

Strengthening the Discourse on Economic Policy to Generate Good and Better Jobs in India

Meeting with the Government of Rajasthan

April 29, 2019 | Committee Room 2, Secretariat

Minutes of Meeting

A meeting was organised in the backdrop of the project on ‘Strengthening the Discourse on Economic Policy to Generate Good and Better Jobs in India’, being steered by CUTS International, with the support of Ford Foundation. The project aims, among other things, to generate knowledge on necessary conditions for creating good and better jobs in India. This requires an examination of the business environment and overall ecosystem around an enterprise, as well as an industry, to identify factors that promote or obstruct industrial growth. Further, it needs to be examined how industrial performance affects the number and quality of jobs created.

A presentation was made by the CUTS team to the Chief Secretary, Government of Rajasthan, Economic Advisor to the Chief Minister, and other officials, on key findings from the field study of the Bhilwara textiles cluster. The full list of participants is annexed to this document. The following are the main themes of discussion and key learnings.

- **Power cost:** The high power cost for industries in Rajasthan, is a key concern for industrial competitiveness in the state. High subsidies offered to the agricultural sector pose a challenge to the state in this regard. For the textile industries, states like Tamil Nadu and Gujarat offer direct subsidies on the power rates; also Maharashtra uses Time of the Day Tariff to promote demand side management. Open Access and captive generation is still a complex process, and the adoption of renewables is difficult.
- **Land costs:** The high cost of land is a problem across industries in Rajasthan. At present, land is allotted for a period of ninety-nine years, which renders it a *de facto* sale of land. This drives up costs, and leaves the land unutilised for long periods of time in case the enterprise shuts down or does not start up. Switching to a system of short-term land leasing (say, a thirty-year lease) may bring more

flexibility and efficiency into the system. There is also an option of developing industrial sheds which can be leased to enterprises for different periods of time.

- **Logistics:** Infrastructure is an important factor that affects competitiveness of the industry. Earlier it used to take around 22 days for turnaround of a truck from a port to the final destination in Rajasthan. A Dedicated Freight Corridor envisages reducing this to 1.5 days. Not only transportation cost, but export infrastructure also needs to be assessed in order to understand pain points in the export chain of textile products.
- **Cotton quality:** Cotton in Rajasthan, owing to arid climate, is of an inferior quality compared to other cotton-growing states in India. Institutes like CAZRI (Central Arid Zone Research Institute) and other agricultural universities have failed to provide solutions to this issue, that affects the entire value chain of cotton textiles in the state.
- **Labour profile:** A large proportion of the labour employed in the textile industry in Bhilwara is migrant labour from states like Bihar, West Bengal and Orissa. It needs to be understood what drives this migration, and why it is hard for enterprises to recruit local labour. This is despite certain incentives and subsidies being given to industries for hiring local labour. It should also be explored what characteristics make certain communities more suited for manufacturing jobs than others.
- **Cluster development:** There is no concrete explanation for which factors led to the emergence and growth of the Bhilwara textiles cluster. When similar industries were set up in other regions such as Alwar, they could not survive for long.
- **New jobs:** It is known that automation is reducing jobs in textile enterprises, but it may also be creating jobs in ancillary services and associated sectors. Thus, this process of replacement of one type of job with another needs to be tracked and studied in detail.
- It may be noted that some of these issues are tangential to the core theme of the project. As such, they will be delved into if and when the need arises, and/or the GOR wants a study done.

Next Steps

1. A note with detailed analysis of the factors causing high power tariffs in Rajasthan will be submitted immediately to the Economic Advisor to CM.
2. Inputs on the new State Export Policy may be submitted to the ACS, Industries within three weeks of this meeting.
3. A subsequent meeting with this group can be scheduled once the inquiry into the textile sector is complete.

List of Participants

Sl. No.	Name	Designation
1	Mr. D. B. Gupta	Chief Secretary, Government of Rajasthan
2	Mr. Arvind Mayaram	Economic Advisor to Hon'ble CM, Rajasthan
3	Dr. Subodh Agarwal	Additional Chief Secretary, Industries, Government of Rajasthan
4	Mr. Rohit Singh	Additional Chief Secretary, Medical and Health and Family Welfare, Government of Rajasthan
5	Mr. R. Venkateshwaram	Principal Secretary, School Education, Government of Rajasthan
6	Dr. Krishna Kant Pathak	Commissioner, Industries Department, Rajasthan
7	Mr. P. Ramesh	Managing Director, Rajasthan Vidhyut Utpadan Nigam Limited (RVUNL), Special Secretary to Government of Rajasthan, Energy Department
8	Mr. Gaurav Goyal	Managing Director, Rajasthan State Industrial Development and Investment Corporation RIICO
9	Mr. Ngikya Gohain	Managing Director, Rajasthan Skill and Livelihoods Development Corporation (RSLDC)
	CUTS Team	
10	Mr. Pradeep S. Mehta	Secretary General, CUTS International
11	Mr. Abhishek Kumar	Director, CUTS International
12	Ms. Shruti Ambast	Assistant Policy Analyst, CUTS International
13	Mr. Sarthak Shukla	Research Associate, CUTS International