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Event Report

on

International Seminar

on

**'Changing Economic Parameters and Prospects of Growth in
India and South Asia'**

Organised

by

Department of Economics, University of Lucknow

5-7 February, 2016

The international seminar on **Changing Economic Parameters and Prospects of Growth in India and South Asia** was organized at the Department of Economics, University of Lucknow during 5-7 February, 2016 with the aim of understanding the individual economies as well as the regional economy of South Asia. This seminar has been a challenge but due to the cooperation and support from many quarters we have been able to successfully organize it. We appreciate the financial support from several agencies including Indian Council of Social Science Research, New Delhi; Indian Council of World Affairs, New Delhi; Department of Higher Education, Government of Uttar Pradesh, Lucknow; University of Lucknow; National Bank for Agriculture and Rural Development (NABARD), Lucknow.

If war between two neighboring countries continues between two countries particularly in South Asia, economic integration and development may douse the fire of war in the region. This was suggested by Prof Khan Masood Ahmad, Vice Chancellor, KMCUAP University, Lucknow while inaugurating the Seminar. He said that although dream has been spelt out for a common currency in the South Asia region, little has been done in this regard so far. Therefore much sustained efforts are needed in the region for economic integration where India is taking lead role. He told integration among the countries is required only then common Asian currency and Asian common market could be formulated.

While highlighting the issues in the South Asia, Prof Amaresh Dubey from CSRD, JNU, New Delhi listed several salient issues. Among these are the common challenges like poverty, inequality, hunger, poor human development and besides these, infrastructure is at low levels in the region. Therefore, researchers must focus on these issues while making efforts to boost the prospects of the growth in the region. He told that mass scale deprivation is the main issue in this region. He also told there is growth with unequal distribution. Inequality is present between the groups and within the group also.

Dr. Zakir Hussain, Research Fellow representing India Council of World Affairs (ICWA), shared the aim and objective of ICWA with the audience and their promotion for International Studies on foreign policy. Their main objective is to promote research in Foreign Policy.

Professor Shahid Ahmad from Jamia Milia University, New Delhi delivered the Keynote address on “Prospects of Economic Growth in South Asia”. He told about the difficulties and

problems that come across in trade and business. There is political instability in the region and there is no clear investment treaty between and among the South Asian countries. There are conflicts in South Asian region where government intervention is required.

Prof MK Agarwal, Organizing Secretary emphasized upon the unequal nature of the nations in the region in terms of demography, economy, resource base and work conditions. This requires consistent collaborative approach among the member countries. More than 200 delegates participated in the seminar from different countries of the South Asia where the Seminar Souvenir was released. Prof Arvind Awasthi welcomed the guests while vote of thanks was extended by Prof Arvind Mohan of the Department of Economics. Besides in a panel discussion various issues related to growth prospects in the South Asian economies was discussed.

In a panel discussion on ***Growth Prospects in South Asia*** Prof. NMP Verma, BBA University, Lucknow highlighted the growth performance of emerging economies and advanced economies. He argued that emerging economies are performing better than the advanced economies. South Asian Region is facing poverty as a big challenge despite there being improved and higher growth rates.

Prof. Arvind Awasthi, HOD, Department of Economics, University of Lucknow focused on growth pattern of the Indian Economy. He showed high growth rates in the economy and hoped for favorable aspects in future also. Several factors contribute for the favorable condition in future like decline in the cost of production which leads to fall in inflation and resulting in increase in the public investment. He concluded that India is in a well set stage and it captures the 80% share of the GDP of the entire South Asian Region.

Prof Amaresh Dubey from JNU, New Delhi located his views on India's growth prospect in the near future. He tried to draw an analogy with the growth rate of North Eastern States of India, especially Assam while comparing it with the growth rate of the South Asia and India. He listed common challenges like inequality, poverty. At the end he recommended that growth could be surpassing by peace and tranquility.

Prof. Barkat-e-Khuda, Bagladesh University, Dhaka gave the brief introduction about all the member countries of SAARC emphasizing upon their positive as well as negative economic aspects. Prof. R C Dhakal, Tribhuvan University, Kathmandu also briefed about the SAARC nations. He

emphasized upon social inclusion in multi-ethnic groups of South Asian countries. He compared the position of SAARC countries as an oligopoly market situation and concluded that poverty is a major challenge which could be eliminated by utilizing the existing resources.

Prof. V K Shrotryia, Delhi University discussed about the Bhutanese economy. He emphasized their development model and position on the Gross National Happiness Index. He argued that in order to strengthen the economy more, women should be made equal contributors in GDP; and peace is a necessary condition that enhances the development of the countries followed by a discussion on 16 key areas which were part of the GNH Index.

In another panel discussion on ***Higher Education and Growth in South Asia*** some very pertinent issues were raised. The expert opinions were expressed by Prof Anil Balapure (Chief Scientist, CDRI, Lucknow), Prof Imran Saleem (Aligarh Muslim University) and Prof Surinder Kumar (Director, Giri Institute of Development Studies, Lucknow). It came out during the panel discussion that South Asia is flooded with the maximum shares of young population and it is suffering from poverty and deprivation. Hence, the higher education may transform the region into better empowerment and capabilities leading to greater economic returns and inclusive development. This would require qualitative change in the higher education in the region as fast expansion in view of growing demand is reducing the quality of the higher education. Only under this situation, we may get the increasing returns. This would also require increased investments.

The technical sessions provided opportunities to paper presenters. These were accommodated in 12 technical sessions spread over in three days. Around 150 papers were spread over these twelve technical sessions. The delegates and paper authors included a blending of established scholars with the budding research scholars and few students besides some non-professional scholars driven by their passions in the area. The details of the sessions etc are attached herewith. However, we provide herewith the salient points that need to be highlighted:

- India is a major branding hub for SAARC countries and has the potential to trade with SAARC nations by diversification of markets. Steps for attracting FDI like tariff reduction have been undertaken. Many bilateral treaties have been signed and a combined effort of SAARC nations is needed.

- BRICS countries have undergone transformation in manufacturing sector. India is not an agrarian economy anymore, with the share of agriculture standing at 18 percent of the GDP. Skipping the manufacturing sector, India has witnessed growth in the service sector, the share of which has soared to more than 50 percent of the GDP.
- India has great potential to develop the intra-regional trade in the SAARC region and in doing so the Indian economy will also benefit in the form of increase in the exports through market diversification. Some of the studies reveal that India being the biggest and the better developed nation among the SAARC nations should take up the leadership of SAARC.
- Though economic power is shifting towards Asia, sustainability is a major challenge.
- Overall results shows that bilateral trade between India and UAE has been increasing and economic integration is expected to have a positive impact on trade of both the regions.
- There has been growing competition between China and Japan. Main political reasons and government negotiations, which are creating obstacles between the two regions are instability in Persian Gulf, inter-state conflicts, Arab-Israel conflict, domestic instability et cetera.
- Trade integration should be promoted between India and Pakistan. There are 16 routes for cross trade border while only one route is being used.
- Many issues which has led to agrarian distress were discusses. Issues are declining public investment increase in marginalization of agricultural holding, depletion of ground water resources, rising in depletion, use of land for non agricultural purposes etc. Measures suggested to solve these issues are- Improve productivity and profitability through better infrastructure facility; Importance should be given to rain feed and dry region; effective linkage between farmer group and consumer group; and check on price and opposite volatility.
- Long term share of service sector has increased and have witnessed changed in structure of share in world production. After 2008 crisis, GDP has globally declined.
- Manufacturing sector needs to grow with a target of 25 percent of GDP. Labour laws need to

be more strict and transparent. Goods and Service Tax needs to be implemented. The quality, cost, and sustainability in infrastructure needs improvement.

- There is a need to encourage FDI in manufacturing sector of India, which shares 15 percent in India's GDP. The share of manufacturing sector in China is 43 percent. In order to increase the share of manufacturing sector fiscal development, labor reforms, and encouragement of research and innovation are needed.
- High inflation rate has a negative impact on financial development. Trade openness and remittances have a negative impact on the financial development and its growth.
- The growth of capital seems to be unable to enter the vast self employed segment into broader economic activities.
- Inadequate growth in Indian manufacturing Industries has adversely affected the employment situation, stagnant manufacturing sector is creating problem. Manufacturing sector is dominated by Capital Intensive Industries creating unemployment. Also mentioned about AMP launched, target was to increase share of manufacturing to 25% of GDP and create 100 million jobs.
- 75% units of the food processing sector rely on the informal source. These points need to be taken account: interest free credit facility, government and food processing industry (FPI) partnership like PPP model and enhancing export policies for FPI. Credit and loan availability is the major hurdle in the course of development.
- Inadequate growth in Indian manufacturing Industries has adversely affected the employment situation, stagnant manufacturing sector is creating problem. Manufacturing sector is dominated by Capital Intensive Industries creating unemployment. Also mentioned about AMP launched, target was to increase share of manufacturing to 25% of GDP and create 100 million jobs.
- There exists high intensity crisis in Bihar, Maharashtra, Tamil Nadu, Kerala and Andhra Pradesh and there is low intensity crisis in Uttar Pradesh, Punjab and Haryana. Moreover, there is no relationship between level of development and crisis in the of agriculture in the region.

- After the implementation of the WTO, share of export of Indian agriculture product is decreasing in world agriculture export.
- The social cost of development is high; Central and State governments need to make targeted efforts; and, there is a need to innovate and develop the policy which suits the Indian Manufacturing.
- India has very stringent labour laws in comparison to China and the time required for commencement in India is far more than in China.
- Hydropower sector collaboration between India and Bhutan is the backbone of the Bhutanese Economy; India and Bhutan have co-operated the Jal Dhaka Project and it is one of the exemplary projects. Bhutan satisfies the hydropower project of India and the latter supplies expertise services. Bhutan is trying to increase the quantum of its trade with India and India is providing Bhutan all the assistance. This type of collaboration must be explored further to increase the trade ties between the two economies.
- Share of trade among NAFTA has declined and among the SAARC it has remained constant over the years. Lack of adequate road infrastructure and distance is the main hurdle in the trade. An arrangement of multimodal transport strategy is being made but political hurdles are affecting the smooth flow of trade.
- Over the past several decades Bangladesh has been experiencing economic growth and decline in poverty. The economic growth in Bangladesh was triggered by policy reforms including greater global integration, macroeconomic stabilization and economic deregulation or the economic reforms.
- For maintaining higher growth rate lower inflation policy should be pursued for macroeconomic policies in South Asia because there is a negative impact of inflation on financial development.
- Indian Stock Market gives the opportunity for higher return in comparison to other stock markets. Integration of the Indian Stock Market with the global stock market needs to be strengthened.
- The new generations are biased towards the modern leisure consumption products such as

travel and tourism, social gathering, sports, and walking and nature trails. Old generations prefer to spiritual development in addition to the travel and tourism. Overseas travel is becoming popular among the top segments of the middle income categories. This is due to the emerging strength of the middle class in the South Asian countries. Therefore, the economies must equip themselves accordingly.

- There is no doubt that 'Make in India' and 'Start up India' are novel ideas which can drive India on the path of growth. But real challenge to Indian economy comes from social sector. It is a large economy comprising of diverse ethnic groups. There is need to work on social sectors, like, education and health, so that demographic dividend gets skilled and vulnerable groups are taken care of.
- Sri Lanka and Bangladesh are doing better in terms of gender gap in comparison with India. In political empowerment under South Asian country are doing well.
- India would benefits economically from the demography dividend, if it is able to productively employ its people. In India huge number of Indian youth is not only unemployed but also unemployable. This possesses a challenge towards Indian Economy, also mentioned that dead logs like land acquisition, labor laws in manufacturing sector.
- Government policies in South Asia should be focused on social inclusion activities in various sectors which should promote productivity, opportunities of employment and sustainable economic development. This is derived based upon the experiences of Indian and Nepalese economies.

The seminar concluded on a positive note as most of the delegates gather here from different parts of India besides from some other South Asian countries felt motivated to focus more on the South Asian research and this is a healthy sign as we are still to initiate a substantial work in South Asia as a region for its larger and faster development since all seem to suffer more or less from the common malaise.

(Prof M.K. Agarwal)
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