

Challenges before the NDA Government

A roundtable discussion

27 June 2014 (Friday)

3 – 7 pm

Conference Room 2,

India International Centre, New Delhi

The National Democratic Alliance (NDA) Government that assumed power in May 2014 faces complex and multiple challenges on the economic front. It inherits an economy with weak macro-economic fundamentals and serious structural infirmities, the manifestations of which are a deep-seated agrarian crisis, stagnating industrial production and rising unemployment.

The most formidable challenge before the Government is arguably the state of Indian agriculture. In the past few decades, Indian agriculture has been witness to declining investment in basic infrastructure, inadequate levels of credit, rising input costs, increase in landlessness, breakdown of agriculture extension services, farmer suicides and rising distress migration to urban areas for employment. Agricultural productivity has been severely impacted, raising serious questions regarding the viability of small farmers, in particular. This agrarian crisis assumes a more serious dimension given that 60% of the country's workforce remains directly or indirectly dependent on the rural sector whose backbone is agriculture, a sector whose share in GDP has dipped to less than 15%.

The industrial sector in India, especially manufacturing has been unable to create decent jobs for the millions of youth entering the job market every year. The manufacturing sector has been contributing around 15% to the country's GDP, and despite the urgency shown by the then Finance Minister, Pranab Mukherjee, to increase share of manufacturing by 10 percentage points at the end of the current decade, very little has changed on the ground. What is particularly alarming is that the economic model promoted by successive governments has allowed the economic space to be appropriated by monopoly capital, while the small and medium enterprises, which hold the key to job creation and fostering entrepreneurship, have been consistently ignored.

The services sector now dominates with 60% of GDP share, but its ability to contribute to employment is marginal. While the finance, IT and real estate segments account for some 40% of the services sector GDP, their contribution to employment is less than 2%. Privatisation of several key service sectors, most importantly of health and education, has resulted in sharp increases in the cost of delivery of these services. Thus, despite its declared objectives of social inclusion, the market-friendly policies pursued by the previous governments have resulted in high costs and denial of access to essential services for the poor. India has the dubious distinction of being amongst the most privatised health care systems in the world and amongst the lowest in terms of spending on public health with less than 1% of GDP. 11 years after the 2003 Electricity Act, despite huge capacity additions, millions across rural India continue to have no access to electricity. Electricity authorities have compromised planning and the growing privatisation of power sector entities has resulted in an essential service being left to the vagaries of the market.

On the external front, India continues to make myopic commitments at the WTO and sign several Free Trade Agreements (FTAs) and Bilateral Investment Treaties (BITS). These initiatives are being forged with the stated intent of establishing strategic partnerships but they have instead led to an increase in imports, stagnating exports, and have exposed vulnerabilities in several critical sectors.

The liberal free market regime in trade has adversely impacted small and medium enterprises, in particular; the critical sources of employment and growth. The resultant increase in the trade deficit has pushed the current account deficit to unprecedented levels, further heightening the vulnerability of the economy. New generation economic partnership agreements such as the ones with the European Union, and the Regional Comprehensive Economic Partnership (RCEP) with ASEAN plus 6 and the Trade in Services Agreement (TISA) will create new challenges in areas such as intellectual property rights, investment and public services.

In the WTO, India faces problems on two fronts: one, implementing the highly iniquitous outcome of the 2013 Bali Ministerial Conference, where India's food security programme faces imminent challenge, and two, countering the developed countries that are now cherry picking on contentious issues such as services and government procurement.

There are many other challenges before social movements, trade unions and civil society organisations to hold the NDA Government accountable. This meeting will attempt to put across an analysis on some issues and propose measures to ensure that the development model is truly inclusive in nature. The proposed event would be the first in a series of dialogues with civil society partners.

This discussion is being jointly organised by the Council for Social Development, ActionAid India-South Solidarity Initiative, Focus on the Global South and Third World Network.

Agenda:

Session 1. (3.00-4.40pm)

Opening remarks and Moderator: ***Muchkund Dubey***

(15 min each speaker)

- Macro-economic challenges and Industrial stagnation: ***Deepak Nayyar***
 - Trade and Investment: ***Biswajit Dhar***
 - Natural Resources and Land: ***Amit Bhaduri***
- Discussion:** (40 min)

Tea break: 20 min

Session 2 (5.00-7pm)

Moderator: ***Imrana Qadeer***

- State of Indian Agriculture: ***T Haque***
 - Right to Universal Health Care: ***Amit Sengupta***
 - Right to Education: ***Muchkund Dubey***
 - Sustainable Energy for All: ***EAS Sharma***
- Discussion:** (1 hr)

7pm: High tea.