

# ICRIER-World Bank Jobs Conference 2015

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Session 5: Fragile Situations and Jobs

## **Fragility and Jobs: Insights from Kashmir Valley and Telangana**

Ali Mehdi, Fellow

Sanjay Pulipaka, Senior Consultant

ICRIER

# Snapshot

- ▶ A fragile situation has been broadly defined as one that is 'failing or at high risk of failing in three dimensions:
  - ▶ *Authority*: the state lacks the authority to protect [itself or] its citizens [or institutions] from violence of various kinds
  - ▶ *Legitimacy*: the state lacks legitimacy, enjoys only limited support among the people, and is typically not democratic
  - ▶ *Basic services*: the state fails to ensure that all citizens have access to basic services'\*
- ▶ 33 countries / territories identified as fragile or conflict-affected by WBG in 2015
  - ❖ Subnational units not included – this is the first unique aspect of our research
- ▶ Country focus: most research and focus of IOs on SSA, recently Afghanistan, Iraq, others in ME.
- ▶ Thematic focus: most literature focuses on causes of fragility / conflict – mitigation of which is considered as central due to its direct and indirect (spillover) effects – human rights violations and development deficits,
  - ❖ Little evidence or research on challenges of job creation in fragile / conflict situations.

\* Frances Stewart & Graham Brown. 2010. 'Fragile states'. Centre for Research on Inequality, Human Security and Ethnicity (CRISE), University of Oxford.

**Middle East and North Africa**

Egypt, Iraq, Libya, Syrian Arab Republic, West Bank and Gaza Strip, Yemen

**Europe and Central Asia**  
Bosnia and Herzegovina, Kosovo

**South Asia**  
Afghanistan, Bangladesh, Nepal, Pakistan, Sri Lanka

**Latin America and the Caribbean**  
Haiti

**Sub-Saharan Africa**

Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Niger, Nigeria, Rwanda, Sierra Leone, Somalia, South Sudan, Sudan, Togo, Uganda, Zimbabwe

**East Asia and Pacific**

Democratic People's Republic of Korea, Kiribati, Marshall Islands, Micronesia, Myanmar, Solomon Islands, Timor-Leste, Tuvalu



# Our study

- ▶ 2 countries (Afghanistan, Sri Lanka) and 2 provinces (Kashmir Valley, Telengana)
- ▶ Fragile situation as a special context – to analyze challenges of job creation, challenges that are common with other provinces in the country / with other fragile situations as well as those that are specific to the context
- ▶ What should be the ultimate objective of job creation in a fragile situation – addressing fragility or unemployment / underemployment? If former:
  - ▶ We could well afford to ignore actors that are not contributing to fragility presently (they may well start doing that later on – fragility as an incentive to get jobs)
  - ▶ Unless unemployment / underemployment is one of the critical causes of fragility and we don't create jobs best suited to mitigate fragility, job creation may not be helpful for the mitigation of fragility
- ▶ This presentation is based on multi-stakeholder consultations in Kashmir Valley – academics, industry (construction, banking, horticulture, carpet), civil society, politicians, graduates, teachers, media

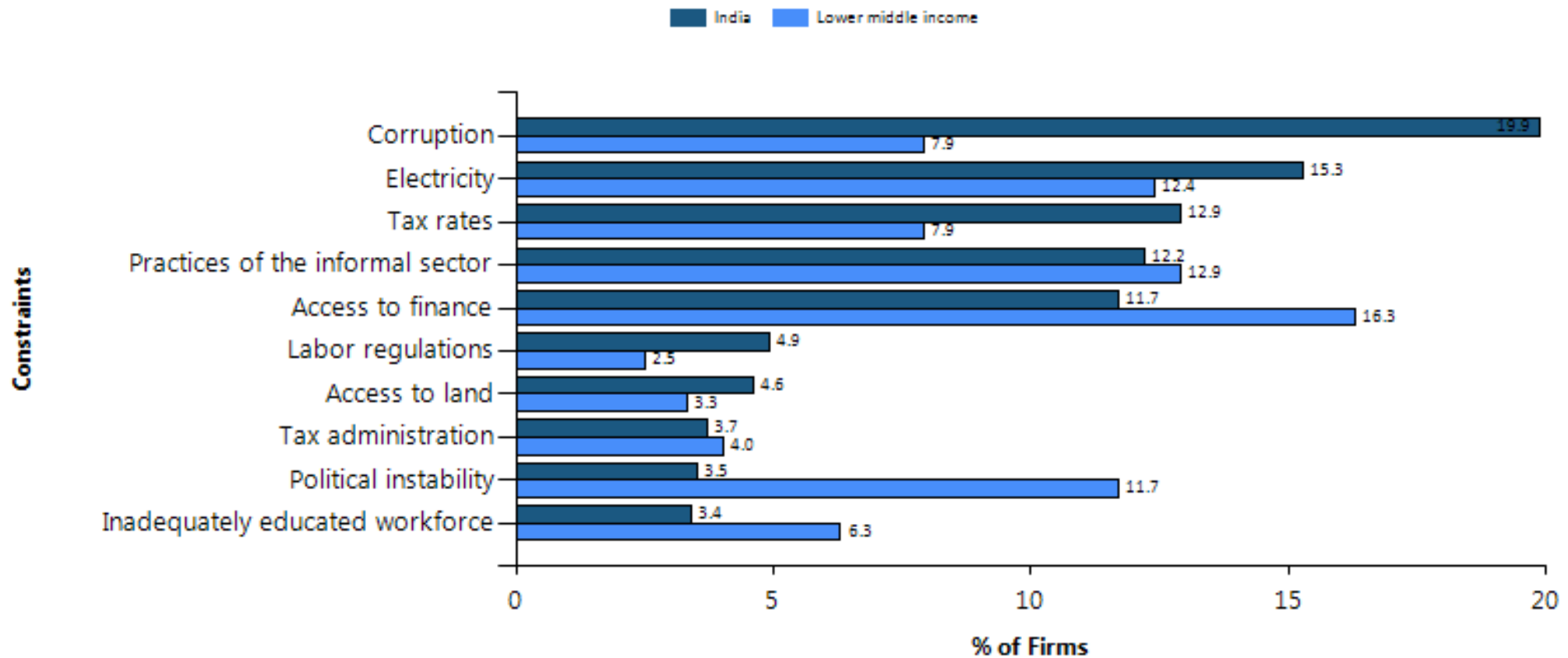
# Major challenges

- ▶ More than 70% of FCS rank in bottom quartile of WBG's Doing Business rankings.
- ▶ Firms in FCS cited access to power, finance and political instability as top 3 barriers.
- ▶ Overbearing sense of vulnerability / insecurity (heavily politicized, militarized)
- ▶ Weak state
  - ▶ *Authority*: inability to secure itself, let alone individual rights / private property
  - ▶ *Capability*: fiscal (few jobs in organised sector, fewer taxes – infrastructure), regulatory (develop an open & competitive private sector, not partisan / predatory), technical (to develop sound policies)
  - ▶ *Governance*: political favoritism, massive corruption
- ▶ *Access*: infrastructure, power, finance, technical capacity – highest potential for jobs
- ▶ *Local attitudes*: strong preference for government jobs, protests, Kashmiriyat (preference for economic autonomy)
- ▶ *Private sector*: low-paying jobs



# Top 10 constraints, India & income group

Top 10 Business Environment Constraints for Firms



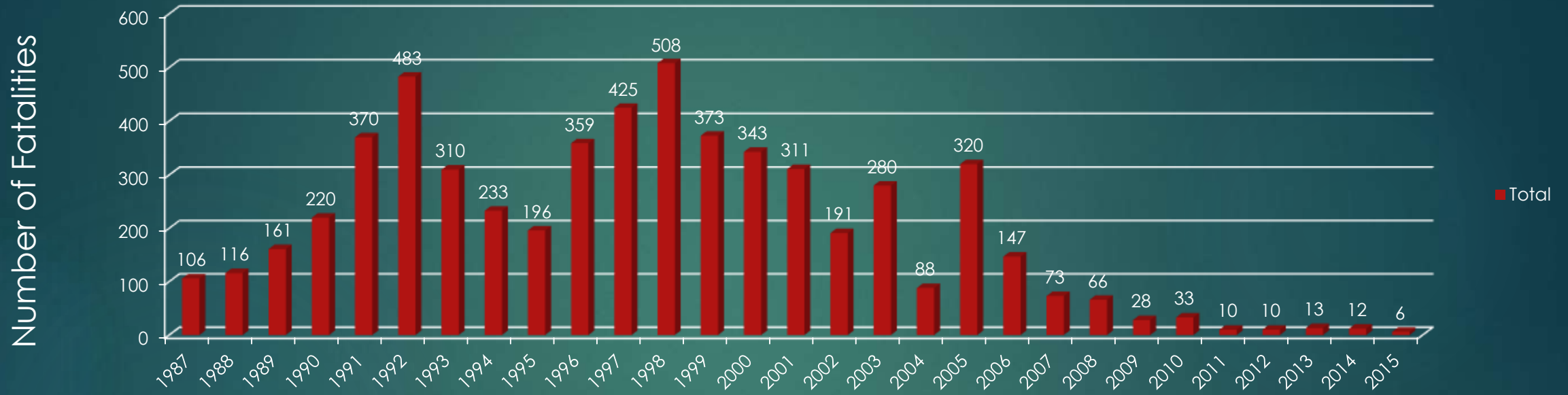
Source: Enterprise Surveys ([www.enterprisesurveys.org](http://www.enterprisesurveys.org)), The World Bank

# Context: Kashmir and Telangana

Kashmir	Telangana
Identity Based	Ideology Based
Strong presence of cross-border and international component	Substantially domestic
Engagement by Indian defense forces	Engagement of local police forces
Geographically contained territory	Naxalism is spread across India (106 districts in 9 States of the country ). All the districts in the Telangana region were impacted Naxalism.

# Fatalities in Left-Wing Extremist Violence in Andhra Pradesh: 1987-2015

## Total



- ▶ A sharp decline in the fatalities caused by the Left-wing Extremism in Telangana/Andhra Pradesh.
  - ❖ Total fatalities 2005: 320
  - ❖ Total fatalities 2015: 6



# Responding to Fragility

- ▶ Centre for Research on Inequality, Human Security and Ethnicity (CRISE) definition of fragility: “states that are failing, or in danger of failing, with respect to authority, comprehensive socioeconomic entitlements or governance legitimacy.”
- ▶ A multi-pronged strategy in response to Naxal related violence to address the authority failures and socioeconomic entitlement failures.

## Reasserting Authority

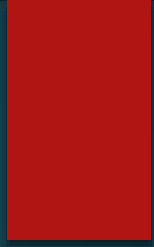
- ▶ The state government did not depend on the police forces from the Union government.
- ▶ Created various specialized units to carry out counter-insurgency operations – “Greyhounds”.
- ▶ Increased recruitment in the police force
  - ❖ 1993: 63,662
  - ❖ 2013: 1,07,733
  - ❖ Local personnel – better intelligence/social groups

# Responding to Fragility

## Socioeconomic Entitlement

- ▶ School Teachers
  - ❖ 1997: 2,99,484
  - ❖ 2011: 4,95,478
- ▶ MNREGA: 65,65,827 households (Telangana: 28,80,773 households)
  - ❖ Top-performing state in the country
- ▶ Backward Grant Regions Grant Fund (BRGF): Rs 10 crores/District
  - ❖ Rural water supply, construction of social welfare hostels and rural electrification.
- ▶ Irrigation/Hydro-electric projects: 30 (major) and 18 (medium)
- ▶ INDIRAMMA Housing since 2006 : 6,17,769 housing units

# Responding to Fragility



## Growth Centre – Hyderabad

- ▶ 57 out of 103 SEZs(notified and approved) are in Hyderabad Metropolitan Region
  - ❖ IT and ITES
- ▶ Information Technology (IT)
  - ❖ 1997-1998: 8,700
  - ❖ 2012-2013: 3,41,268
  - ❖ NASSCOM: a job in the IT sector creates about four jobs in other sectors
- ▶ More than half the revenue of AP (55%) is generated from Hyderabad, Rangareddy and Medak districts(Hyderabad Metropolitan region)

# Preliminary recommendations

- ▶ In Stage 1 at least, the focus should be on local entrepreneurship development, especially the employment-generating type.
- ▶ The interface of these entrepreneurs with markets in other parts of the country as well as abroad should not only be encouraged, but incentivized and supported.
- ▶ Promote agriculture, which is 'most likely source of jobs in many conflict-affected situations' (WDR 2011: 162).
- ▶ Promote labor-intensive public works
  - ❖ Paul Collier: construction/reconstruction of infrastructure gives high returns in facilitating a movement from conflict to post-conflict situations
- ▶ Increasing government recruitment and employment generation activities
- ▶ Localizing the police forces
- ▶ Identifying and developing potential growth centers

THANK YOU

THANK YOU



THANK YOU

# Employment share (by population)

