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RESEARCH NOTE

Subcontracting: A Stepping Stone for Modernisation or a Survival Strategy for Unorganised Manufacturing Sector in India?

Dipa Mukherjee[1]

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Abstract
Subcontracting with its employment-generating and capital-saving characteristics has the potential to play a very important role in the Indian economy by forging a mutually beneficial linkage between the organised and unorganised manufacturing sectors. Rising competition in the face of opening up of the economy has made subcontracting even more relevant in recent periods. This paper attempts to explore different aspects of subcontracting within unincorporated manufacturing enterprises in the unorganised sector using recent NSSO data. Incidence and pattern of subcontracting across regional, locational, industry groups and enterprise types have been examined. Determinants of subcontracting and its impact on the performance of the units have been explored using econometric exercises. The results indicate that the probability of subcontracting is significantly higher for larger units, in urban areas, in intermediate goods, and for units with a higher proportion of skilled workers. However, subcontracted firms are more likely to contract in size over a 3-year period compared to non-subcontracted firms. This indicates that modern aspects in terms of a larger scale of operation, better accessibility, connectivity, infrastructure, and higher skill intensity are preconditions for subcontracting but unfortunately this tied mode of production has failed to play its expected role. Though they are stepping stones to the modernisation process, they have remained as survival strategies for a large mass of unregistered units. A well-designed policy targeted to promote formal–informal linkage and change of outlook towards the phenomenon of subcontracting may go a long way in exploiting the full potential of subcontracting in India.

Keywords Unorganised sector · Informal sector · Unorganised manufacturing · Subcontracting

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Original Article

Skill in Indian Labour Market: Current Trends and Estimating Future Gaps

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Sanjukta De[1], Dipa Mukherjee[2] and Jhilam Ray[3]

Abstract

Countries with a higher proportion of the working age population can achieve higher growth rate if this labour force is employed optimally and productively. India is going through this stage of demographic transition but the recent macroeconomic trend does not indicate that India is reaping any demographic dividend. A large mass of manpower is not engaged productively and both unemployment and underemployment are increasing. A mismatch between labour demand and labour supply both in terms of quantity and quality is observed. In this context, this article tries to forecast the future labour market situation in India across different industries, occupations and skill groups. Results indicate surplus labour for lower skill categories and shortages for higher skill categories soon. The new economy is expected to be more dependent on machines and skilled workers conversant with them. With the *fourth industrial revolution* looming large, demand for skilled professionals would increase further, while a huge surplus of low-skilled labour force released by the primary sectors would coexist. A twin strategy of targeted employment expansion programs and up-skilling labour force to fit the demands of the new economy is called for. Otherwise, a demographic disaster would explode in our faces.

Keywords

Demographic dividend, employability, skill, unemployment, skill mapping, labour demand projection, India

JEL: E24, J6, J10, J11, J23, J24

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Discloser of Origins of Genetic Resources under TRIPs and CBD

Debottam Chakraborty
Niladri De

Abstract

Plant genetic resources form the very backbone of the underdeveloped countries as the country's majority of population depends on the agriculture. Any law regulating the access to the genetic resources of these countries is of utmost importance to the people at the grassroots as well as the policy makers. As the two most important international norm (CBD and TRIPs) are seem to be contradictory, we will look into the aspects where this contradictions may have implications and how they can be made consistent if that can be done at all. In this context we will also look into the possibility of other international provisions which has been framed over the time.

Keywords: Discloser norms, CBD, TRIPs

JEL Classification: Q56, Q34, Q37

Introduction

Plant genetic resources form the very backbone of the underdeveloped countries as the country's majority of population depends on the agriculture. Any law regulating the access to the genetic resources of these countries is of utmost importance to the people at the grassroots as well as the policy makers. As the underdeveloped countries are the hotspot of biodiversity, the international norms and regulations on the genetic resources have severe implications for the people of these countries. The national governments of these countries have also tried to enact laws, which most of the time reflects the ideology in the international arena. The recent developments in this front are numerous. The paper is an attempt to capture those developments and their consistencies in case of discloser norms for genetic resources.

The first international norm, which address the issue of genetic resources and the ownership rights over that, famously known as Convention on Biological Diversity (CBD, 1992). On the one hand when it seeks to ensure the sovereign rights of the states over the natural resources, on the other hand it makes mandatory to disclose the origin of genetic resources. The issues of Benefit Sharing and Prior Informed Consent have been mentioned in the text.

The other important international development, which has taken place in the arena of trade in intellectual property, is named as Trade Related Aspect of Intellectual Property Rights (TRIPs) under the umbrella of World Trade Organisation (WTO).It provides for the free access to the genetic resources by any party, for commercial exploitation or any research activities. The discloser of origin of genetic resources is not mandatory for this case.

As the two most important international norm are seem to be contradictory, we will look into the aspects where this contradictions may have implications and how they can be made consistent if that can be done at all. In this context we will also look into the possibility of other international provisions which has been framed over the time.

Discloser Requirement under CBD

Discloser of Origins requirements can be traced to two provisions in the Convention on Biological Diversity: Article 1established the basis for access and benefit sharing (ABS) agreements. Article 8(j) required Parties to protect traditional knowledge.

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SOCIAL AND ECONOMIC EQUALITY FOR INCLUSIVE GROWTH

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CONTENTS

Impact of financial inclusion on wellbeing: A study of indian states

Niladri De
Debottam Chakraborty

Abstract

Financial inclusion is a crucial mechanism to ensure that the resources are channelized to the stakeholders who require it the most for inclusive development of the country. Financial inclusion aims at providing banking and financial services to all people in a fair, transparent and equitable manner at affordable cost. This mechanism is expected to upgrade the levels of living of the population. The paper examines the extent of financial inclusion in different states of India and its impact on wellbeing. To understand whether financial inclusion is effective in improving the living standard, the relationship is reviewed across the major states in India.

Keywords: Financial Inclusion, Wellbeing, Inequality

JEL Classification: D69, I31

1. Introduction

Financial inclusion aims at providing banking and financial services to all people in a fair, transparent and equitable manner, at an affordable cost. Therefore, it is now considered necessary for inclusive development in India, like in several other countries. Inclusive development, to a large extent, depends upon the way the resources percolate among different sections of society and how are they shared by them. While accumulation of resources depends on the earning capabilities of a person, its circulation depends on how firmly the person is integrated with the financial system of a society. Such a circulation of resources, in the long run, tends to enhance the earning capabilities of the persons, as it ensures timely and adequate supply of capital – an important factor of production. Consequently, a person not only gets access to financial facilities through a good financial inclusion programme, but the more a person earns, the more she gets integrated with the financial system of a country.

The origin of financial inclusion can be traced back to the initiatives of the United Nations that specified the provision of credit, insurance, savings and other banking services to all the 'bankable households'. Government of India has been quite active towards improving the level of financial inclusion and has taken several initiatives in this direction. In fact, the foundation stone of financial integration had been laid by the Government in 1969, with bank nationalization. It not only led to creation of a massive banking network across the country, but more importantly banking services became accessible to masses due to their wider spatial outreach. In the post-libearlisation phase also, Government continued to introduce different financial facilities and products to cater to the needs of various streams of society, particularly poor people and small businesses. This was possibly the first major step towards financial integration of the Indian society. This also led to the conceptualization of 'priority lending' to agriculture, small-scale industries, petty business and self-employment activities, which had far reaching impact on the development paradigm in the country. However, these early efforts could achieve limited success because of the limited access of poor to banking system.

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Behaviour, Expectation and Monetary Policy: A comparative analysis to study economic inequality

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Behaviour, Expectation and Monetary Policy:

A comparative analysis to study economic inequality

Sugata Sen,[1]*Susmita Banerjee*[2]*, Soumitra Kundu*[3]

Behaviour, Expectation and Monetary Policy:

A comparative analysis to study economic inequality

Sugata Sen,[1] Susmita Banerjee[2], Soumitra Kundu[3]

JEL Code: C23, C61, D81, D91, E12, E31, E42, E58, E63, E71

Abstract: *Economics is increasingly accepting debates about different distributional aspects of monetary policy. Among different channels to transmit the distributional impact the income heterogeneity channel ensures that the efficacy of monetary policy to successfully implement the targets largely depends upon its ability to control expected rates of inflation. The process to form expectations about the future rates is not homogeneous and different individuals accept different rates about the future. In an unequal society this heterogeneity can be explained through expenditure cascading hypothesis and related reference to context. It is observed that the poor generally tend to accept higher expected rates where the richer accept the lower rates. In this perspective the current study has tried to establish an alternative hypothesis with the help of mental schema based salience to explain this expectation heterogeneity. With the help of a dynamic inter-temporal algebraic model and econometric analysis the current study has observed from a primary survey that individuals increase their marginal propensity to consume with higher expected rate of inflation and this higher rate is associated with the comparatively lower income groups. This outcome heterogeneity is strongly associated with heterogeneity in past-experience based mental models, the impending context of references, the inherent idea about prospect and the interaction among these three. Unless this complexity of heterogeneity is overturned the monetary policy will continue to fail to achieve the monetary targets. So to ensure the implementation of the targets it is required to supplement the monetary policy with fiscal interventions and to mitigate the social inequality at first instance.*

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Keywords: Heterogenous enculturated agent, Asymmetric credit market, Mental schema, Context of reference, Prospect of outcome, Salience, Expectation, Monetary policy, Fiscal Interventions

1. Introduction