



Analysing the economics and politics of state-business relations in Africa and India – new research findings

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The first results from a major international project investigating state-business relations across India and a range of countries in sub-Saharan Africa are published today (11 January 2010).

The findings, which range from a new index that compares the effectiveness of state-business relations in Indian states, to a study of institutional weakness in post-apartheid South Africa, share the aim of identifying the political and economic factors affecting the relations between states and businesses and which shape the institutions (both formal and informal) which govern them.

Research highlights include:

- A new **state-business relations (SBR) measure for the 16 major Indian states** has discovered that top economic performers such as Gujarat, Maharashtra and Haryana, failed to make the top half of the table. Southern Indian states Tamil Nadu, Karnataka and Andhra Pradesh lead the rankings in terms of the measured effectiveness of state business relations, followed by Rajasthan, in fourth place, leading the Northern states.
- A new study by officials in the Zambia Revenue Authority explores how **different interest groups in Zambia influence the adoption of pro-poor budgets**. The paper examines the role non-state actors can play in shaping tax and expenditure policies through institutional arrangements which allow their participation in the budget process.
- An investigation of why **South Africa's economic performance** following fifteen years of democratic government has failed to meet expectations, with a particular focus on the emergence of politically well-connected black corporate elites.

The state-business relations research involves teams from Ghana, Mauritius, South Africa, Zambia, India and the UK from the research programme consortium, **Improving Institutions for Pro-Poor Growth (IPPG)**. The initiative is unusual in involving both

economists and political scientists working on state-business relations issues, as well as peer-to-peer working across the Southern hemisphere.

“Through this wide-ranging comparative research we learn some valuable lessons about how generalists and specialists, businesspeople and government, can work together politically to remove obstacles to economic growth and find solutions which are pro-poor,” said IPPG co-director Dr Adrian Leftwich. “We also see what happens when state-business relations goes wrong.”

IPPG research papers on state-business relations are available at www.ippg.org.uk

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IPPG co-directors Dr Adrian Leftwich (Senior Lecturer, University of York) and Professor Kunal Sen (Professor of Development Economics and Policy, School of Environment and Development, University of Manchester) are **available for interview and comment**.

Notes to editors:

1. IPPG research papers from the project are either currently available online or in the coming weeks. Available now:
 - *State-Business Relations and Manufacturing Productivity Growth in India* Vinish Kathuria, Rajesh Raj S N, and Kunal Sen.
 - *Industrialising West Bengal? The case of institutional stickiness* Deepita Chakravarty and Indranil Bose.
 - *State Business Relations and Performance of Manufacturing Sector in Andhra Pradesh - A Case Study* G Alivelu, K Srinivasulu and M Gopinath Reddy.
 - *Do Effective State Business Relations Matter for Economic Growth? Evidence from Indian States* Massimiliano Cali and Kunal Sen.
 - *State-Business Relations in Indian states: Paper towards constructing an effective SBR index for Indian states* Massimiliano Cali, Siddhartha Mitra and Purnima Purohit (published August 2009).
 - *State-Business Relations in India States, Measurement, Analysis and Implications* Siddhartha Mitra.

- *How non-state actors lobby to influence budget outcomes in Zambia*, M. Bwalya, Ezekiel Phiri and Kelvin Mpembamoto.

Available soon:

- *State-Business Relations and Economic Performance in Ghana*, Charles Ackah, Ernest Aryeetey, Joseph Ayee and Ezekiel Clotey.
- *State-Business Relations and Pro-Poor Growth in South Africa: A Summary* Jeremy Seekings and Nicoli Natrass.
- *State-Business Relations and Economic Growth: A dynamic analysis for the case of Mauritius* Sawkut Rojid, Boopen Seetanah, Ramassur Shalini.

2. The **IPPG** Programme is the shorthand name for the **Research Programme Consortium on Improving Institutions for Pro-Poor Growth**. IPPG supports innovative research of the highest scholarly standards, and seeks to influence development policy and practice in the interests of the realisation of the aims of the Millennium Development Goals. IPPG has funded research projects across the Programme's three partners in Asia, Sub-Saharan Africa and Latin America. IPPG is funded by the UK Department for International Development (DFID). Find out more, and download research, at: www.ippg.org.uk