



Business Context – Government & Industry

By

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A. Course Outline

1. What does Econ theory and practise tell us?

- Government in Agency role
- Government in National Economy
- Compensatory mechanism for social costs
- Competition Policy
- Subsidies
- Service Delivery
- PSUs
- Privatisation and deregulation

2. Market failure and role of Government:

- Changing role of government over past century globally - State as doer, as problem, as facilitator
- Public goods and market failure
- Commons
- Firms and Government

3. Structure and Institutions of Government

- Institutional development
- Key features of India's Constitution
- Look at specific institutions - bureaucracy, judiciary, police, regulators

4. State failure

- Global competitiveness, ease of doing business
- Delivery of Services, India's HDI rankings
- Employment
- Power sector
- Banking sector

5. Opportunities & Redesigning the State

- PPPs
- Evolving role of State
- Policy maker versus Service Provider versus Regulator
- Localisation, Learning, Accountability
- State, Industry and. Civil Society Organisations

B. Learning Outcomes

The expected objective of this week-long course is that you understand India's political economy environment in which enterprises function. We will start with a basic grounding in economics without getting into mathematical details so as to provide the theoretical underpinning of this exercise. We will then go on to understanding how government role in the economy have evolved not just in India but globally. The structure of government and its institutions and how they function is the foundation which both influences the way the economy, and its components like industry, grow and in turn get influenced by it. Building on our understanding of how the government functions, and what should it be doing, we will review how India compares globally in terms of supporting and facilitating investments and doing business. We will go a little deeper into how has the Government delivered in terms of delivering our human resource capabilities and creating employment. Time permitting we would take a closer look of why our electric supply constraints persist etc. Lastly, we would explore business opportunities for Industry, particularly looking at Public Private Partnerships, and round off by trying to build on this entire body of knowledge and assess what are the possible ways that we would like to see government and its institutions develop.

I expect that by the end of the week you would understand the real world in which we live and function and the opportunities & limitations for Industry. You should be equipped with the analytic skills to contribute on behalf of your employer/ sector/ economy and yourself to the public policy debate for achieving Achhe Din (a better tomorrow for all).

C. Grading

On the last day, you would be given a list of 5 topics; you are expected to write policy brief of 1500 (+- 100) words analysing the key issues and what are the possible ways ahead. You are writing this either as a private individual or behalf of your sector or Chamber of Industry. You either want to influence the public and create awareness, or directly to the policy maker seeking to influence her/him to move along certain lines. You would be basically tested for your analytic skills, making logical deductions and awareness of what works vs. the ideal solution.

D. Reading list

These are the ones I have relied on, though for some of the books, only selected chapters are really relevant. While I do not expect you to read these books, many of these articles/working papers/ pieces are very helpful in understanding what the course attempts to do.

1. What does Econ theory and practise tell us?

- Any standard economics textbook

2. Market Failure and role of Government

- Manoj Pant (2008), 'Economic Development: Do Governments matter?', Discussion paper 09-01, Centre for International Trade and Development, School of International Studies, Jawaharlal Nehru University, India

- Vito Tanzi (1997), 'The Changing Role of the State in the Economy: A Historical Perspective', WP/97/114, International Monetary Fund, Washington DC, USA
- Hassan Y. Aly (2008), 'The role of government in a market economy', MarionStar.com
- Irma Adelman (1999), 'The Role of Government in Economic Development', Working Paper No. 890, Department of Agricultural Resources and Policy, Division of Agricultural and natural Resources, University of California at Berkeley, USA
- Bryan Kaplan, 'Externalities', The Concise Encyclopedia of Economics, Library of Economics and Liberty, <http://www.econlib.org/library/Enc/Externalities.html>
- Inge Kaul (2000), 'What is a Public Good?', Le Monde, <http://mondediplo.com/2000/6/15publicgood>
- Tyler Cowans, 'Public Goods', The Concise Encyclopedia of Economics, Library of Economics and Liberty, <http://www.econlib.org/cgi-bin/printce>
- Deepak Lal (1996), 'Private Provision of Public Goods and Services', Working Paper #758, UCLA Dept. Of Economics, University of California, Los Angeles, USA

3. Structure and Institutions of Government

- World Bank (2002), 'World Development Report 2002: Building Institutions for Markets', World Bank, 1818 H Street, N.W., Washington D.C. 20433, USA and Oxford University Press Inc., 200 Madison Ave., New York, NY 10016, USA
- Constitution of India
- Kapur, Devesh and Pratap Bhanu Mehta (ed.) (2005), 'Public Institutions in India: performance and Design', Oxford University Press, YMCA Library Building, 1, Jai Singh Road, New Delhi 110001
- Pritchett, Lant (2009), 'Is India a Flailing State?: Detours on the Four Lane Highway to Modernization', HKS Faculty Research Working Paper Series RWP09-013, John F. Kennedy School of Government, Harvard University, Cambridge, MA, USA <http://web.hk.harvard.edu/publications/workingpapers/citation.aspx?PubId=6599>
- Das, S.K. (2013), 'The Civil Services in India', Oxford University Press, YMCA Library Building, 1, Jai Singh Road, New Delhi 110001
- Howes, Stephen, Ashok K. Lahiri and Nicholas Stern (2003), 'State-level Reforms in India: Towards More Effective Government', McMillan India Ltd, 2/10 Ansari Road, Daryaganj, Delhi 110002

4. State failure

- World Bank (2013), 'Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises', <http://doingbusiness.org/reports/global-reports/doing-business-2014>
- World Economic Forum (2014), 'The Global Competitiveness Report 2014-2015', <http://reports.weforum.org/global-competitiveness-report-2014-2015/>
- Institute of Applied Manpower Research & Planning Commission (2011), 'India HDR 2011: Towards Social Inclusion', Oxford University Press, YMCA Library Building, 1, Jai Singh Road, New Delhi 110001

- Sinha, Siddharth (2012), 'Private Participation in Power Distribution Reform', in Ashima Goyal (ed), "Handbook of the Dynamic Indian Economy", Oxford University Press, YMCA Library Building, 1, Jai Singh Road, New Delhi 110001
- Institute for Human Development (2014), India Labour and Employment Report 2014: Workers in the Era of Globalization', Academic Foundation, 4772-73/23 Bharat Ram Road (23 Ansari Road), Darya Ganj, Delhi 110002

5. Opportunities and Redesigning the State

- World Bank (2002), above cited
- The Economist (2011), 'The role of government: Lending a hand', <http://www.economist.com/node/21528430/print>
- Ahluwalia, Isha Judge (2014), 'Transforming Our Cities: Postcards of Change', HarperCollins Publishers India, A-53, Sector 57, Noida, Uttar Pradesh 201301, India
- Maira, Arun, 'Redesigning the Aeroplane While Flying: Reforming Institutions', Rainlight, Rupa Publications India Pvt Ltd 2014, 7/16 Ansari Road, Daryaganj, Delhi 110002
- Sahoo, Niranjana and Arjun Kapoor (2012), 'India's Shifting Governance Structure: From Charter of Promises to Services Guarantee', ORF Occasional papers #35, July 2012, Observer Research Foundation, 20 Rouse Avenue, New Delhi 110002

