



# Identifying New Engines of Economic Growth

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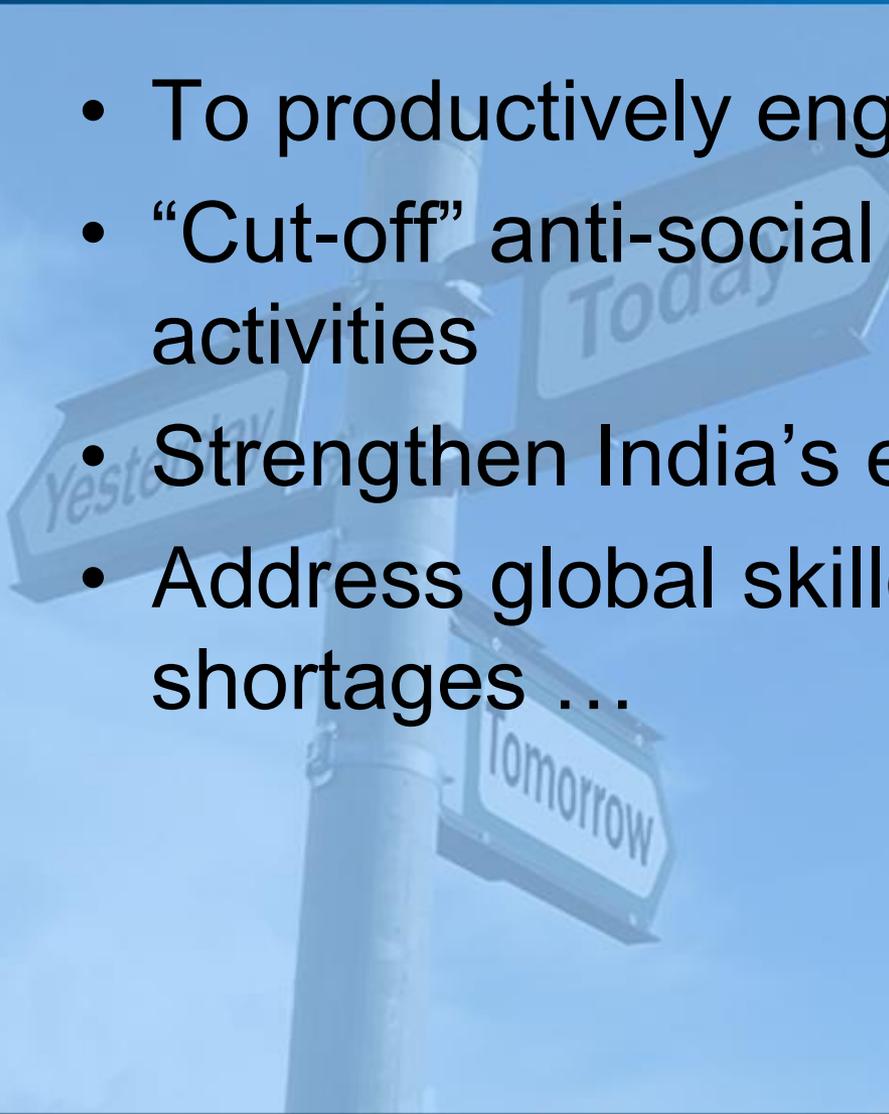
# In this talk:

- *Identifying new engines of economic growth.*
- Leveraging India's demographic dividend through better education and skills.
- *2 technological innovations in search of global patents ...*
- Can HRD have an impact beyond the corporate sector, and transform society?
- *Actionable ideas to reduce poverty and accelerate economic growth.*

# Do demographics matter?

- India's unique demographic position: is a reverse colonization imminent?
- *The fiscal impact of ageing populations, and link to deficits.*
- Japan in the 1980s; Europe and North America today.
- Even China will peak in 2025 due to its one child policy ... while India continues as a “young” nation till 2065.

# Education and skills are key

- To productively engage India's youth
  - “Cut-off” anti-social and anti-national activities
  - Strengthen India's economy
  - Address global skilled manpower shortages ...
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# Findings of a research study in comparative teaching methodologies

	India	USA
Lecture	58%	15%
Experiments - demo	10%	7%
Experiments - own	9%	12%
Group Projects	3%	40%
Journals	Neg.	10%
Assessment	20%	16%

*Source : Professor Rafiq Dossani, Stanford University*

# Findings of a research study in comparative teaching methodologies

Institution	IIT Madras	Stanford University
Number of class Hours	30	25
Self directed work (alone or in groups)	13	40

*Source : Professor Rafiq Dossani, Stanford University*

# Teaching Methodologies @ AHRD

- Strong Research Focus
- Provoking Thinking / Encouraging Curiosity
- Promotion of Collaborative Learning
- Customized learning that addresses individual work issues
- Applying Knowledge / Developing Competencies
- Action Learning / Practical Orientation
- Life and Work Experience Sharing
- Learning Network of Experienced Peers

# Research @ Academy of HRD

- **A Study of the Effectiveness of HRD Audit as an OD Intervention**
- *Mentoring Processes in Indian Organizations: An Exploratory Study*
- **A Study of Relationship between Human Resources (HR) Practices and Performance of Business Organizations**
- *Individual Factors Associated with Career Success and Growth in an Indian Insurance Organization*
- **A Study of Relationship between Strategic Responses of Organization and Worker Development System Variables**
- *A Study of the Changed Business Environment on Roles and Performance of Bank Officers*
- **A Study of Impact of Sensitivity Training on the Behavior and Performance of Bank Officers**
- *A Study of Managerial Leadership Styles and Behavioral Preference of Subordinates in Relation to Role Efficacy and HRD Climate*
- **AMTs and Shop Floor Personnel Motivation**
- *Gender, Micro-credit and Human Resource Development of Delivery Personnel in the Context of Credit Seeking Rural Poor Women*

# Research @ Academy of HRD

**A Study of Professional Values, Value Conflict and Coping Mechanisms of HRD Professional**

*Determinants of Organization and People Related Initiatives in Planning and Executing Strategic Decisions in Indian Organizations*

**A Study of Impact of Cultural Variables on Organizational Commitment and Work Commitment amongst Indian Managers: A Cross-Cultural Study amongst Indian and German Managers**

*Relationship between Career Anchors, Human Resource Practices, Organizational Commitment and Turnover Retention : A Study of IT Professionals*

**Relationship between Management Style, Organization Culture and Performance on Council Affiliated (ICSE) Schools in Twin Cities**

*Measurement of Organizational Citizenship Behavior of Professionals in High Technology Software Organizations*

**An Assessment of the Role of HR in the Indian Corporate Sector**

*Identification of Competencies of Software Project Managers in Software Organizations*

# Research @ Academy of HRD

**Factors Influencing Employee Participation in Knowledge Management: A Study in an Indian IT Company**

*A Study of the Effects of Information Technology on Alienation at the Workplace*

**Role Evolution Process of a Professional HRM Role in Organizations**

*A Study of Personal Values and Impact of Personal-Organizational Value Congruence on Commitment in an Indian PSU*

**A Study of the Competency Based HR practice in Indian Organizations**

*Study of the relationship Between empowering Forces and the Empowering Process Among Women in Managerial position in Business Organization*

**Antecedents / factors Affecting the Organizational Transformation**

*Study of Organizational Climate, Role Stress, Learned Helplessness and Interpersonal Needs and Their Impact on Performance of the Indian Banking Industry*

**The Relationship Between Occupational and Organizational Commitment of Software Professionals in India: Moderation by HRM Practices**

# GenY Research Project @ AHRD

- Objective: An exploration of Gen-Y's characteristics with respect to career aspirations, their attitude towards work, and implications for HR policies and practices in the years to come.

# Publications @ Academy of HRD

## Books:

- Developing Leadership for the Global Era: HRD Perspectives and Initiatives
- Pioneering Human Resource Development: The L&T System
- Measuring Organizational Climate
- Road to Empowerment: HRD Experiences with Workers and Support Staff
- HRD Philosophies and Concepts: The Indian Perspective
- Management Processes in Universities
- Dynamics of Appreciative Enquiry

# Publications @ Academy of HRD

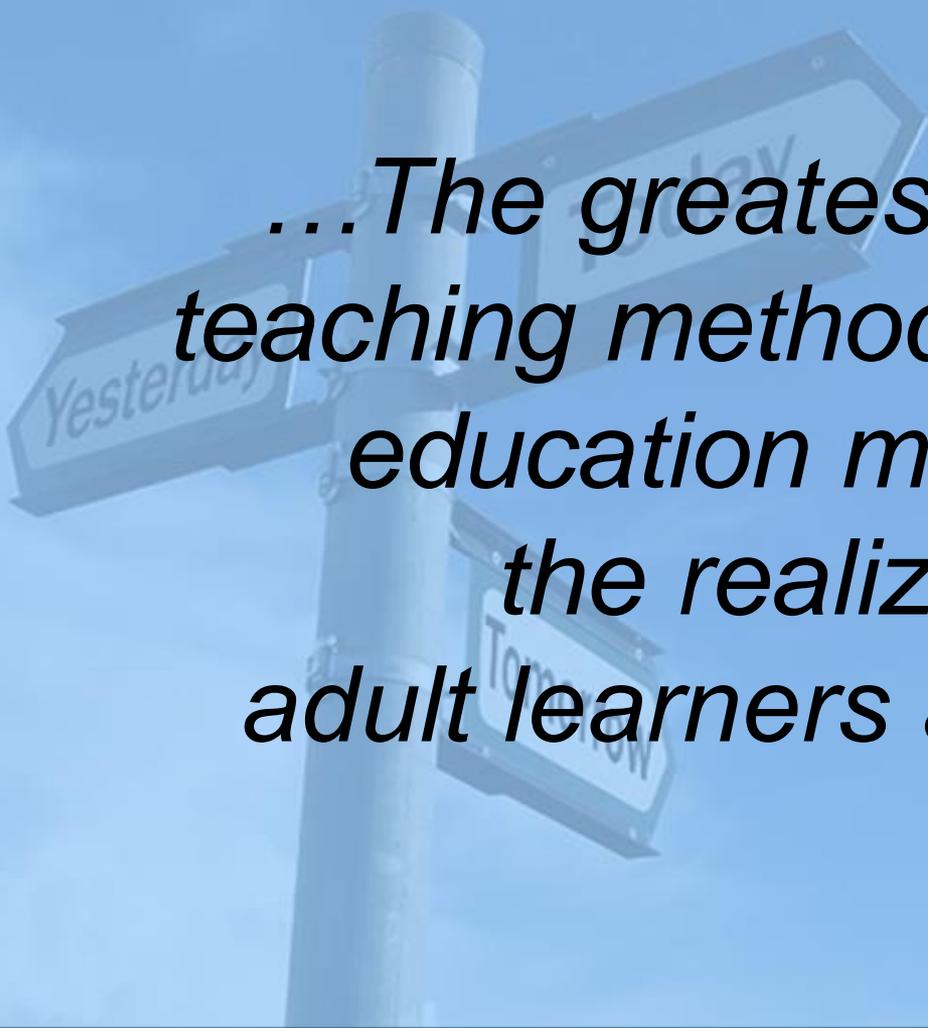
## Occasional Papers

- Corporate Leadership in The 21st Century

## Educational CDs

- Dream or Nightmare
- Appreciative Inquiry for Organizational Change

# An essential insight



*...The greatest innovation in teaching methodology for higher education may simply be the realization that adult learners aren't children!*

# Moving from Pedagogy to Andragogy

- **Pedagogy** (pèd-e-go´jê) literally means the art and science of educating children and often is used as a synonym for teaching. *More accurately, pedagogy embodies teacher-focused education. In the pedagogic model, teachers assume responsibility for making decisions about what will be learned, how it will be learned, and when it will be learned. Teachers direct learning.*

# Moving from Pedagogy to Andragogy

- Whether or not this is the best model for child education, *it is clearly inadequate for adult learning*, particularly when it comes to work or career-related learning within the process of human resource development. HRD requires a more active approach from the learner which takes account of individual experience.

# Moving from Pedagogy to Andragogy

- **Andragogy**, initially defined as "the art and science of helping adults learn," has taken on a broader meaning since Knowles' first edition. *The term currently defines an alternative to pedagogy and refers to learner-focused education for people of all ages.*

# Moving from Pedagogy to Andragogy

- *In the information age, the implications of a move from teacher-centered to learner-centered education are staggering.*
- Postponing or suppressing this move will slow our ability to learn new technology and gain competitive advantage.

# Securing IPR for 2 Innovations:

- A ship design innovation that could reduce the cost of international trade.
- If the global IPR and resultant licenses generate adequate revenues, I intend to invest a portion of the funds in R&D that may result in *the next generation of propulsion systems after jet propulsion.*
- I've been thinking about both these innovations since the early 1980s ...

# Developing Competence

- **Competent people drive results**, whether in the armed forces, civil services etc.
- ***Competence is the ability of an individual to perform a job properly.*** Some scholars see “competence” as a combination of knowledge, skills and behaviours / attitudes used to improve performance.
- The term gained traction in 1973 when Dr. David McClelland wrote a seminal paper on “**Testing for Competence Rather Than Intelligence.**”

# Human Resources

A signpost with three directional signs: 'Yesterday', 'Today', and 'Tomorrow'. The signs are mounted on a metal pole and are slightly tilted. The background is a light blue sky with a faint, larger-scale version of the signpost visible.

“The human resource movement has over- emphasized **Resource** and considerably de-emphasized the **Human** element.”

- Dr. D.M. Pestonjee

# Is HR's focus too narrow?

- Highlighting that 42 percent children were underweight in a country witnessing high growth, Prime Minister Manmohan Singh recently described it as a national shame.
- *Every 15 seconds, an infant dies in India according to Save the Children.*

# How can HR intervene?

- A major cause of infant mortality is the *unavailability of trained medical doctors in rural areas.*
- Over 80% of the limited numbers of medical graduates prefer to work in urban areas (not well paid in rural areas; lack of educational facilities for children etc.)
- Recruitment exams for rural docs sporadic.
- Ad hoc appointments, without benefits.

# HR impacts in unlikely places

- International cricket match abandoned in Delhi due to poor pitch conditions.
- Lehman Brothers, with over 600 billion US dollars in assets, files for bankruptcy protection on September 15<sup>th</sup>, 2008. Poor Talent Management practices a key contributor to its downfall ...

# Can HRD impact the Informal Sector?

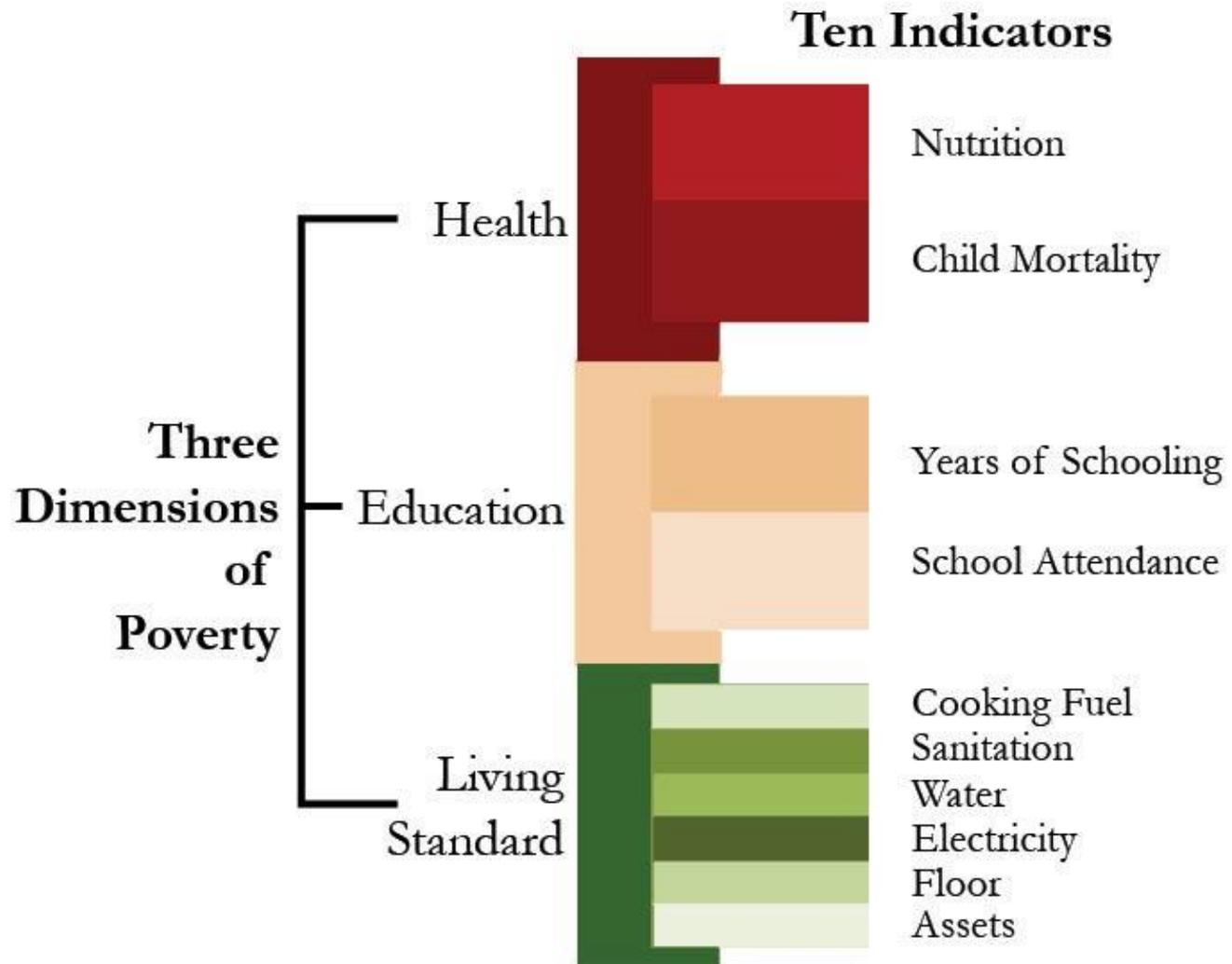
Industrial Category	No. of persons (in millions)	
	Formal Sector	Informal Sector
Agriculture	1.39	238.87
Non-Agriculture	26.68	131.5
Mining & Quarrying	1.01	1.25
Manufacturing	6.71	37.07
Electricity, Gas And Water	1	0.04
Construction	1.17	16.36
Trade, Hotels And Restaurants	0.49	40.37
Transport, Storage & Comm.	3.15	11.48
Financial Services	1.65	3.29
Community Services	11.49	21.64
All Sectors	28.07	<b>(93%) 370.37</b>

*Year: 1999/00 (Total labour force: 406 million) (GDP share: 63%)*

# Can HRD impact the Informal Sector?

- **Decent Work:** According to the ILO, *Decent Work* involves opportunities for work that is *productive* and *delivers a fair income*, *security in the workplace* and *social protection for families*, *better prospects for personal development* and *social integration*, *freedom for people to express their concerns*, and *participate in the decisions that affect their lives*.

# Multi-D Poverty Index



# India - some facts

## India—17% world population, 5% land mass and 1.5% water resources

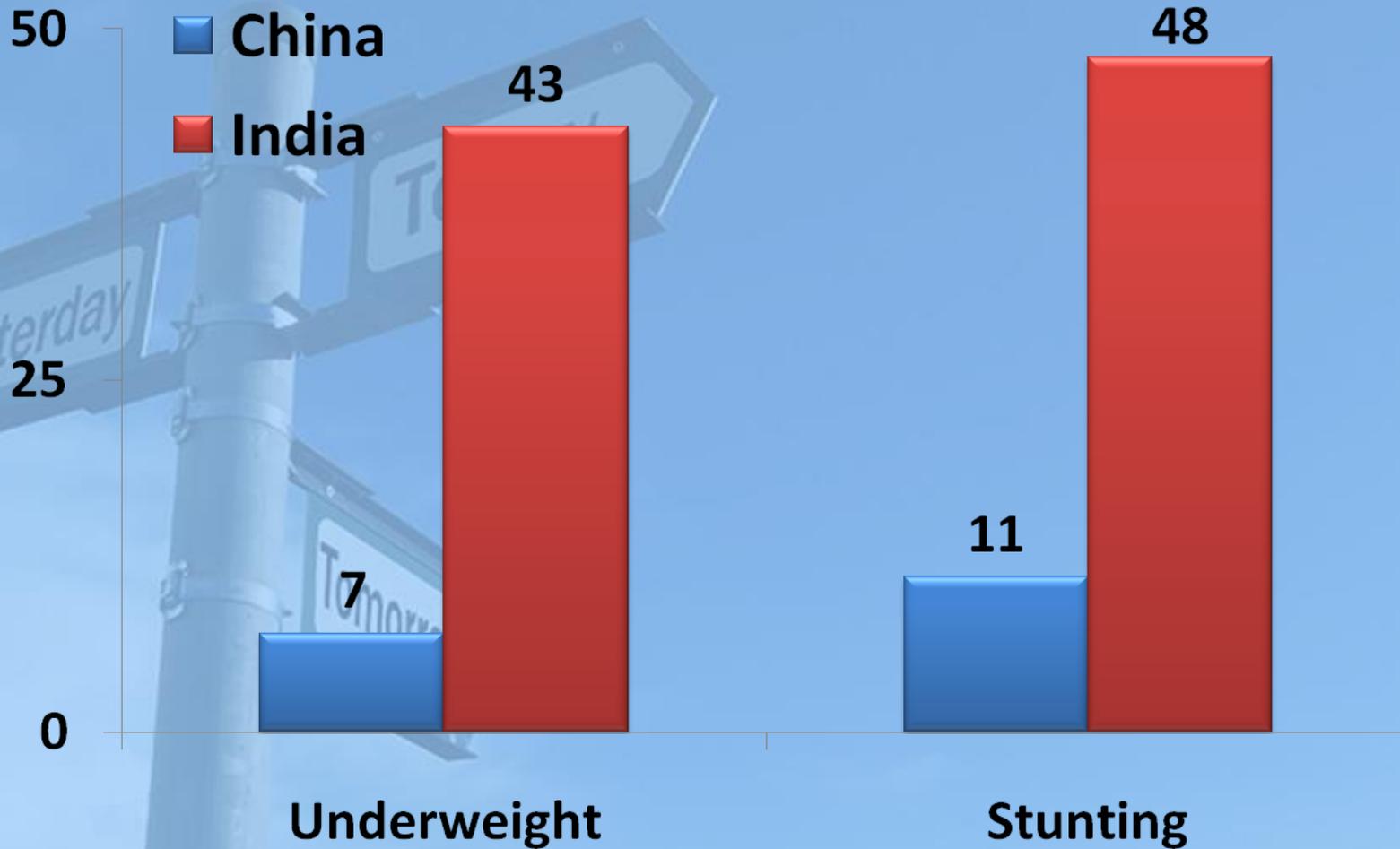
- 26.1% population Below Poverty Line;
- 26% population illiterate;
- 30% infants with low birth weight;
- 47% children underweight for their age (5 years);
- 18% population without improved water source;
- 42% population without access to latrines;
- 21% population under-nourished;
- and so on .....

# HDI – a comparison

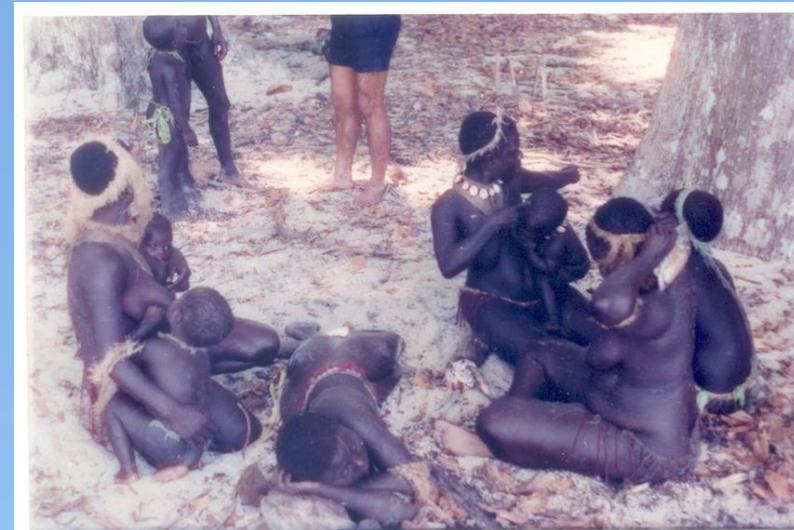
HDI Rank	Country	HDI	Life Exp'y at birth (yrs)	Per capita GDP (US\$)	Adult literacy rate
1	Norway	0.963	79.4	37,670	> 99.0
6	Sweden	0.949	80.2	26,750	> 99.0
10	USA	0.944	77.4	37,562	> 99.0
11	Japan	0.943	82.0	27,967	> 99.0
15	UK	0.939	78.4	27,147	> 99.0
85	China	0.755	71.6	5,003	90.9
93	Sri Lanka	0.751	74.0	3,778	90.4
<b>127</b>	<b>India</b>	<b>0.602</b>	<b>63.3</b>	<b>2,892</b>	<b>64.0</b>
134	Bhutan	0.536	62.9	1,969	47.0
136	Nepal	0.526	61.6	1,420	48.6
177	Niger	0.281	44.4	877	14.4

# Condition of children in India & China

Source: UNICEF 2008



# Challenges – many



Courtesy: Shri Bharat Lal, Resident  
Commisioner, Govt. of Gujarat

# Inclusive growth ???

(in percent)

Item	For all	STs
Households without access to electricity	38.6	63.5
Villages not electrified	19.5	47.8
Households without drinking water source within premises	54.8	84.8
Households without latrine	57.7	83.0
Rural BPL population	27.11	54.14
Households without permanent houses	42.3	75.6

In spite of expanding economic opportunities, 81% STs still either cultivators (small landholding) and or agriculture labourers against national average of 53.2%

# Few key indicators

<b>Parameter</b>	<b>For all</b>	<b>For STs</b>
% Literacy rate	74.84	47.1
Infant mortality	67.6	84.2
Neo-natal mortality	43.4	53.3
Child mortality	29.3	46.3
% Institutional deliveries	33.6	17.1
% women with anemia	51.8	64.9
Childhood vaccination	42.0	26.4

# Co-creating solutions

- *I invite you to explore with me, and co-create solutions for inclusive growth that can economically empower 800 million people in rural India alone!*
- No idea is so good that it cannot be improved upon ... or so bad that it cannot be used as a stepping stone to a better idea!

# Actionable ideas to reduce poverty

- *Can India's rural economy be an engine for growth?*
- “The problems of widespread poverty, growing inequality, rapid population growth and rising unemployment all find their origins in rural areas ...”
- ***“There can be no national development without rural development.”***  
- Dr. Michael Todaro

... Basket case, or bread basket?

A signpost with three directional signs: 'Yesterday', 'Today', and 'Tomorrow'. The signs are mounted on a metal pole and are slightly tilted. The background is a light blue sky.

*Can India's  
rural economy be  
an engine for  
growth?*

# Actionable ideas to reduce poverty

- The economic prospects for rural development are far from bleak ... indeed, they show an astonishing robustness:
- Small scale and cottage industries employ over 10 times as many people as heavy industry (despite restricted access to credit).
- Reduce regional disparities.
- Wide range of output.

# Encourage rural enterprise

*“Access to inexpensive credit is a fundamental human right.”*

- Dr. Mohammed Yunus,  
Founder of Grameen Bank

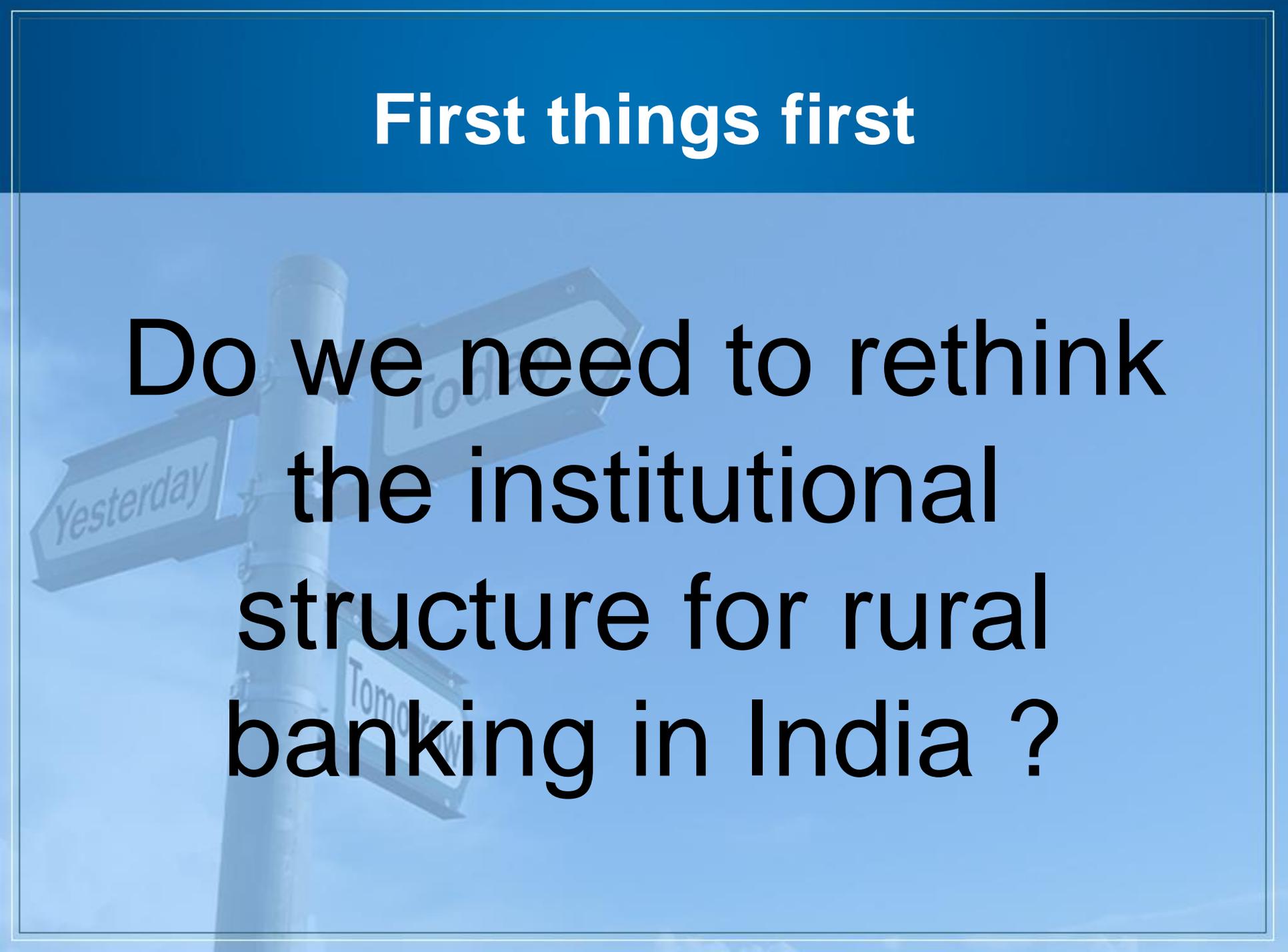
# What if ...

- We can empower the 800 million people who live in India's 600,000 villages to enhance their disposable incomes through access to inexpensive credit?

## ***How would this impact ...***

- The Indian, and global economy?
- Rural – urban migration?
- Maternal health, and infant mortality?
- Bonded-labour, and life expectancy?

# First things first



Do we need to rethink  
the institutional  
structure for rural  
banking in India ?

# Rethinking rural banking

- Unit banking superior to branch banking for delivering rural credit.
- How does one establish unit banks in India's 600,000 villages?
- Leverage India's ancient tradition of indigenous banking.
- Stem rural-urban migration: the *Lewis-Fei-Ranis econometric model*, and the *Todaro Migration Model*.

# Complementary strengths!

- The rural economy's development potential, and growth of the entire Indian economy, are not going to be achieved without the availability of
  - (a) *affordable credit,*
  - (b) *in adequate quantities*
  - (c) *at the right time.*
- *Interestingly, India's formal and informal financial sectors complement each others strengths!!*

# Complementary strengths!

	FORMAL FINANCIAL SECTOR	INFORMAL FINANCIAL SECTOR
<b>Cost of Capital</b>	<i>Strength</i>	<i>Weakness</i>
<b>Capital Adequacy</b>	<i>Weakness</i>	<i>Strength</i>
<b>Timely Decisions</b>	<i>Weakness</i>	<i>Strength</i>
<b>Geographical Coverage</b>	<i>Weakness</i>	<i>Strength</i>

# Integration essential

- Integration of India's financial markets essential for effective monetary policy.
- *Refinance markets can bridge the divide.*
- Wooing India's indigenous bankers.
- The Imperial Bank succeeded where others failed.
- Extend the RBI's influence in India's traditional financial markets.

# Interdisciplinary approach essential

- An innovative and interdisciplinary approach necessary for success.
- Build on Mahatma Gandhi's vision for rural India.
- The modern concept of development includes **life-sustenance** (ability to provide basic human needs), **self-esteem**, and **freedom from servitude** (of not being used as a tool by others for their own ends).

# Questions?

Thank You!

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