



# NEWSLETTER

## INSTITUTE FOR STUDIES IN INDUSTRIAL DEVELOPMENT

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### FROM THE EDITOR'S DESK

This is the inaugural issue of the *ISID Newsletter*, therefore, it is only appropriate that we introduce ourselves. ISID is an autonomous institute sponsored by the Indian Council of Social Science Research, specialising in national level policy research. It evolved from the Corporate Studies Group (CSG) at the Indian Institute of Public Administration. The Department of Scientific and Industrial Research of the Ministry of Science and Technology accorded the Institute the status of a public funded, non-commercial Research and Development Institution in Social Sciences.

The Institute's objectives are to promote, co-ordinate and undertake research and encourage debate with an emphasis on India's external economic relations. It has made a sustained effort to build and maintain research infrastructure and databases on the Indian economy in general and the industrial and corporate sector in particular. The Institute provides training and guidance to institutions and scholars engaged in the study of industrial economics and offers consultancy services to the Central and State Governments, international agencies, public bodies in industry and services.

Many studies of the ISID emerged out of the philosophy of planned development, which sought to achieve higher growth, self reliance and balanced national development, in line with Constitutional provision laid down in the Directive Principles of State Policy to ensure 'that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment'. This is reflected in the ISID's continued concern about the existence and furtherance of concentration of economic power and the implied political power and influence. Interrogating regulation of monopolies and dominant enterprises in fostering competition became a focal point of research at ISID.

Indian economic policy environment experienced a major transformation with the beginning of the eighties. The main thrust of the new economic policy package is to reduce state intervention,



*Prof. S.K. Goyal, the then Director-ISID, Late Shri Chandra Shekhar, former Chairman-ISID and Shri Yashwant Sinha, the then Union Finance Minister, looking at the Campus Model, September 2005*

deregulation, and seek integration of the Indian economy. In each specific context ISID has attempted to engage with critical economic issues of its time and has periodically made serious policy interventions. The economic policy changes in the past decade have brought into focus many issues and increasing need to address questions related to growth and development and state policy. The institute's research activities and publications have attempted to articulate these concerns.

One of ISID's major contributions has been in facilitating economic and industrial research. The ISID has contributed substantially in developing the requisite research infrastructure and wide range of databases, delivery mechanisms and library facilities to enable researchers to push the boundaries of research in this area.

No institution is built without the contribution of some leading individuals. Foremost amongst them in the context of ISID is Prof. S.K. Goyal, founder Director of ISID, whose vision led to the creation of ISID and established its philosophical premises.

The purpose of this Newsletter is to keep you informed of the academic work and activities of ISID and we hope you will feel free to write to us for any further information, query or comment.

## PROFESSOR ARJUN K. SENGUPTA JOINS AS CHAIRMAN ISID



Professor Arjun K. Sengupta recently took over as Chairman of ISID. He has had a very distinguished and multi-faceted career as an academician, economic policy administrator, diplomat and parliamentarian. He has occupied high positions in academic institutions, Government of India and international organizations.

Professor Sengupta did his M.A. (Economics) from University of Calcutta and Ph.D. (Economics) from Massachusetts Institute of Technology (MIT), USA. He has been Professor at the School of International Studies, Jawaharlal Nehru University, Adjunct Professor of Development and Human Rights in the Faculty of Public Health, Harvard University, Boston, and UN Independent Expert on the Right to Development. He has authored a number of books and many articles in academic journals. In the 1980s he was Economic Adviser to the Prime Minister of India. Subsequently, he was an Executive Director of the IMF in Washington DC, and India's Ambassador to the European Union.

Professor Sengupta is at present Member of Parliament (Rajya Sabha); Chairman, National Commission for Enterprises in the Unorganized Sector, Government of India; Chairman, Research and Information System (RIS), New Delhi; Chairman, Institute of Economic Growth, Delhi; Chairman, Centre for Development and Human Rights, New Delhi; Independent Expert on Human Rights and Extreme Poverty, Human Rights Commission; Geneva. He was elected Chairman of the Inter-Governmental Working Group on the Right to Development, Human Rights Council, Geneva in 2008.

Prof. Sengupta succeeds two eminent personalities, Late Prof. Moonis Raza, the founder Chairman of ISID, and former Prime Minister, Late Shri Chandra Shekhar, who was the longest standing chairperson of the Institute.

## SYMPOSIA

### CRONY CAPITALISM AND CONTEMPORARY INDIA

OCTOBER 4, 2007

**“Are we encouraging crony capitalism?”** This question posed by the Prime Minister in his speech at the inauguration of the new ISID building on May 1, 2007 prompted the ISID to organise a day-long symposium on the subject. Professor S.K. Goyal, Vice-chairman of the Institute, chaired the morning session and Director of the ISID, Prof. S.R. Hashim, initiated the proceedings. Presentations by three faculty members of the Institute, Professors Surajit Mazumdar, K.S. Chalapati Rao and K.V.K. Ranganathan, based on ongoing research at the ISID, covered a wide range of issues related to the conceptualization of crony capitalism, its nature and mechanisms of influence of big business on public policy before and after liberalization. The papers also looked at the evolving ownership structure of companies in India and its implications for exerting influence on policy. Both theoretical arguments as well as empirical evidence were put forward to suggest that the 'concentration of economic power' and the phenomenon of a relatively small group of large business houses exercising a disproportionate influence on public policy, thereby implying that the issue of 'crony capitalism', remain relevant concerns even today.

The three panellists, Prof. C.P. Chandrasekhar, Prof. Nasir Tyabji and Shri Jay Bhattacharjee, shared their views on the subject. Prof. C.P. Chandrasekhar expressed skepticism about the usefulness of theorizing about crony capitalism. While businessmen would always seek to manipulate public decision-making, this did not detract from the fact that the State necessarily has an extremely important role to play in the development process. Prof. Nasir Tyabji noted that the actions of the State since liberalisation clearly pointed towards a very



Prof. Nasir Tyabji, (left) Former Director, Centre for Jawaharlal Nehru Studies, Jamia Millia Islamia and Shri Jay Bhattacharjee, (right) Columnist and Senior Corporate Analyst express their views and Prof. Kuldeep Mathur (centre) chairs the session

conscious effort to selectively protect the property rights of Indian big business, and contrasted this with the attitude towards labour. He, however, expressed his concern about whether the Indian development process was getting adequate returns from a selective favouring of national businesses. Shri Jay Bhattacharjee pointed out that to understand crony capitalism one has to go back to the age of the "robber barons" in the United States. He stressed that in comparison to countries with extensive social security systems where the basic needs of the entire populace have been met, in poor countries like India crony relationships between businessmen and public authorities has a more pernicious effect. Professor Kuldeep Mathur, the chairman of the afternoon session, in his concluding remarks highlighted the changing conception of the role of the state in recent times—from government to governance.

## SOARING SHARE PRICES IN INDIA: IS THERE A CAUSE FOR CONCERN?

OCTOBER 23, 2007

In the context of the galloping share prices in India during this period the Institute organised the Symposium *Soaring Share Prices in India: Is there a Cause for Concern?*, on October 23, 2007. Professor S.K.Goyal, Vice-Chairman, ISID, chaired the session. Shri Sanjay Kapoor, Editor, *Hardnews* and Professor K.S. Chalapati Rao of ISID initiated the discussion by highlighting the various aspects of the government's approach to the issue.

The participants of the symposium-academics, financial analysts and commentators on current affairs-expressed a number of concerns about the state of the Indian stock market. It was noted that over time, since the early 1990s, the objective of attracting foreign portfolio capital flows became so overriding that development of the capital market, creating opportunities for small investors, etc., became subsidiary. As a result the policy towards such flows tended to ignore the dangers associated with such an approach, particularly keeping in mind the limited capacities of the country's regulatory agencies.

The surge of capital inflows of extremely dubious and unknown origin into Indian financial markets, dominated by participatory notes (PNs), provided the impetus for the sharp rise in stock prices in India. The euphoria generated by the huge inflows also created a conducive environment for domestic/local unscrupulous elements to take undue advantage of the situation. In such a context, where valuations lost all meaning, there was also no real gains to the economy except those accruing to a miniscule portion of the population. On the contrary, by causing an appreciation of the rupee and stretching the RBI to the limit, the fund flows driving the boom actually hurt the real sector. A near unanimous view that emerged was that in the interest of preserving the integrity of the Indian financial system, and for other moral, ethical, and practical reasons, the practice of allowing participatory notes should be brought to a halt at the earliest.

## WORLD INVESTMENT REPORT - 2007: TRANSNATIONAL CORPORATIONS, EXTRACTIVE INDUSTRIES AND DEVELOPMENT

DECEMBER 10, 2007

ISID organised a half-day seminar on December 10, 2007 to discuss implications of the *World Investment Report 2007* (WIR 2007), released on October 16, 2007. The report focused on FDI in extractive industries and its impact on development. Professor N.S. Siddharthan, Hon. Professor of Economics, Madras School of Economics, Chennai, initiated the discussion on WIR 2007. The seminar spread over two sessions, was chaired by Professor V.R. Panchamukhi, former Chairman, ICSSR and Professor B.B. Bhattacharya, Vice-chancellor, Jawaharlal Nehru University respectively. Dr George Mavrotas,

Chief Economist, Global Development Network and Professor K.S. Chalapati Rao of ISID were the discussants for these sessions.

Professor Siddharthan explained in detail the salient features of WIR 2007 and commented extensively on the role of FDI in extractive industries. He noted that in terms of FDI inflows these industries were not important. The share of mining, quarrying and petroleum in total FDI inflows during 2003-05 was a mere 2.96 per cent of world inflows and the share for developed countries in outflow was only 1.66 per cent. In this sector the share of petroleum was very large and overwhelming. Investment in petroleum was very different from investment in ores and minerals. WIR 2007 rightly emphasised the distinction between oil & gas, and metal mining industry. However, it did not present data and other details for the two sets. Professor Siddharthan noted that the Ownership, Location and Internalization (OLI) paradigm has limited relevance for FDI in these industries. FDI in this sector has been mostly of the resource seeking variety. For most developing countries (except China and India), mineral extraction is primarily an export oriented activity. Indeed, about 25 developing and transition economies have more than 60% dependency on export of minerals and oil. This in itself was a cause for concern as it could cause "Dutch Disease".

There are both positive and negative implications for host countries. On the positive side, involvement of FDI in these industries generates additional government revenue, provides additional investment, and earns foreign exchange through exports and some forward linkages. On the flip side, it has limited employment opportunities, the potential for crowding out domestic investment and has adverse impact on the environment. Negative social and political effects like displacement, human right abuses, corruption and armed conflicts had been observed mainly in mineral rich, poor countries with poor governance and weak institutions. During the discussion it was suggested that the role of FDI in world development appears to be overestimated. Given the low share of FDI in extractive industries, the participants wondered whether the UNCTAD should have taken up other more important aspects of FDI for detailed examination.

## UPCOMING EVENT

### Seminar in honour of Professor Goyal

JUNE 27-28, 2008

To commemorate his contribution to research and institution building, the ISID has decided to organise a two day seminar in honour of Prof. S.K. Goyal, the founder Director of the institute, who will turn 75 on October 13, 2008.

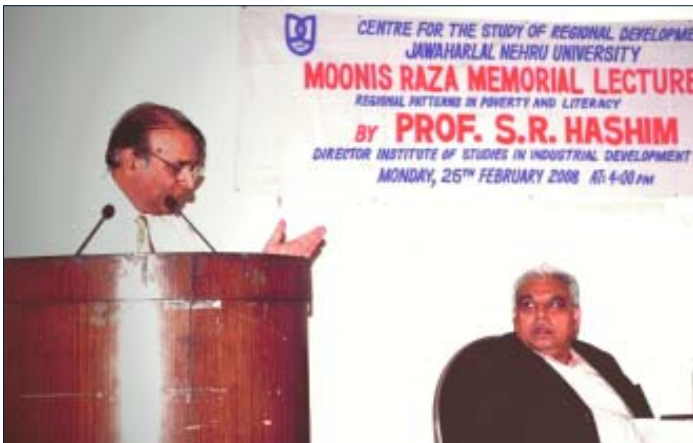
The Seminar will cover a number of national policy and related issues. The contributions to the seminar will be brought out as a bound volume and released on October 13, 2008.

## MOONIS RAZA MEMORIAL LECTURE

### DIRECTOR DELIVERS MEMORIAL LECTURE

FEBRUARY 25, 2008

Prof. S.R. Hashim, Director, Institute for the Studies in Industrial Development delivered the Professor Moonis Raza Memorial Lecture at CSRD, The School of Social Sciences, Jawaharlal Nehru University, on February 25, 2008 on *Regional Patterns in Literacy*. The paper focused on the importance of literacy as the first step in educational attainment and foundation of all education. Literacy can make a lot of difference for an individual to cope up with the struggle for life which a poor person faces at every step. He also emphasized that literacy not only makes people productive, but also impacts on their way of life as citizens and consumers. However, despite National Education Policy's commitment to constitutional guarantees of providing free and compulsory education up to the age of 14 and many programmes, including adult education, this objective is far from being achieved.



*Prof. S.R. Hashim, Director ISID, delivering the Moonis Raza Memorial lecture on February 25, 2008 at CSRD, School of Social Sciences, Jawaharlal Nehru University*

Prof. Hashim identifies the two levels of factors influencing literacy; the income level of the households and factors external to the household. He shows that literacy consistently rises with increasing monthly per capita income class, for each state, almost without exception. Marginal gains from improvement in income would be very high at the lower ends of the income or for those living in poverty (midday meal would go a long way in literacy attainment). Poverty alleviation will have a tremendous impact on universalization of literacy. But, he also points out through a comparison of Punjab and Orissa data that even relatively poorer states can create an environment more conducive to literacy and education attainment than relatively better off states (Kerala being another example where high levels of literacy were achieved even when income levels were very low). The more favourable external environment does not necessarily go with economic prosperity of the state. The need is to search for those factors which can create more conducive environment for educational

attainment even without waiting for high economic achievements. Government efforts would certainly be an important factor (reflected in resources allocated to education, improvement of quality of education and creating a conducive environment for learning) in creating a favourable external environment. Socio-cultural factors would also be important, and it is in this context that NGOs can play an important role.

## PROJECTS (OCTOBER 2007 - MARCH 2008)

### COMPLETED PROJECTS

- Defining the Role of Government in Transnationalization Efforts of Indian SMEs: A Case Study of Indian Pharmaceutical Industry—Jaya Prakash Pradhan and Partha Pratim Sahu (sponsored by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India)
- Indian Multinationals in the World Economy: Implications for Development—Jaya Prakash Pradhan (ISID Internal Project)
- Internationalization Process of Indian Pharmaceutical Industry—Jaya Prakash Pradhan (ISID Internal Project)
- UNESCO project on Documentation and Analysis of Sri Lanka's Information, Culture, Media, and Educational system was undertaken and completed (September - November 2007) by Abhilasha Kumari.
- Multimedia Production of a template titled "Reporting HIV and AIDS—A Media Resource Tool", a UNESCO project, undertaken and completed, in collaboration with the Indian Institute of Mass Communication (IIMC), New Delhi. The production of the DVD/CD was done by B. Dhanunjai Kumar under the supervision of Seema Goyal Papola.

### ONGOING PROJECTS

- Aid Salary Discrepancies and Development Workers' Performance—T.S. Papola, Jesim Pais and Partha Pratim Sahu (In collaboration with Poverty Research Group, School of Psychology, Massey University, New Zealand).
- Subcontracting Relations between Large Enterprises and the Unorganised Sector: Evidence from a Primary Survey—M.R. Murthy [The project is for the National Commission for Enterprises in the Unorganised Sector (NCEUS)].
- Linkages between Large Enterprises and the Unorganised Sector: Review of Issues and Past Studies—Jesim Pais [The project is for the National Commission for Enterprises in the Unorganised Sector (NCEUS)].
- Linkages between Large Enterprises and the Unorganised Sector: A study of Subcontracting Relations based on Secondary Data—Partha Pratim Sahu [The project is for the National Commission for Enterprises in the Unorganised Sector (NCEUS)].

- Indian Foreign Direct Investment in Developing Countries 1961-2007-Jaya Prakash Pradhan (As a part of the UNCTAD Research Programme on South-South FDI and Developing Country TNCs).
- Crony Capitalism and Contemporary India—K.S. Chalapati Rao, Surajit Mazumdar and K.V.K. Ranganathan (ISID Internal Project).

## ONGOING RESEARCH OF INDIVIDUAL FACULTY

- A Delay-differential Equation Model for Exchange Rate Movement in Developing Countries—Atulan Guha
- Impact of Import-liberalisation on Indian Manufacturing Exports in Post-Liberalisation Decade—Atulan Guha and Mahua Paul
- Measurement of Import-Intensities of Post-liberalized Indian Economy with Multiple Methods and Databases—Atulan Guha, Partha Pratim Sahu and Mahua Paul
- Impact of Import Intensity of Exports on Output and Employment—Mahua Paul
- Exchange Rate Pass Through: An Analysis with Indian Data—Mahua Paul
- Evidence of Elasticities of Export Demand for India at aggregate and sectoral level—Mahua Paul
- Estimating Time varying beta for Indian stocks—Mahua Paul
- Privatization of FM Radio: Phase II: Viewers Perspective and Content Analysis—Abhilasha Kumari
- India-China Free Trade Area: Is it feasible?—T.P. Bhat

## PUBLICATIONS

### BOOKS

***High-tech Industries, Employment and Global Competitiveness*, S.R. Hashim and N.S. Siddharthan (eds.); Publisher: Routledge, Taylor & Francis Group, 2008.**

This interdisciplinary book offers an in-depth understanding of the behaviour of firms in these industries, analyzing the strategies they adopt in a globally competitive environment, the role they have played in ushering in the growth revolution in China and India, and the contribution they have made to the nature of growth of employment. Hi-tech Industries have played an important role in the transition of the economics of India and



China, the two largest and fastest developing economies in the world today. The articles in this book analyse the competitive advantages of firms in these industries, dwelling upon their competitiveness, inter country differences in conduct and performance, and the impact on employment. The book based on data collected through field surveys and interviews, also discusses the nature of scientific and technological developments like nanotechnology, novel materials, spintronics, and quantum computers, suggesting that in the future, knowledge and technology will become the real resource of wealth of nations.

***Transnationalization of Indian Pharmaceutical SMEs*, Jaya Prakash Pradhan and Partha Pratim Sahu, Bookwell Publishers, New Delhi, 2008.**

This book critically analyses the ways in which Indian pharmaceutical SMEs can integrate themselves into the global markets with special focus on the entry strategy of exporting and outward foreign direct investment (OFDI). The transnationalization behavior of pharmaceutical SMEs has been analysed from the perspective of firm-specific factors such as technologies, scale of operation, learning, skills, as well as other related factors, and the overall policy environment. Apart from the pioneering attempt in estimating the size of SME sector in Indian pharmaceutical industry and adopting improved methodology for the analysis of SMEs' export behaviour, this book has contributed significantly in the understanding of Indian pharmaceutical SMEs' export behaviour through case study approach. It has successfully brought out various lessons that Indian pharmaceutical SMEs should learn and be aware of while transnationalizing their businesses.



In general, pharmaceutical SMEs seem to have a great potential for transnationalization through exports and outward FDI but are constrained by limited financial, technological capabilities and inadequate policy support. After critically evaluating the existing policy framework for the pharmaceutical SMEs, the book advocates urgent need for provision of sufficient low cost finance, strengthening access to national research laboratories, discriminatory incentive rates for SMEs vis-à-vis large firms, promoting pharmaceutical SME cluster and continuous training and skill development programmes in transnationalization. The book will be of interest not only to academics, but also to policy makers, pharmaceutical companies, business analysts, students, NGOs and others interested in small and medium enterprises in general.

***India and China: Building Complementarities and Competitiveness into WTO Regime* by T.P. Bhat, Atulan Guha and Mahua Paul, Bookwell Publishers, New Delhi (Under publication).**

The book is based on a Project Report' sponsored by Planning Commission, Government of India.

Both India and China are large economies. Their domestic markets provide a vast scope for diversified industrialization and trade. Both economies are classified by international agencies as emerging markets with a potential for rapid economic growth. This situation offers opportunities for expanding inter-se trade on the basis of complementarities. At the same time growing exports create intensive competition in world market in product lines where both are competitive. For India and China, the major destinations of exports are the U.S, the E.U., Japan and ASEAN. China is the main competitor for India in these markets. China's access to WTO has also coincided with rapid growth in Indo-China bilateral trade. In recent years, China has gained importance as destination for India's exports. It is in this backdrop that this study was undertaken. The book critically analyses the complementarities and competitiveness of India's trade with that of China under the WTO regime.

The study analyses the competitive position of both countries in the 'third market', the role of FDI and formation of Asian common market with India and China as members. A primary survey was conducted with a view to assess the role of manufacturing companies, trading houses and export companies in enhancing inter-se trade between the two countries. The basic objective was to evaluate the strength of Indian products in Chinese market and Chinese products in the Indian market. For this purpose, the views of large - medium - and small-sized companies were obtained.

The Primary survey of Indian manufacturing companies and trading houses shows, that India has an advantage over its competitors in Chinese market for primary products, natural resourced based or low technology manufacturing products. India's export basket was dominated by primary and resource based products (product diversification has occurred only gradually in recent years). Even as the product composition of India's exports to China changed, the level of product concentration has not changed much over the years. While the composition of China's exports to India changed significantly, from resource based manufactured products to advance technology based manufacturing products, the data amply indicates that current trend may continue for some time.

***Labour Regulation in Indian Industry: Towards a Rational and Equitable Framework* by T.S. Papola, Jesim Pais and Partha Pratim Sahu (European Commission—EU-India Small Projects Facility); 10 volumes by Bookwell Publishers, New Delhi (Under publication).**

This book is the outcome of the Project on Labour Regulation in Indian Industry carried out by the Institute for Studies in Industrial Development (ISID) with the financial support by EU-India office under their Small Project Facility Programme (SPF). It brings together the findings and conclusions of eight studies on different aspects of labour regulation in industry with reference to India, along with three papers on the European experience commissioned by the International Institute for Labour Studies, ILO, Geneva, the external partner in the Project. While presenting the salient aspects on the nature, extent and consequences of labour regulation, as brought out in different studies, this book puts forward an agenda for reforms in the regulatory system for employment in Indian industry which could be both pro growth and pro-worker.

## WORKING PAPERS

***WP2008/07: Investment and Growth in India under Liberalization: Asymmetries and Instabilities, Surajit Mazumdar, March 2008.***

This paper argues that the growth trajectory of the Indian economy in the post-1991 liberalization period is characterized by an inherent source of instability in manufacturing and industrial growth, which is a result of an investment-growth asymmetry, a combination of a services-intensive growth pattern and a manufacturing-intensive investment pattern.

***WP2008/06: Media the Key Driver of Consumerism: Macro-Micro Linkage and Policy Dimension—A Case Study of FM Radio, Abhilasha Kumari, March 2008.***

This paper traces the changes in radio policy highlighting the influence of the political economic vision of the Indian state. Emphasizing that changes in media policy have followed the same trajectory as economic policy, namely that of liberalization, deregulation and globalization, the paper argues that these have contributed to the creation of a depoliticized transnational consumerist media and culture, addressing which requires policy intervention to support alternative structures that could sustain plurality and diversity in the media.

***WP2008/05: Structural Change in Employment in India since 1980s: How Lewisian is it?, Satyaki Roy, March 2008.***

This paper examines the recent unprecedented structural changes in employment in India. It argues that these changes are a result of the exclusionary nature of the growth process in India, reflecting expansion of the 'reserve army of labour' in the Marxian sense rather than a process tending towards exhaustion of surplus labour of the kind conceived in the Lewis model.

***WP2008/04: Crony Capitalism and India: Before and After Liberalization, Surajit Mazumdar, March 2008.***

This paper examines the nature of the relationship between private capital and the State in India, with special focus on the present context marked by a liberal economic policy regime. It argues that liberalization, rather than reducing the degree of subordination of public authority to private capital, has further facilitated insidious control over state decision-making processes.

**WP2008/03: Exchange Rate Movement of Developing Countries: An Alternative Theoretical Framework, Atulan Guha, February 2008.**

This paper develops a theoretical framework, in heterodox tradition, for understanding exchange rate movements in developing countries by keeping at the centre stage something that has been neglected in exchange rate theories, namely foreign exchange reserves. The analysis suggests that to avoid currency crises, developing countries need to restrict the movement of speculative capital.

**WP2008/02: Crony Capitalism: Caricature or Category?, Surajit Mazumdar, February 2008.**

This paper examines the conceptual meaning of the term crony capitalism. It argues that the conception of crony capitalism as a distinct kind of capitalism associated with the State playing a key role in the allocation process does not provide a suitable framework for understanding the business-state interaction in capitalism.

**WP2008/01: Iron Foundries in Duress: Identifying Impediments in Organisations and Institutions, Satyaki Roy, January 2008.**

With reference to a traditional cluster of small foundries in Howrah (West Bengal) this paper argues that responses of small enterprises in developing countries to increased competitive pressure are conditioned by non-market organisations and institutions. These institutions may not be favourable to attain competitiveness and therefore market-led reforms do not automatically lead to adequate adjustments.

**WP2007/10: Trends and Patterns of Overseas Acquisitions by Indian Multinationals, Jaya Prakash Pradhan, October 2007.**

This paper highlights the trends, patterns and locational determinants of the recent phenomena of rising overseas acquisitions undertaken by Indian multinationals. It shows that Indian multinationals have increasingly started adopting acquisition as a global growth strategy to serve a variety of their firm-specific objectives.

**PAPERS / ARTICLES**

- “Technological Constraints of Small Scale Industries in India: Some Evidence from a Field Survey”, by Partha Pratim Sahu, in S.K. Bhaumik (ed.) *Reforming Indian Agriculture: Towards Employment Generation and Poverty Reduction*, Sage Publications Pvt. Ltd., New Delhi (Under publication).

- “Unorganised Manufacturing, Flexible Labour and the ‘Low Road’: Lessons from Contemporary India”, by Satyaki Roy, 2008, in Debdas Banerjee and Michael Goldfield (eds.) *Labor, Globalization and the State Workers, Women and Migrants Confront Neoliberalism*, Routledge.
- “Debate on Labour Market Reforms in India: A Case of Misplaced Focus”, by T.S. Papola and Jesim Pais (2007), *Indian Journal of Labour Economics*, Vol. 50.
- “Exchange Rate Management in Gold Standard Era: A Historical Overview”, by Atulan Guha, *Economic and Political Weekly*, Vol. XLII, Nos. 45 & 46, 2007.
- “The Private Corporate Sector”, by Surajit Mazumdar, 2007, *Alternative Economic Survey, India 2006–07*.
- “Strengthening Intellectual Property Rights Globally: Impact on India’s Pharmaceutical Exports”, by Jaya Prakash Pradhan, 2007, *The Singapore Economic Review*, 52.
- “The Evolution of Indian Outward Foreign Direct Investment: Changing Trends and Patterns”, by Jaya Prakash Pradhan, 2007, *International Journal of Technology and Globalisation*, 4.
- “Outward Foreign Direct Investment by Small and Medium-sized Enterprises from India”, by Jaya Prakash Pradhan (jointly with Manoj Kumar Sahoo), 2007, in UNCTAD *Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment*, United Nations, New York and Geneva.
- “Ways of Looking at Women as Audiences and What they Like: Some Theoretical Concerns”, by Abhilasha Kumari, 2008, in Karen Gabriel (eds.) *Translating Gender in India: Texts and Contexts*.
- “Knowledge Based Exports from India: Recent Trends, Patterns and Implications”, by Jaya Prakash Pradhan and Nagesh Kumar, 2007, in Nagesh Kumar and K.J. Joseph (ed.) *International Competitiveness & Knowledge based Industries*, Oxford University Press.
- “Knowledge Based Exports from India: A Firm Level Analysis of Determinants”, by Jaya Prakash Pradhan and Nagesh Kumar, 2007, in Nagesh Kumar and K.J. Joseph (ed.) *International Competitiveness & Knowledge based Industries*, Oxford University Press.
- “State of Higher Education in India”, by S.R. Hashim, in R. Radhakrishna (ed.) *India Development Report 2008*, Oxford University Press.

**FACULTY PRESENTATIONS / PARTICIPATION**

- Atulan Guha presented a paper on “Exchange Rate Movement of Developing Countries: An Alternative Theoretical Framework”, at the 10<sup>th</sup> Annual Conference on Money and Finance, organised by IGIDR, January 2008.

- Abhilasha Kumari presented a paper on “Media the Key Driver of Consumerism, Macro-Micro Linkage and Policy Dimension: A Case Study of FM Radio’ at the National Seminar on Globalization, Consumerism and Protection of Consumer Rights in India organised by Group of Adult Education, Jawaharlal Nehru University, 2008.
- Jaya Prakash Pradhan presented a paper on “National Innovation System and the Emergence of Indian Information and Software Technology Multinationals”, at Global Knowledge Forum’s International Conference on Globalization of Chinese and Indian Enterprises, 2007, IIT Bombay.
- Abhilasha Kumari was invited as member of the Course Committee to develop course content for ‘Basics of Journalism and Mass Communication’ of M.A. in Mass Communication to be offered by Indira Gandhi National Open University (IGNOU), 2008.
- Mahua Paul participated in the seminar, “Growth and Macroeconomic Issues and Challenges in India”, Institute Of Economic Growth, 2008
- Atulan Guha and Surajit Mazumdar acted as discussants on the book, “Capture and Exclude: Developing Economies and the Poor in Global Finance by Amiya Kumar Bagchi and Gary A. Dymski (eds.), organised by ICHR, 2007.
- Atulan Guha participated in a workshop on the World Macro Model organised by State of the World Economy Research Program of UNDP and International Poverty Centre, Brasilia, 2007.
- Seema Goyal Papola was India Producer for a film titled “Crossing Lines” (by Leena Jayaswal and Indira Somani), which was completed and accepted in its first juried film festival, *The Atlanta Indo-American Film Festival*, 2007.
- Surajit Mazumdar acted as a discussant at the IDEAS workshop on ‘India, China and the World Economy’, January 24, 2008.
- Discussant, Surajit Mazumdar, for the Lecture of Prof. Francois Chesnais, Universite de Paris, on “The configuration of the global economy, finance, R&D: some major changes from 2000 till today”, organised by NISTADS, February 1, 2008.
- Jesim Pais presented a paper on “Labour Regulations on Conditions of Work: Whom do they Cover?” and acted as a discussant for the session on “Conditions of work”, at the Annual Conference of the Society of Labour Economics organised by the Indian Society of Labour Economics, Hyderabad, December 15–17, 2007.
- Jesim Pais acted as Chief Rapporteur for the “International Conference on Universalizing Socio-Economic Security in South Asia” organised by the Institute for Human Development (IHD), New Delhi, February 17–20, 2008.
- Partha Pratim Sahu presented a paper on “Economic Diversification in Rural India: A Case of Orissa”, at the

Annual Conference of the Society of Labour Economics organised by the Indian Society of Labour Economics, Hyderabad, December 15–17, 2007.

- Partha Pratim Sahu delivered a lecture on “Interface with NSSO Data: Application of SPSS Software”, at V.V. Giri National Labour Institute, Noida, February 8, 2008.
- Jaya Prakash Pradhan delivered a talk on ‘Outward Investment from India: Developments and Implications’ at the Second Research Meeting of the NIPFP-DEA Program, March 28, 2008.
- Jaya Prakash Pradhan participated in the UNCTAD’s Expert Meeting on “Developmental Implications of South-South FDI: Investment Strategies and the Impact on Home and Host Countries”, Geneva, December 17–18, 2007.

### MEDIA CENTRE: ACTIVITIES

- A group of about 20 undergraduate students and faculty members of Journalism from St John’s University, New York, visited our institute on January 8, 2007 for two lectures on issues of “Mass Media Development and Globalization” and “Issues of Globalization: A Third World Perspective”. Abhilasha Kumari and Surajit Mazumdar, Professor, ISID, delivered the lectures and initiated the discussion. Seema



*A group of students and faculty members of St John's University, New York visit the institute, January 8, 2008.*

Goyal Papola spoke about the vision and role of the Media Centre and the use of media as a tool for research.

- *Ph.D. supervision:* Two Ph.D. students of Mass Communication Research Centre, Jamia Millia Islamia, are currently doing their Ph.D. under Abhilasha Kumari.
- *Internship:* Three M.Sc. (Science Communication) of students, from the Centre for Science Communication, Devi Ahilya Vishwavidyalaya are currently doing their internship under the guidance of the Media Centre faculty comprising Abhilasha Kumari and Seema Goyal Papola. Partha Pratim Sahu is the Subject Expert. The interns will complete a multimedia production including a short film based on the working paper by Partha Pratim Sahu, titled *Adoption of Improved Technology in India's Small-scale Industries: Evidences from a Field Survey*.

## FACILITATING RESEARCH

### LIBRARY & DOCUMENTATION



*Library and Online referencing facilities at the Institute*

In line with ISID's prime objective to promote and facilitate research, the Institute has attempted to develop a state-of-the-art library and documentation unit. Presence of a comprehensive data and information base with fast retrieval system encourages scholars to take up policy research.

The library's collection of books, journals, reports and other relevant documents reflect ISID's core area of interest in industrial economics, corporate sector and related fields. Reports of official committees, policy notifications and other public documents are also maintained. To facilitate company level studies directories of various organisations are also obtained. The collection includes the Bombay Stock Exchange Official Directory; publications of the Department of Company Affairs; Dun & Bradstreet's Who Owns Whom; Jane's Major Companies of Europe; Company Annual Reports; New Palgrave Dictionary of Economics. Publications of GATT/WTO and UNCTC (now part of UNCTAD) are important constituents of the library. The Institute has also procured the specialised collection—'UN Library of Transnational Corporations' in twenty volumes with the financial support of the IDPAD. The library also houses prospectuses of more than 6,000 companies issued at the time of public issue.

Following the latest trends in library and documentation, the library seeks to equip itself with the maximum number of relevant CD-ROMs. The digital document section of the library plays a complementary role by acquiring and storing relevant documents in electronic form for easy reference and sharing.

### DATABASES

The ISID has been trying to meet the data requirements of researchers in the area of developmental and industrial processes. The coverage and variety of databases at the ISID

are continuously enlarged and updated in line with the institute's research programmes and analytical requirements. The recent past has witnessed the entry of a number of commercial establishments in database development. A number of public organisations too have started offering their data in computer readable form. The institute has attempted to make these different databases accessible at one place. Besides macro-economic indicators and a few minor ones, the important databases presently available with the Institute are:

- Company Finances data from 1975-76 to 1999-2000
- Customs House data on Export and Import Transactions
- Foreign Collaboration Approvals since 1951
- Shareholding Pattern of Listed Companies
- Patents
- Company Affiliations
- Costs and Financing of Industrial Projects
- Prowess corporate database for nearly 16,000 companies since 1988-89
- First Source (CMIE/DCA)
- State-wise NSS Workforce data
- ASI unit level data for the Indian pharmaceutical industry
- A number of other databases generated at one point of time, like directory of directors, high income employees, Indian joint ventures abroad, with company as the basic unit.

### ON-LINE INDEX OF INDIAN SOCIAL SCIENCE JOURNALS (OLI)

On-line indexes enable users to retrieve only the desired information from a cumulative database. ISID has been providing an On-line Index (OLI) of articles, notes and other references published in major Indian economic and other social science journals (covering publications since their inception). At present the OLI covers 125 social science journals. The number of references in OLI is nearly 1,50,000.

### DOCUMENTATION OF PRESS CLIPPINGS AND COMPUTER INDEX (PCI)

A substantial amount of information on the corporate sector as well as on other economic trends is regularly reported in the press. ISID maintains (since 1980-81) newspaper clippings under wide-ranging subject categories. Computerisation of clipping titles, referred to as Press Clippings Index was initiated in 1990. At present more than ten English language newspapers are being scanned and the selected clippings are classified under about 60 subject headings. The number of references in PCI is nearly 9,35,000. Clipping images for the last seven years are now available on-line at the Institute. The image retrieval system developed at the Institute helps users to search, identify

and view the clippings in a convenient manner. OLI, PCI are regularly updated and made available on ISID website and RRCD.

## ISID RESEARCH AND REFERENCE CD (RRCD)

Besides offering its OLI and PCI on its website, ISID offers the databases and other useful reference material in the form of ISID Research and Reference CD. The RRCD has the following sections:

- Index to articles, discussion notes, editorials and reports appearing in 125 Indian journals in the field of economics, management, finance, political science, history, education, health, sociology, gender issues, communication, etc. Each journal is sought to be covered from its very first number. The number of references in this section is nearly 1,40,000;
- Index to articles and write-ups published in 15 daily English language newspapers during 1990 to December 2006 and covering around 8,50,000 entries;
- Select policy documents like Union Budget Speeches, Sections of Economic Survey, Five-year Plans, select national policies relating to industry, agriculture, education, health, aviation, etc;
- Key statistics on the Indian economy and Global Development Indicators; and
- Website addresses of important institutions and organisations.



Encouraged by the response to RRCD from diverse quarters, the Institute has been bringing out an updated version every year. The latest in the series is Version 4.0.

Realising the fact that access to Internet and other networks is not easily available to scholars and students in many parts of the country, the Institute decided to bring out some of the Journal Indexes in print form. The Economic & Political Weekly (EPW) has a special importance for scholars and policy makers in India therefore the first volume, published in 1996, was devoted to articles published in EPW and was titled ISID Index Series: Volume One-Economic & Political Weekly (1966-1996) and has since been revised upto June 2006.



Order forms for RRCD and the Index Series are available on our website (<http://isid.org.in>).

## REGULAR UPGRADATION OF HARDWARE AND SOFTWARE

ISID in its attempt to facilitate the use of its database attempts to upgrade its technology, which enables researchers to have continuous and faster access. ISID procured one VPN router Linksys RV016 in the month of January 2008. It facilitates to have up to 8 ISP links with the built-in facility of auto switching in case any internet connectivity link goes down. Auto balancing is also an added feature of this router.

The Institute subscribed to 756 Kbps wireless link called WiMax of Aircel in the month of March to facilitate access to INFLBNET data, on trial basis for a period of three months.

The Institute is simultaneously upgrading software. In October 2007 clipping images were made accessible to selected users off campus as well. Institute also shifted from its decade old email messaging system from MS Exchange 5.5 to MS Exchange 2003 in the month of February 2008. The new email system is more secure, reliable and fast.

Institute online databases got added into the basket of INFLBNET with an additional IP address based access mechanism in the month of March.

## BOOK REVIEW

### GLOBALISATION AND DEVELOPMENT

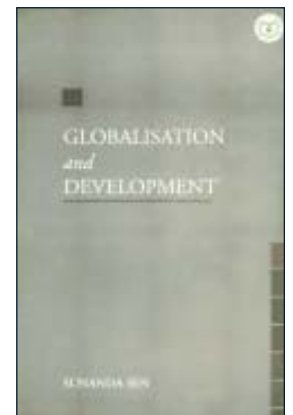
**By Sunanda Sen**

Popular Social Science Series

National Book Trust, 2007

Reviewed by Atulan Guha

In *Globalisation and Development* Sunanda Sen, eminent economist, examines through the process of globalisation, development as a policy objective. She feels the question of development has been replaced by the necessity of ensuring higher economic growth, as it was assumed that the benefits of higher economic growth of the economy will trickle down to all the people. Therefore, it is presumed that the removal of obstacles to the market determined movement of products, factors in production and financial resources will ensure high economic growth. The free market has been allowed to function not only at the global level, but also within the boundary of national territory. Further, the non-market institutions have been changed or will have to change themselves to facilitate this.



The book is an attempt, to critically examine the impact of such a process on development and is written in a manner that makes it intelligible to non-economists. The experience of Indian economy takes a substantial share. Thus, it makes an interesting reading for those who want to know about the Indian economy. The author makes a historical analysis of how we have reached the present day globalisation and delineates its characteristics. To do these, she primarily discusses the nature and structure of power relation between the developed and underdeveloped nations, role of the multilateral agencies and finally the emergence of finance capital and traces the history of asymmetry between rich-industrial-developed and the developing countries.

The author, criticizing the logic of neoliberal philosophy refers to the unrealistic assumptions behind the same, like perfect competition, full employment, perfect information, and so on. She shows the divergence between actual outcome and the prescribed outcome of the neoliberal school. The outcomes are very asymmetric between the countries and within the countries. It has increased the disparities between developed and developing countries and this process has been institutionalized by various multilateral institutional agencies and institutions like WTO. The disparities are reflected in a asymmetric access to finance, technology and trade facilities between developed and developing countries and inside the developing countries. Sunanda Sen emphasizes that even though some countries have enjoyed high economic growth, with a market based globalisation strategy, this has not led to the overall development of people. Benefits have not trickled down. To substantiate her argument she cites in her study the high growth experience countries like India and China. The discontentment is visible from the worsening condition of the poor people and local communities in both the countries.

Sunanda Sen argues that developing countries today are subject to external control through informal mechanisms. In the existing globalisation era, the markets, by and large, are controlled by MNCs which have their origin in rich nations. The above link provides a dual source of power and control, which permeates both inter-governmental as well as commercial deals between the developed and the developing countries. Also, the hegemonic power has built up a coalition with the ruling classes of the developing countries, where the latter plays the role of junior partner in the alliance. Further, the nature of the state has changed from looking after the developmental aspects of common people to facilitate the interests of finance capital. The author describes the process of rise of finance capital and how various multilateral agencies have taken up the role of surveillance of national economic policies while pushing their own interests.

The book exhaustively describes the impact of market led globalisation process on development. In an effective but simple manner it discusses the historical background; the theoretical proposition behind this globalisation process; how it is

working in reality and growth sans development. While completely agreeing with the author that there is a diversion between high economic growth and development of the people, one may be skeptical about the positive relation between this globalisation process and high GDP growth. In the last thirty years world output growth rate has seen a declining trend and a reasonably large portion of the same period saw substantial high growth of China and India. While, many countries that have adopted globalisation with a greater zeal than China and India, have grown at a much slower rate. It is, therefore, difficult to make one to one positive link between the present globalisation process and growth. A must read book for those who are interested in the impact of market led globalisation process on development.

## OBSERVATION

### DISPROPORTIONATE INFLUENCE OF STOCK MARKET IN SHAPING COLLECTIVE PERCEPTION OF STATE OF THE ECONOMY

**By Surajit Mazumdar**

What a difference a little time can make! Just a couple of months ago, till the advent of 2008, the general mood in the media about the health of the Indian economy and its future prospects was extremely upbeat and optimistic. It is quite a different story today. While media stories may not be exactly painting a gloomy picture of the state of the Indian economy these days, that it faces troubled times certainly comes through. Amazingly, however, this sharp change in perceptions over so short a time cannot be traced to any dramatic changes in most of the indicators about the health of the economy-which are as good or bad today as they were a year ago.

The sustained rapid growth of GDP over the last 5 years may have dominated yesterday's news, and rising prices today's. But, neither has growth collapsed nor is inflation a recent development. Also, it was not as if people were not made aware of existing contradictions. The fact that 77% of Indians lived on less than Rs. 20 a day was brought to public notice by the NCEUS in August 2007, but this had little impact on the hype about India's growth. By then the US subprime crisis was also old news and the talk of an impending global slow-down was very much in the air. Global commodity prices too have been rising for some time. So what is it that has happened to which one must attribute the change in sentiments about the Indian economy? One suspects that it is the stock market meltdown that ended the boom that in less than two years had carried the BSE Sensex from a level of 10000 to breach the 21000 mark on 8th January 2008. Does this not then reflect a disproportionate influence of stock market developments in shaping the collective perception in the media about when things are good and when bad?

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