



Centre for Economy Development and Law

**CENTRE FOR ECONOMY,  
DEVELOPMENT AND LAW (CED&L)**

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**Government Law College, Thrissur, Kerala**

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**“RESTRUCTURING INDIAN STATE, SOCIETY AND ECONOMY: AN  
INQUIRY INTO TODAY AND TOMORROW”**

**CONCEPT BRIEF**

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## **RESTRUCTURING INDIAN STATE, SOCIETY AND ECONOMY: AN INQUIRY INTO TODAY AND TOMORROW**

Discussions on economy and development perspectives over the past two decades (or since 1990's) excessively concentrate on the prospects of the high rates of economic growth. Large sources of evidences and mass media discussions suggest that policy makers are pursuing economic growth single minded in their talks and actions. There are signs of deviations in the attitude of the newly elected government, though induced after a large overhaul by public. As Papola (2012) suggests the single-minded pursuit of growth rate in study, discussion and policy suffers from serious analytical fallacies and can give rise to erroneous policy leads<sup>1</sup>. Economic growth is accompanied by structural changes in 'State', 'Society' and 'Economy' as a whole. Emerging patterns of such changes, their implications, real time responses, and follow ups are of utmost importance to the progress of any nation-state and its people.

In India, with respect to State, this structural adjustment initiated as an overwhelming political consensus towards neo-liberal prescriptions<sup>2</sup>, established as corporate-led strategic 'reduced government' and sustains over several phases of test through a repeated reconfiguration of networking principles (Bhaduri and Nayyar 1999) between the state, business, media and the civil society associations<sup>3</sup>. The modern Indian state is acting at the behest of the self-imagery of an emerging economic power, and achievement of the status of a global economic power seem to be viewed in numbers rather on ensuring a reasonably high level of living for the Indian population<sup>4</sup>.

And with respect to modern Indian society, the change can be crucially observed as a shift from 'eastern way of living' towards westernized high-energy based lifestyle. Sociologists observe that people cannot be happy with anything that is modest in the context of new standards of lifestyle often branded by futuristic discourse on urbanization, capital flow and

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<sup>1</sup> Papola, T.S. (2012), *Structural Changes in the Indian Economy: Emerging Patterns and Implications*, Working Paper 2012/02, Institutes for Studies in Industrial Development.

<sup>2</sup> It is not assumed here 'neo-liberal prescriptions' are of a general threat to democracy or lobbying agenda, rather it is used as a loosely connected set of theories which forward current/modern economic thinking.

<sup>3</sup> See generally Bhaduri, Amit and Deepak Nayyar (1999), *An Intelligent Person's Guide to Liberalization*, New Delhi: Penguin Books; Corbridge Stuart and John Harriss (2000), *Reinventing India*, Polity Press: Cambridge; Harvey, David (2003), *The New Imperialism*, Oxford: Oxford University Press

<sup>4</sup> See supra note 1, at p.1

materialization of wealth and welfare<sup>5</sup>. On the counterpart political scientists are sweating out for new models of improving efficiency and the productivity of departments of state without challenging the political control<sup>6</sup>. In fact this fundamental divergence between the aspirations of the public and the ambitions of the world's largest democratic nation's political power has raised the new challenge of corrective re-ordering of the state and society complementing each other's aspirations and roles.

One of the visible reactions to this challenge from the part of the society is what we saw as the results of recently held Lok Sabha elections (*keeping aside the political debate on the question of correctness of choice*). However the challenge is not over and the public cannot be relieved, thinking the challenge has been passed on to the newly elected government. Resilient efforts should be ensured to subject oneself to the 'restructuring process'. The Government also on the other hand, needs to understand fully the aspirations of an 'Indian Dream'<sup>7</sup> for the societal transformation. The Government cannot easily forget that as a part of recent political reforms agenda, it had posited development as a process of enabling a lifestyle based on electricity for lighting, heating, cooling and mechanical power, and oil powered cars, trucks and aircraft for transportation of people more for recreation than to work and industrial food production. The promises of suburban housing, low price fuel, fast travel and foreign holidays, dining out, weekly shopping and new fabrics have all created legitimate expectations. Fresh thinking is needed on how to meet the aspirations of a billion people for this transformation<sup>8</sup>.

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<sup>5</sup> Mathew, Varghese A., 'Earthing with Expectations', *Elenchus Law Review* (forthcoming edition, Sept 2014), Centre for Economy, Development, and Law, University of Calicut

<sup>6</sup> Andra I. Milcu (2011): 'From Government to Governance and Onward to Adaptive Governance', available at <http://ideas4sustainability.wordpress.com/2011/12/12/from-government-to-governance-and-onward-to-adaptive-governance/> [assessed 5 December 2013]; See also Steve Hatfield-Dodds, Rohan Nelson and David Cook (2007): 'Adaptive governance: An introduction, and implications for public policy', Paper presented at the *51st Annual conference of the Australian Agricultural and Resource Economics Society*, Queenstown NZ, 13-16 February 2007 at p. 4

<sup>7</sup> A phrase used by Mukul Sanwal, in comparison with the popular fascination of phrase 'American dream'. He favours an idea that Indians have reached a stage of development where "inclusive growth" should be defined in terms of the "Indian dream". The American dream is employment which provides progressively increasing levels of incomes, a home in the suburbs, two cars and conspicuous consumption. The Chinese dream is shaping towards full employment, social security, a mid-sized urban apartment, accessible public transport and some luxury consumption. The Indian dream will be closer to the Chinese, consumption hopefully tempered by our concern for the environment. See *infra* fn 8

<sup>8</sup> See generally Mukul Sanwal (2014), 'Fresh Thinking Needed', *Economic and Political Weekly*, Vol XLIX, Issue no. 31, August 2, 2014

On the other hand, the challenges posed by the Indian economy before the policy makers and reforms are not linear or simple. The new government has inherited an economy disturbed with multi-pronged crises ramifying the impacts of the each other. The persistently low keyed agricultural productivity and the imperativeness of generating non-agricultural employment, impasse in manufacturing and mining sector along with increase in energy requirements on one sides and the challenges raised by the environmental hazards on the other side, slow-down in service sector and the large labour force clinging on to unorganised sector, highly iniquitous distribution of income in service sector and the presence of significant intermediaries at various levels of marketing, persistence of inflation at uncomfortable levels – all together resembles a Gordian knot before the policy makers and social scientists. Externally, the general slow-down of global economy and the global outlook caused due to repeated crisis at the European arena, policy squeeze for Trade facilitation agreements (both regional and global) and the increasingly outbound FDI regimes, gold imports, impeding current account deficit improvements and relatively inexperienced exchange-rate management system, compounded by the strategic and geopolitical pressures exerted by the major powers like US, EU and by the neighbours like China, Pakistan, ASEAN nations etc. superimposes yet another quagmire before the nation.

The new government is said to have realized this enormous challenge before it and it recognizes the importance of a need to revive policies and institutions which can rejuvenate output, employment and mass incomes. There are signs of decipherable revamping of institutions, namely –downsized ministries, dissolving of GOMs and EGOMs (Group of Ministries, and Empowered group of ministries), redesigning of planning commission, reduced number of delegates in decision making and ministerial meetings, establishment of Prime Ministers Offices (PMO) in state secretariats, compulsory social networking accounts for parliamentarians and cabinets. A change in attitude while engaging with foreign nations, global and international institutions<sup>9</sup>, is also seen.

However the directions of the domestic policies are seemingly similar to that of the existing regime. Some Policy researchers argue that the identifiable political consensus on the neo-

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<sup>9</sup> Refutation from Trade Facilitation Agreement with WTO and the related negotiations; withdrawal from trade agreements with ASEAN nations, increased support-expenditure for neighbour-nations, goodwill acceptance of PCA maritime boundary fixation between Bangladesh and India; strategic discussions with Japan, Russia, China, and Myanmar are all examples

liberal prescriptions, existing today has already created deep rooted problems in the Indian economy<sup>10</sup>. The dismantling of development financial institutions in the name of financial reforms, declining investment in public infrastructure and persistence of high interest rates to attract foreign portfolio investment has broken the back of manufacturing, particularly Small and Medium Enterprises (SME) in the country.

There are counter arguments also. Recent positive corrections in fiscal and current account deficits and the signs of economic (GDP) growth picking up to 5.7 percent after a languished 10 quarters, 9.2percent fall in income gini co-efficient, low income quintile ratio, support their arguments as well. On the other hand, the corrections in fiscal and current account deficits have been achieved by reduction in expenditure rather than from increased revenue<sup>11</sup>. Also the accuracy of the other above mentioned ratios and statistics are in doubt<sup>12</sup>.

The general sweep of such advocacy against neo-liberal consensus, by the global south philosophers has made it impervious that the government should pay more attention to mobilizing resources through taxes to meet its income-expenditure gap instead of creating negative multiplier effects by cutting spending. Persuasive forces are there to revive development finance institutions and to step up investment in rural infrastructure and skill generation and also to provide fillips for manufacturing sector.

This is where restructuring discourse gains importance. The general incongruity existing among the policy researchers, political activists, public, bureaucrats and the various unions and conglomerates about the prospects of current policy design, institutional framework and state-society synergy makes the Centre for Economy, Development and Law to take this opportunity to re-examine the current structure of Indian State, Society and Economy – whether there is need for restructuring or not? Is it enough we can correct or adjust the current inefficacies and go ahead with the same structure? Or if we are quiet convinced about

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<sup>10</sup> Report on the Discussion conducted on '*Multiple Crises in the Indian Economy Challenges for the NDA Government*', 27 June 2014, Council for Social Development (CSD), Focus on the Global South, South Solidarity Initiative- Action Aid, and Third World Network, New Delhi

<sup>11</sup> 'State of Economy', *Economic Survey 2013-14*, Ministry of Finance, Government of India, at p. 3 para.1.4.

<sup>12</sup> The structure of the Indian economy makes it difficult to have direct and precise estimates of factor shares in national income. Non-availability of data constrains direct estimates of the trends in income distribution.

a redesigning then what should be the new model? Centre for Economy Development and Law, awaits answers from student policy advocates.

‘Restructuring’ is a corporate management term denoting the act of reorganizing the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable, or better organized for its present needs. The same philosophy cannot be applied here. Restructuring of the state, society and economy is not just for supporting the present needs and it cannot simply mean a *‘muddling through process’*. Given the resource constraints, challenges raised by sustainable development strategies, increasingly geopoliticized globalization process, and the issues of non-traditional securities, the most important goal of the any restructuring effort would be that of promoting inter-generational welfare.

Henceforth the Centre for Economy Development & Law is proposing a student conference to the call on the topic Restructuring Indian State, Society and Economy. The centre has already articulated the voices of subject experts and other stakeholders on the development perspective, (Panel Discussion on ‘Budget 2014 and Beyond: A Development Perspective analysis’, 24<sup>th</sup> July 2014 and Open Forum of Development Spectrum of Kerala and Public Finance Policy Perspectives, 19<sup>th</sup> March 2014). The first edition of this student’s conference is a two day academic adventure to analyse the present policy and to propose the ones for future. The program is decorated with group discussions, paper presentation and one on one interaction with policy makers and academicians. The Centre believes this interaction and participation of students in planning process to be of utmost importance for India being a nation with largest population of young persons in the world<sup>13</sup>.

#### **OBJECTIVES:**

- To examine and analyse the current structure of Indian Economy and the directions of the development perspectives.
- To examine how it has affected the life style and aspirations of the people – and to decipher class wise/ sector wise/ region wise variations

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<sup>13</sup> Current LFPRs by age group showing the number of youth who will join the labour force will raise the male labour force by nearly 40 million over five years (2012-17), and the female labour force by 11 million - a total of 51 million.

- To examine and learn the current political philosophies and to construe it for an overall inclusive and sustainable development programme
- To explain the role of law both substantial and procedural; and to suggest any required amendments
- To table proposals for an integrated state-society remodelling.
- To campaign development from the perspective of youth and students.

### **MODALITY:**

Apart from the comprehensive inaugural and valedictory sessions, the conference shall have four technical sessions, most possibly (sessions may be changed according to intensity of student initiatives/ interests represented by their proposals/ abstract papers)

1. Regarding the Domestic Economic and Development Policies.

**Suggested themes/areas (not exclusive):** Economic Reforms; Tax Laws, Regimes and Policies; Banking Sector and Monetary Policies; Reviving Primary Sector; Trade Policies and Competition Laws; Manufacturing sector viz-a viz Environmental demands; Land and public –private interests; Centre-state relations...

2. Regarding the Behaviour in the Global Forum (inclusive bilateral/multilateral discussions)

**Suggested themes/areas (not exclusive):** International Institutions and Global Positioning; Foreign nations and Strategic co-operations; Identifying Export Potentialities; Foreign Trade related issues; International Investment issues; Climate Change talks...

3. Regarding the Aspirations of the Society and the People (class / sector/ region wise discussions)

**Suggested themes/areas (not exclusive):** Improvement of Labour and employment conditions; Energy resource management; Waste Management; issues of socially excluded; public health and education: cost cutting measures...

#### 4. Regarding the matters of governance, law and State Institutions

**Suggested themes/areas (not exclusive):** Right to information; E governance; Public distribution systems; improving people participation; improving people-government staff/department relations; Law and order issues; judicial reforms etc...

The sessions would be conducted in a panel discussion mode (over the table model); though the papers selected would be presented in brief. The table shall be occupied by Chairperson, 3-5 student panellists, and also include one resource person who will be subject expert (non-student faculty), invited stakeholders and fellow, rapporteurs. The chairperson shall hold the responsibility to lead the discussion, put in relevant questions and to see all aspects of the subject is looked in. The resource person would be a subject expert, who would bring in clarity to the talk. The papers presented in the session will be printed and published by the Centre.

The session would be then followed by a closed discussion for drafting a policy brief. The discussion would be guided by the resource person. The rapporteurs, with the aid of panellists and chairperson shall prepare the policy draft and will be compiled and published as a policy document.

#### **EXPECTED OUTPUTS**

- Strategy on how to influence the development agenda so that the concerns of youth and students shall be well articulated.
- Report on the Evaluation of the Current Structure: Merits and Demerits, Challenges and Implication
- Report of the proceedings of 1<sup>st</sup> Edition of All India Students Conference
- Endorsed Policy Drafts and Agreements on Action Plans

#### **EXPECTED OUTCOMES**

- The outputs of the conference will aid the policy makers, public policy campaigners within in the context of new government's agenda of planning a long term development agenda and the meeting of current demographic dividend requirements.



- The centre shall come up with issues of the youth and students to be included in the redesigned planning commission's focal points and also to be addressed in the budget preparatory meetings for Budget 2015.(The current government has already made statement regarding the next budget session would be of more policy intensive.)
- The centre is also expecting, based on outputs of AISC 1<sup>st</sup> edition, to build specific action plans with clear points of action and reaction, for the State of Kerala to implement as commitments, also to work in support of the Kerala government and to monitor and follow up in case of any requirements from the state.
- Further the centre will be in constant aid and support of the participants for any sort of actions plans, advocacy movements and field activity which they may pursue individually, collectively or even in association with any other like-minded organisations.
- The Second edition of the conference will begin with a close review and assessment of the impact of the policy put forwarded by the Centre in the AISC 1<sup>st</sup> edition.

### **CALL FOR PAPERS.**

Interested students, belonging to any level, upper to PUC course not limited to graduate, post graduate, doctoral students etc. irrespective of their discipline of study, can send their abstracts and proposal containing well defined research articulations to centre along with their resume to the email id: [cedl.kerala@gmail.com](mailto:cedl.kerala@gmail.com).

CED&L will be back to you with acceptance of your proposals and offers.

Kindly don't hesitate to call at +91 9633876835 (Mr. Srinath Namboodiri) or +91 9446170489 (Ms. Nivea) for any further clarifications.

### **IMPORTANT DATES:**

Last date for abstract submission: 20<sup>th</sup> September 2014

Intimation of acceptance: 27<sup>th</sup> September 2014

Last date for submission of full paper: 25<sup>th</sup> October 2014