

## **Rapporters Report**

### **State Business Relations Project**

**29/1/09**

#### Dr. Deepita Chakravarty's Presentation

State as a protector of property rights: In West Bengal basic contrast is coming from the size. Sectoral features are not important. Manufacturing base is much diverse, even more than Bombay. All large and medium sectors say there is a significant change in the government after 2000. Implementation difficulties are there.

Labour Union: At the central level trade union is behaving differently. It is not getting percolated to the ground level but they are not opposing trade union. Absenteeism is rising. Unions are not able to pressure because of the challenges from other political parties. Political parties and trade unions are not closely related. Labour force takes a long time to solve the dispute. State should come in the protection of property rights of both management and labour but state is failing.

In West Bengal unorganised manufacturing sector share is greater than the share of organised sector. Large firms are performing more in casualisation form. Share of contract labour in the organised sector is rising. Underreporting of staff is increasing over time. Kunal doubts this. According to him some conceptual problem lies here. Deepita argues that entrepreneurs themselves are saying that they use contract labour because they take less pay and work more hours.

#### Discussion

- One has to think if in West Bengal stronger labour regulation is declining industries?
- Why trade unions want to behave irrationally? What is their interest?
- CITU is very close with CPM. What are sets with the pro-business attitude of the government? Talk to industry minister.
- Why some states have stronger labour relations? May be some political causes to behave to like that.
- Look at labour courts, number of cases.
- Do you see state is having different impacts on unorganised/organised worker?
- Among different issues labour is one. To explain the growth of unorganised manufacturing sector other important concepts might be there.
- Look at labour commission data.
- Electricity, water problems faced by smaller firms is much higher than the larger firms.

#### Association

All large and medium firms are members of several associations not one. Largeness of the size matters. The small firms are not members of industry association. They said it's meaningless to be a member because in association they are dominated by large firms.

### Dr. G. Alivelu's Presentation

Infrastructure: In Andhra Pradesh all firms are dependent on state. Roads are excellent. No problem of water and electricity. Small firms face problem of telephone connection.

Association: All are members of FAPCCI. Here also small firms are very unhappy with the provision of facilities from the government. FAPCCI does not help them. One small firm openly criticised the state government. Amount of time spent on government related work is much higher for small firms than large or medium firms.

### Discussion

- ICC, CII have overlapping of membership. One should interview why they have multiple membership.
- Number of members over time is an indicator. Looking through the websites, one can collect information.
- In Bihar and UP, there are no cross-sector organisations. Does that mean apex body is function properly or lack of dynamism in the private sector?
- CII has seven offices in Maharashtra and two in Bihar. How to measure the effectiveness?
- One can rely on the qualitative survey. In West Bengal Dr. Deepita's interview shows that only for information they are members of more than one association. One association can be more efficient than others.
- What are the main channels of gathering information? Meeting, Publications, Newsletters, e mails.

### Measuring SBR for Indian States

- Stamp duty is showing good result. Is it possible to get data on stamp duty collection?
- Can corruption be taken care of?
- Are there other things like updating websites, publications, meeting conducted.
- Over the years they do not have membership data.
- They do not want to reveal information.
- Do FICCI and CII have Annual Reports of the Industries?
- Bring total number of members of FICCI in all states over the years.
- South India Mill Association (SIMA) has a very good library,
- Past presidents were not interviewed?

**30/1/09**

### Discussion on Prof. Srinivaslu's Presentation

He discussed two critical juncture in Andhra Pradesh. First during Brahmananda Reddy and second during Chandrababu Naidu. First gave important to manufacturing while the second focused on IT. During the second phase SBRs were concerned exclusively with the IT sector and manufacturing was neglected. This has adverse consequence for employment creation in the state.

Kunal doubts whether good SBR implies balanced growth? If a political regime sees a particular sector as a source of potential growth, and invests there, there is nothing wrong in that. How to divide good informal SBR and collusive SBR? Is there an uneven budgetary allocation to the IT sector? Social capital that IT sector got is because of the pro-attitude of the government. May be for IT there is an international market available, which is not for manufacturing. It's better to bring IT as a case study.

What is the fine line between collusiveness and collaborativeness? It can be a situation of independent. The state pro-actively collaborating business but with a specific sector but it was not opposed to other sectors. Scarcity of resources does not support that. Think using this as an example of collaborative SBR, what Naidu regime do to create this momentum. There is also a big *bidi* industry as big as handloom. Their figure on employment and unemployment (over time – how it changes) is important.

Poverty cannot be associated with this project. Some comments can be made. Poverty, environment, gender will not be taken care of. It's not good to take all perspective, just concentrate on one. In introductory part clearly mention the limitations of the study.

#### Discussion on the case of West Bengal

Why CPM behaved differently from Chinese communist party? There has been a very perceptible leader crisis. After Jyoti Basu, there are lots of fall out among the followers. Now they have cluster of leaders, pitting against each other. Another point is even if in left front, working on a parliamentary democratic framework is different, which is not there in China. This comparison is not appropriate. In Sringur/Nandigram issue, with in the same party there are differences of opinion.

Over the years West Bengal did extremely well in agriculture, which was not in a good shape initially. After a long time they have realised that they neglected the social sector. They have done very badly in education and health. Problem is not of facility but of commitment. How much you are spending on education also matters? Infrastructure has been created but problem is of quality. In spite of a government, which was very much committed to the poor, why they have not invested in health and education?

A contradiction in West Bengal contributed to the credibility problem. In Nandigram, no one is convinced that industrialisation is good for them. There are policy changes but one has to see how it has changed ground reality? The past is sticky. Buddhadev regime led to a positive SBR. The bigger question is how do we categorise SBR after 1990's. Use Tata-Nano as a box.

Picking up important people at top level is important in AP. Is that same in West Bengal? You also have to see how the business sectors operate there. They may not have a very good modern looking.

#### SBR: Reflections from Orissa

First two chief minister of Orissa focused on social and tenancy reforms, rural development, nation building not business. In 1961, Biju Patnaik brings IDCOL. He was a great believer of decentralisation. R.N. Singhdeo brought the first industrialisation policy in Orissa.

What are the major factors push local entrepreneurs to come up? When the transfer of power takes place, the ruling party takes its inability and party in opposition wins election. When CM was committed, incentives were given, people came forward though they were not genuinely interested in industry. Later they were having industry but not working properly. It's important to collect data on entrepreneurs. Change in mindset of middle class should have some sound argument. What exactly is this change of attitude towards business? Be very careful and take other data and interviews.

Apart from the slogans does the government have some type of programmes? Can a policy change a culture? Analyse what types of incentives are created rather than reading changing of mindsets. What is here is very distinguished but why it happens? A genuine effort of having a proper SBR is not implemented properly. Why they behaved that way? Is that rational?

What are the key institutions? IDCO and IPICOL. Focusing on these two actors might shed some light. How easy access you have to media report? Social class of entrepreneurs is also important. Critical juncture is a time, when something changes. Here a change was introduced but it was not sustained.

### Kunal's Presentation

May – Firm Surveys and Data Analysis

August – First Draft

September – Feedback

October – Final Draft

December – National Workshop

Paper: Each case study team will bring one paper (including economic and politics), which should not exceed 12,000 words. Each discussion paper has to be a briefing paper. Translate all briefing paper in these three languages. For local language it should be hard copy. In August, one policy relevance group meeting in Hyderabad. Final one in Delhi.

How to get to the people for policy implication?

Briefing paper in IPPG, CESS, CUTS website. For the national workshop academics and industrialist will be invited. About bringing a book talk to Sage. Think about the Journal.

How to construct a baseline of SBR?

People working on ODI can create a baseline.

Introduction of SBR material in academic courses, adoption of SBR by other research institutions, newspaper interest, Google hits, web downloading, visitors to IPPG/CUTS/CESS website, feedback sheets and attendance of panels.

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