state-level estimate of private investment in the manufacturing sector in India. However, the national and state levels estimates of total investment in the manufacturing sector published in Annual Survey of Industries (ASI) are not comparable to that of CSO, due to the use of different methodologies. For instance, ASI considers land as the component of GFCF, which is contradictory to the methods of CSO. Hence, the present study utilises the unit level data of ASI to estimate the state-level private investment in the manufacturing sector, by using the definition and method of CSO, which is used to measure national level private investment. The analysis shows that, 94.25 per cent of total private investment in the manufacturing sector goes to the major 20 states. The top 10 states (i.e. Maharashtra, Gujarat, Tamil Nadu, Karnataka, UP, AP, Haryana, Rajasthan, Odisha and MP) attract 80 per cent of all India private investment in the manufacturing industries. The study will examine the determinant factors of such high variation in private investment to suggest policy for its equal distribution, and hence to reduce the disparity in economic growth among the Indian states.

PUBLICATIONS

ARTICLES/PAPERS

- K.S. Chalapati Rao and Biswajit Dhar, "India's FDI Inflows: Trends and Concepts," a joint publication of RIS and ISID, September 2011.

- K.S. Chalapati Rao and Biswajit Dhar, “Formulating India’s FDI Policy: Waiting for Godot,” to be published as a chapter in *Alternative Economic Survey, India, 2010–11*.
- T.P. Bhat, “India and China: Dimensions of Trade Policy,” *India Quarterly Journal*, Indian Council of World Affairs, New Delhi, January–March 2012 (*forthcoming*).
- Jagannath Mallick, “Public Expenditure, Private Investment and Income: Evidence in Indian States,” *Journal of Developing Areas*, Vol. 47, No. 2 (2013) (*forthcoming*).

OCCASSIONAL PAPERS

- **Growth and Structural Changes in Output in India since Independence: A Study Report; Prof. Surajit Mazumdar, August 2011**

This study presents an analytical description of the twin processes of growth of output and changes in its composition in the Indian economy since independence, primarily with the objective of bringing out in sharper relief some of the key questions posed by what appears to have been a rather uniquely Indian trajectory of economic change. The study is presented in four parts.

The first part adds some twists in the known tales of post independence growth and structural change in output and their key turning points by looking at the time-paths of the two dimensions simultaneously. Structural changes are examined in this part mainly in terms of the broad tripartite division of the economy into the agriculture, industry, and services sectors. The subsequent three parts then look at the stories of change in the composition output within each of the three broad sectors in somewhat greater detail, which serve to highlight the important changes that took place within each sector over the long run as also the shifts in their patterns that occurred from time to time.

Based on their patterns over time, four distinct phases of growth and structural change from 1950–51 onwards are identified in the first part of the study. Each of the first three of these had durations of roughly a decade and a half while the last phase accounts for the remaining period since the mid-1990s. The second part on the industrial sector then shows that the different phases of overall growth and structural change can also be clearly distinguished from each other in terms of their respective patterns of change in the composition of industrial output. The third part on services draws attention to the combination of two features that mark out the post-independence development of the sector. These are the long term stability in the broad direction of shift in the composition of services output, both before and after the acceleration in services growth since 1980, and the exceptional role of some steadily growing but initially minor services in the later phase of rapid services growth. The fourth part then brings the agricultural sector into the larger story of structural change. By highlighting the important changes it experienced in the structure of its output as well as in its input structure over time,

UPCOMING EVENTS

- A symposium on ‘Public Health Issues and Disaster Management of Nuclear Fuel Cycles in India’.
- Joint ISID-RIS Workshop on ‘An Overview of India’s Foreign Investment Policy’.

it is emphasized that agriculture was not merely a sector receding in importance.

The main results are summarized in the fifth and final part of the study and some key conclusions that can be drawn on their basis are pointed out.

- **Linkages between Small and Large Industry: Implications of Subcontracting for Small Enterprises; Dr Jesim Pais and Dr Partha Pratim Sahu, November 2011**

Among the notable changes observed in Indian Industry, one aspect that has not been sufficiently studied and understood is the linkage between large and small industries. Data on inter-firm linkages and on subcontracting, though somewhat limited, indicate that there has been a major change in the structure of Indian industry with an increased role for outsourcing and subcontracting.

Based on a mix of secondary and primary data, the study provides empirical evidence on the pattern and magnitude of subcontracting in unorganized manufacturing sector and across its different industry groups and analyses whether there are any sector-specific features in functions and linkages. It illustrates the types, nature and extent of linkages and their implications for the unorganized manufacturing sector. In terms of select structural ratios, i.e. per worker productivity, capital-labour ratio and so on, a comparative analysis—of enterprises that are engaged in subcontracts and those that are not engaged—has been attempted to identify factors that work for or against long term relationships between the large and small firms. Subcontracting as an instrument for technological upgradation and employment expansion in unorganized manufacturing sector has also been discussed.

The study shows that the subcontracting intensities were pronounced in a few product lines. It discusses both the positive and negative features of subcontracting from the point of small enterprises. Although the subcontracting enterprises have reported receiving assistance in terms of marketing, technology and finance, these enterprises were found to be operating at a lower productivity level as compared to non-subcontracting enterprises. Further, surveyed small enterprises reported that they operated under unfavourable and exploitative terms of contract. The report also presents a critical appraisal of existing government measures to regulate and promote subcontracting practices. It suggests

policies that can potentially impinge on subcontracting linkages for optimal outcomes.

- **Structural Changes in India's Foreign Trade; Prof. T.P. Bhat, September 2011**

The study describes the changes that have taken place in the structure of India's foreign trade during the period 1950–2010. The main aspects covered are: the evolution of India's foreign trade during the pre-independence period, the foreign trade regime during the second and the third five year plans, the development of complex trade policy regime, episode of trade liberalization, economic growth and policy framework of foreign trade, trade policy reforms after 1991–92, service sector and reforms, export-import growth scenario, commodity composition of export-import basket, factor intensity of exports and imports, stability of India's comparative advantage, rise of service sector exports, relationship between economic growth and export growth, and relationship between trade and employment. The question whether India can skip industrialization phase was also looked into. The period between 1950 and 2010 is covered in four parts. These are:

- 1) Since independence to 1966 devaluation: evolution of independent India's foreign trade policy based on inward-looking import substitution;
- 2) 1970–85: rigid import control and foreign exchange constrained regime;
- 3) 1985–91: slow and halting movement towards liberalization; and
- 4) 1991–2010: liberalization period with relatively outward-looking export policy.

At the outset, there have been hardly any structural changes that occurred in trade policy till the big bang of 1991. The trade liberalization during post-reform period has been a calibrated one with an emphasis on less painful process of transformation and minimizing trade barriers, especially tariff barriers.

- **Inter-regional Disparities in Industrial Growth and Structure; Prof. T.S. Papola, jointly with Dr Nitu Maurya and Mr Narendra Jena, December 2011**

The study describes the changes that have taken place in the structure of manufacturing industries in different states and UTs over the period since 1980–81/2008–09. Main aspects covered are: variations in the extent of industrialization, structural shifts from agriculture to industry and services, growth of manufacturing and its relationship with overall growth, distribution of manufacturing industries among states and changes in their respective shares, organised-unorganised composition of manufacturing, changes in product structure in terms of agro-based and others and different 2-digit industry groups, industrial base, specialization and diversification and inter-state productivity differences. Analysis is undertaken both in

terms of Gross State Domestic Product and employment, depending on the availability of data. Though statistical information is presented for all states and UTs, in most cases, description and analysis is confined to different grouping of states/UTs.

WORKING PAPER(S)

Trends and Patterns in Consumption Expenditure: A Review of Class and Rural-Urban Disparities; Satyaki Roy, WP2011/04, October 2011.

This paper primarily aims to capture the changing patterns of consumption expenditure of three broad classes, namely the 'upper', 'middle' and 'bottom' classes in rural and urban India. In contrast to what is generally held that differences in consumption of necessities across classes decline the more the economy grows, this paper argues that there had been hardly any sign of convergence. Furthermore, in the cases of most of the food and non-food items, especially, education and medical services the consumption expenditure in real terms is showing trends of a widening gap between the upper and the bottom classes.

Import Intensity of Exports: Its Impact on Employment and Output; Mahua Paul, WP2011/05, November 2011

This study aims at an in-depth study of how trade liberalization has impacted the import content of exports of the Indian manufacturing sector during 1993–94 and 2006–07 using input-output tables and econometric estimations. Import intensity of the broad sectors of the economy in general and manufacturing sectors in particular has been explained in detail. For 1993–94 and 2006–07, the import intensity of exports has been calculated taking the weighted average of import coefficient multiplied by exports. For the study, data has been assembled from different sources of varying degrees of reliability. Trade data has been matched with industry data to carry on with the exercise. Both the broad sectors of the economy and the manufacturing sector registered a rise in import intensity from 1993–94 up to 2003–04, but for 2006–07 the import content of exports has declined because of the appreciation of the rupee which led to reduction of export earnings. The impact of import intensity on exports, output as well as competitiveness has been negative. As compared to 2003–04, 2006–07 has less number of import competing sectors, which means a reduction in domestic supply of imported raw materials, hence the reduction in output, exports and competitiveness of import intensity. Also, there has not been any differential impact of import intensity on import competing and non import competing industries during the period 2006–07.

DISCUSSION NOTES

- Limit Consumption or Perish, M.M.K. Sardana, DN2011/16, December 2011.

- Declining Sex Ratios: Will it Impact Economic Growth? M.M.K. Sardana, DN2011/15, November 2011.
- Formulating India's FDI Policy: Waiting for Godot, K.S. Chalapati Rao and Biswajit Dhar, DN2011/14, October 2011.
- Trade in Real Water and Virtual Water: International Trade Regime, M.M.K. Sardana, DN2011/13, October 2011.
- A Mission Approach for Addressing Garbage Issues in India, M.M.K. Sardana, DN2011/12, August 2011.
- Public Health Issues and Disaster Management of Nuclear Fuel Cycles in India, M.M.K. Sardana, DN2011/11, July 2011.
- What goes on in Real Estate Business? M.M.K. Sardana, DN2011/10, July 2011.
- Impact of Accident at Fukushima on Nuclear Energy Programmes of India and China, M.M.K. Sardana, DN2011/09, July 2011.

FACULTY PARTICIPATION

PRESENTATIONS

- T.S. Papola presented two papers on "Inter-state Variations in Industrial, Growth and Structure" and "Employment Growth and Structure" in the National Workshop on *Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern*, ISID, New Delhi, 07 July 2011.
- K.V.K. Ranganathan and M.R. Murthy made a presentation on "Study of Structural Characteristics of the Large Indian Private Corporate Sector – An Approach" in the National Workshop on *Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern*, ISID, New Delhi, 07 July 2011.
- Satyaki Roy presented a paper titled "Trends and Patterns in Consumption Expenditure: A Review of Class and Rural-Urban Disparities" in the National Workshop on *Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern*, ISID, New Delhi, 07 July 2011.
- Mahua Paul made two presentations on "Import Intensity of Exports: Impact on Output and Employment: An Empirical Analysis" and "Role of States in Exports" in the National Workshop on *Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern*, ISID, New Delhi, 07 July 2011.
- T.S. Papola Chaired a session and presented a paper on "India's Economic Growth during the Last Two Decades: How 'Inclusive' it has Been?" in the National Seminar on *India: Two Decades of Liberalisation-Growth and Governance*, School of Social Sciences, Doon University Dehradun, 18–19 November 2011.
- Satyaki Roy presented a paper titled "How Informal is the 'Informal Sector'?" in the International Conference on *Land Labour and Livelihoods: A Focus on the Global South*, Ambedkar University, Delhi, 25–26 November 2011.
- Jesim Pais gave a presentation on "Understanding life of informal sector workers in India through a case of leather goods workers in Dharavi, Mumbai," at the International

Conference on *Land Labour and Livelihoods: A Focus on the Global South*, Ambedkar University, Delhi, 25–26 November 2011.

- T.S. Papola made a presentation on "Socially Inclusive Growth in India: Challenges and Policy Options" in the IDRC-IIDS Workshop on *Inclusive Growth*, India International Centre (IIC), New Delhi, 12–13 December 2011.
- T.S. Papola Chaired a session and made presentation in a panel on *Labour Reforms* in the 53rd Annual Conference of Indian Society of Labour Economics, Mohanlal Sukhadia University, Udaipur, Rajasthan, 17–19 December 2011.

LECTURES

- T.S. Papola delivered a lecture on "Labour Market and Industrial Relations in India" to a Group of visiting scholars from Nikon Fukushi University, Nagoya, Japan, at South Asian University, New Delhi, 23 August 2011.
- K.S. Chalapati Rao delivered a lecture on "India's FDI Inflows: Recent Experiences" at the Academic Staff College, Jamia Millia Islamia, New Delhi, 22 September 2011.
- T.S. Papola gave a series of three lectures on *Informal Sector* in the International Training Programme (ITEC) at Entrepreneurship Development Institute (EDI), Ahmedabad, 29–30 September 2011.

PARTICIPATION

- K.S. Chalapati Rao participated in the Workshop on *Structural Changes, Industry and Employment in the Indian Economy: Macro Economic Implications of the Emerging Pattern*, ISID, 07–08 July 2011.
- T.S. Papola participated in the Academic Advisory Committee meeting of Gujarat Institute of Development Research (GIDR), Ahmedabad, 26 July 2011.
- T.S. Papola participated in the meeting of the Working Group on *Employment Projections for the XII Plan*, Planning Commission, 26 August 2011 and 16 November 2011.
- T.S. Papola participated in the Steering Group on *Employment in the XII Plan*, Planning Commission, 29 August 2011.
- T.S. Papola participated in the meeting of International Advisory Committee of the India-China research programme on *Informal Employment*, Institute of Population and Labour Studies, Chinese Academy of Social Sciences (CASS), Beijing, 14–15 September 2011.
- T.P. Bhat addressed the students International Business course on "China's Growing International Trade and its Effect on World Business" at the University of Petroleum and Energy, Dehradun, 16 September 2011.
- T.P. Bhat inaugurated the workshop conducted by the University of Petroleum and Energy and delivered a key note address on "India's Economic Diplomacy-Changing Contours," Dehradun, 17 September 2011.
- T.S. Papola participated in the 12th Annual Congress of the Brazilian Association of Labour Studies and Brazil-China-India-South Africa Panel discussion on "What Crisis? Economic Growth, Labour outcomes and Social Exclusion

in the “Dynamic South” at Joao Pessoa, Brazil, 21–23 September 2011.

- T.S. Papola acted as Chair and lead speaker in IIPA-Book Discussion Meet on the book *The Battle for Employment Guarantee*, IIPA, New Delhi, 11 October 2011.
- Prof. S.K. Goyal inaugurated a three-day Workshop on “Rehabilitation and Resettlement of Displaced Persons in Development Projects,” organised by Expert Consultancy at IIC, New Delhi, 12–14 October 2011.
- P.P. Sahu attended the MSME-FTA Workshop on *India's Free Trade Agreements and MSMEs: Provisions, Linkages and Possible Impacts*, organized by Third World Network, New Delhi, 21 October 2011.
- T.S. Papola delivered Keynote Address on “Economic Growth in Post-Reform India” in the *Eco-Fest Quest 2011*, held at Delhi College of Arts and Commerce on 03 November 2011.
- Jesim Pais participated as Resource person for the session on “Quantitative Methods,” part of a 6 weeks programme on Women’s Studies, organized by Centre for Women’s Development Studies (CWDS) in collaboration with ICSSR, held at CWDS, Delhi, 01–09 December 2011.
- T.S. Papola participated in the meeting of the Prime Minister’s Council on *Micro, Small and Medium Enterprises (MSMEs)*, Udyog Bhawan, New Delhi, 05 December 2011.
- K.S. Chalapati Rao attended the Conference on *India and Its Eastern Neighbours: Reviewing the Relationships*, organized by and held at RIS, New Delhi, 05 December 2011.
- K.S. Chalapati Rao attended the Conference on *Economic Policies for Emerging Economies*, organized by Ministry of Finance, Department of Economic Affairs (DEA) and National Institute of Public Finance Policy (NIPFP), Convention Hall, Hotel Ashoka, New Delhi, 14 December 2011.
- P.P. Sahu attended the International Conference on *Employment, Informality and Poverty in China and India*, organized by Institute of Rural Management Anand (IRMA), Institute for Human Development (IHD), CASS in collaboration with ICSSR, held at IIC, New Delhi, 14–15 December 2011.
- T.S. Papola participated chaired a session on IRMA/IHD Panel discussion on *Informal Employment in India and China*, Udaipur, 16 December 2011.
- K.S. Chalapati Rao attended the Conference on *The Globalization Paradox: Why Global Markets, State and Democracy Can't Coexist*, organized by Shriram Centre for Industrial Relations and Human Resources, held at Federation of Indian Chambers of Commerce and Industry (FICCI), Federation House, New Delhi, 16 December 2011.
- P.P. Sahu participated in the Discussion on “Emerging Employment Trends: Challenges during Times of Crisis and Global Uncertainties,” held at Indian Habitat Centre (IHC), New Delhi, 16 December 2011.
- Jagannath Mallick attended the 7th Annual Conference of *Economic Growth and Development* held at Indian Statistical Institute (ISI), New Delhi, 15–17 December 2011.
- Jesim Pais attended the 5th Indo-Japanese Dialogue on *The BRICs as Regional Economic Powers in the Global Economy*, organized by Slavic Research Center (SRC), Hokkaido

University and Jawaharlal Nehru Institute of Advanced Study (JNIAS), Jawaharlal Nehru University (JNU), held at JNU, 26–27 December 2011.

- T.S. Papola participated and Chaired the discussion on the theme “Enhancing Human Resources for Inclusive Growth, Employment and Welfare” in the 94th Annual Conference of the Indian Economic Association, Bhartiya Vidyapeeth University, Pune, 27–29 December 2011.

VIVA VOCE EXAMINATION EVALUATOR

- Jesim Pais was invited as an External Evaluator for the Viva Voce Examinations of Fourth Semester Students of Master of Arts in Labour and Development (MLD) Programme of the School of Interdisciplinary and Transdisciplinary Studies (SOITS), IGNOU, held at SOITS office, 20 July 2011.

MEDIA CENTRE

A film about the present policy for providing free treatment to the poor in private hospitals, that have received grants and subsidies from the government, is under production. During the course of research and shooting of the film, it emerged that there are several loopholes and disconnects between the policy and its actual implementation. Although it is mandatory for these large private hospitals to provide 10% free IPD and 25% OPD treatments to patients who have less than Rs. 6483 per month family income, most of these so called FREE BEDS are lying vacant. With overflowing government hospitals where poor patients are forced to live on the footpath, it is a shame that beds supposedly reserved for their treatment in these private hospitals are lying vacant.

Using case studies and interviews with patients, policy makers, academics, NGOs, advocates and medical professional, the film aims to raise a debate on how the big private or corporate hospitals take full advantage of government grants and subsidies and continue making huge profits without fulfilling their promises and obligations. The hospitals claim that poor patients don’t come to them or are not referred to them. Why is that so? Is it due to lack of awareness? Are the documentation



A shot from the documentary (Taken outside AIIMS)

requirements and procedures too complex? In spite of the good intentions of the government to help the poor, why are such policies failing? How can this policy be made more effective? How does one justify the huge subsidies and benefits given to these private hospitals under this guise of providing benefits to the poor, if it is not effective?

NEW FILMS IN OUR LIBRARY

- **Carrying Their Voices;** Director: Gargi Sen; Subject: Collective Action, Communication, Media; English, 9 min, 1995, India
- **Patents Or Patients?** Director: Joost De Haas; Subject: HIV/AIDS, Globalisation, Health, Medicine, Patents; English (subtitled), 25 min, 2002, The Netherlands
- **Workers – Routes of the Globalisation;** Director: Tommaso D'elia; Subject: Globalisation, Health, Labour, Livelihoods, Pollution, Rights; English (subtitled), 52 min, 2010, Italy.
- **The Other Song;** Director: Saba Dewan; Subject: Culture, Exclusion, Gender, History, Music, Sexuality; English (subtitled), 120 min, 2009, India.
- **Seeds of Well Being: Tolakari;** Director: Ranjan De; Subject: Collective Action, Education, Ethnography, Health, Livelihoods; English (subtitled), 56 min, 1999, India.
- **Children of the Pyre;** Director: Rajesh S. Jala; Subject: Borders, Caste, Childhood, Exclusion, Livelihoods; English (subtitled), 74 min, 2008, India.
- **Adha Aasman: Women's Access to Healthcare;** Director: Samina Mishra; Subject: Exclusion, Gender, Governance, Health, Resistance; English (subtitled), 32 min, 1996, India.
- **Manjuben Truckdriver;** Director: Sherna Dastur; Subject: Exclusion, Gender, Identity, Journey, Queer; English (subtitled), 51 min, 2002, India.

ICSSR REVIEW COMMITTEE ON THE RESEARCH PROGRAMME OBSERVATIONS

The ICSSR appointed a Review Committee for mid-term review of the research work done under the programme “Structural Changes, Industry and Employment in the Indian Economy: Macro-economic Implications of the Emerging Pattern” under the Chairmanship of Prof. K.L. Krishna. The members of the Committee were: Prof. Ravi Srivastava, CSRD, JNU; Prof. B.N. Goldar, Institute of Economic Growth, Delhi; and Prof. Amitabh Kundu, CSRD, JNU. The Committee visited the Institute on August 4, 2011 and had a meeting with the Programme staff.

The Review Team on the basis of the documentation made available and presentation made to them as well as the deliberations in the workshop (three of its members had also participated in the workshop) expressed a high degree of satisfaction both about the quantity and quality of research output produced under the programme. The team members also complimented the Programme team for the progress and sequencing of the subject themes that have been very well maintained vis-à-vis the schedule of activities originally envisaged in the research proposal. The team members who



ICSSR Review Committee members interacting with ISID faculty members

participated in it also appreciated the quality of presentations and discussions in the Workshop.

The Review Team suggested that while finalising the studies, it would be useful to keep in mind the linkage of each study with the overall objective of the programme. It would also be useful, it was suggested, if a document/paper integrating findings of 14 different studies is attempted. That, however, was left to the Programme Coordinator, to pursue depending on the time and resources available. Suggestion was also made to include some themes such as rural-urban linkages and social sector development in ongoing studies wherever found relevant and suitable.

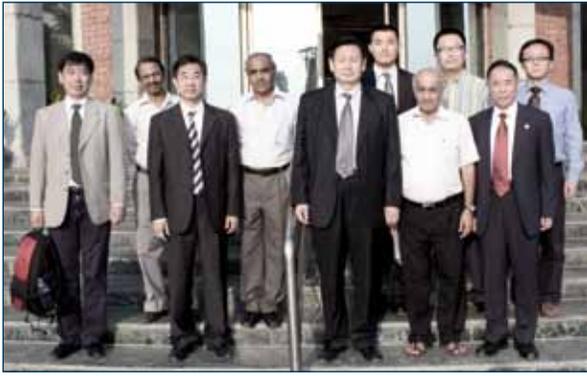
LIBRARY

ISID SOCIAL SCIENCE DATABASES ON THE INFLIBNET

ISID has been providing access to the Databases and Research Reference Indexes to Indian Social Sciences Journals and major English daily press through its Website <<http://isid.org.in>> to member Universities/Colleges/Institutions of INFLIBNET, a UGC Inter-University Centre. At present, more than 200 universities, colleges and academic institutions are accessing the databases through INFLIBNET. The content filter is updated on a regular basis. The total number of indexed journals has increased from 175 to 187 during this period.

FACULTY NEWS

A six-member delegation led by Professor Gao Quanli, Vice-President, Chinese Academy of Social Sciences (CASS), Beijing, visited the Institute on 02 November 2011 to have discussions with the faculty members. The other members of the delegation were: Professor Li Xiangyang, Senior Research Fellow and Director General, Institute of Asia-Pacific Studies; Professor Chuai Zhenyu, Senior Research Fellow and Deputy Director General, Institute of Finance and Trade Economy; Professor Zhang Youyun, Senior Research Fellow and Deputy Director General, International Cooperation Bureau; Professor Ye Hailin, Assistant Research Fellow, Institute of Asia-Pacific Studies; and Mr. Wang Peng, Programme Officer, International Cooperation Bureau.



The delegation from China seen here with the ISID faculty members

AWARD OF DOCTORAL DEGREE

- Jagannath Mallick was awarded with a Doctoral degree for his thesis titled “Private Investment and Economic Growth in India: an Empirical Analysis” at the Viva-voce seminar for awarding of PhD at ISEC, Bangalore, 17 August 2011.

VISIT OF RESEARCH SCHOLARS

- Mr Sameer Goyal, Senior Finance Sector Specialist, The World Bank Hanoi Office, Vietnam, gave a talk on “Vietnam’s Development Experience” on 17 October 2011.



Mr Sameer Goyal (left) in the middle of his talk

- Kobe University scholars’ interaction with Prof. Rao on 20 September 2011.

NEW RESEARCH INITIATIVE

ISID and PHFI collaborative research

- ISID and PHFI would jointly work out projects related to broad areas, namely health economics and health communication. Besides research, ISID can contribute in teaching as well as in advocacy—those being other major activities of PHFI. In this context the faculty of both the institutions interact to identify and define what could be the broad areas of research in terms of common areas of interests as well as available skills and expertise with the collaborating institutions.

Recognition of ISID by the Panjab University

- Recognition of ISID by the Panjab University for Ph.D. Programme in Economics: ISID approached the Panjab University, Chandigarh to recognize the Institute as a Centre for affiliating research scholars to work for Ph.D programme in economics and other developmental issues. The proposal was recommended by the Department of Economics and forwarded to the University. A communication from the Registrar, Panjab University was received in the Second week of December seeking more information to facilitate the visit of inspection committee of the University.

Research Internship

- The Institute has been providing summer internship to the final year post graduate students in economics/commerce, business economics and media & communication areas. This year the Department of Economics, Panjab University, Chandigarh approached the Institute to provide Internship to its final year students of their Five-year Integrated M.A (Honours) in Economics. The four final year students are going to start their four-month internship at the Institute from January 2012.

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