MY VIEW | VOX HETERODOX

How to build a new Punjab and restore its economic standing

The state's economy needs a transformative strategy of development that revives agriculture and promotes industrialization

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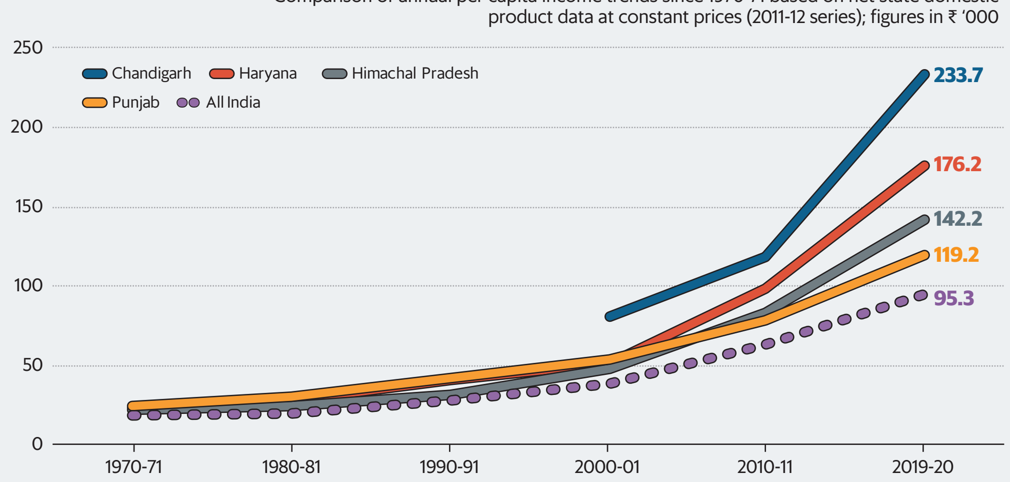
A story of missed opportunities

Punjab's per capita output kept up with that of Haryana, Himachal Pradesh and Chandigarh—carved out of it in 1966—for more than three decades, but was left behind after the turn of the century.

Comparison of annual per capita income trends since 1970-71 based on net state domestic product data at constant prices (2011-12 series); figures in ₹ '000



Source: Based on data extracted from EPW India Time Series (www.epwrfits.in)

Relative Ranks of States based on their Per Capita NSDP (At Constant Prices, 2011-12 series)

	1970-71	1980-81	1990-91	2000-01	2010-11	2019-20
No of States	23	26	26	32	33	33
Chandigarh				3	5	4
Haryana	6	6	4	7	6	5
Himachal Pradesh	8	10	10	8	14	14
Punjab	4	5	3	5	15	17

Source: EPWRF India Time Series (www.epwrfits.in)

SATISH KUMAR/MINT

The outcome of the assembly elections in Punjab last month is a radical departure from the past. The ballot box unleashed a metaphorical bloodbath. Heads rolled—as former chief ministers Amarinder Singh and Prakash Singh Badal, incumbent Chief Minister Charanjit Singh Channi, Congress leaders Navjot Sidhu and Manpreet Badal, Akali leaders Bikram Majithia and Sukhbir Badal—were all vanquished by unknown new entrants to politics. The Aam Aadmi Party (AAP), with just over two-fifths of the popular vote, captured an overwhelming majority with almost four-fifths of assembly seats.

The factors underlying this dramatic change are manifold and complex. Even so, it is clear that there was widespread disillusionment with the mainstream political parties among people in Punjab. Incumbent governments were voted out time after time. Yet, the more things changed, the more they remained the same. Rampant corruption persisted. The drug mafia prospered. The mess in state finances worsened. Employment opportunities, which were sparse for decades, almost vanished. For the young who had initiative, the choice was migration, hoping for a better life abroad, but for many who had family income or assets, drugs provided an illusory soft option that only ruined lives. Successive governments simply failed to meet the economic aspirations and political expectations of people.

An economic slowdown during the 1990s, which gathered momentum circa 2000, led to a relative economic decline of Punjab in comparison with other states. The accompanying chart compares trends in the per capita income of Punjab with Haryana, Himachal Pradesh and Chandigarh, which were part of undivided Punjab until 1966, and that of India, from 1970-71 to 2019-20. Until 2000-01, per capita income in Punjab and Haryana was about the same, while it was lower in Himachal to begin with but had caught up by 2000-01. Over the next two decades, per capita income in Haryana grew far more rapidly, widening the gap with Punjab, while Himachal also left Punjab behind. So much so that in 2019-20, as compared with Punjab, per capita income was 20% higher in Himachal, 50% higher in Haryana and almost 100% higher in Chandigarh.

In 1965-66, undivided Punjab was ranked fourth in per capita income among states in India. At that time, among its three constituent regions, per capita income in Punjab was higher than in Haryana and much higher than in Himachal, so that a divided Punjab would have ranked third, if not higher, in India. The table shows that this picture did not change much until 2000-01. In fact, divided Punjab ranked third in 1990-91 and fifth in 2000-01, while Haryana was ranked slightly lower and Himachal much lower. Over the next two decades, Haryana and Chandigarh retained their ranks among the top five but, among 33 states, Punjab dropped sharply to 15th in 2010-11 and 17th in 2019-20.

This slippage is a story of missed opportunities. By 1990, Punjab had completed its agricultural revolution and exhausted its rural surplus labour, so that industrialization was the obvious next stage, in conformity with the classical path to development. It had the manufacturing experience—sports goods in Jalandhar, cotton hosiery and woolen textiles in Ludhiana, or metal manufactures in Batala—and the skilled labour practiced at jugaad to do so. Alas, it did nothing to promote industrialization, in sharp contrast with its neighbours. Haryana nurtured the automobiles sector and Himachal attracted pharmaceuticals. Punjab was a laggard. By 2019-20, manufacturing net state domestic product per capita in Punjab was just 45% of that in Haryana and only 32% of that in Himachal. Sadly, the services revolution in India, driven by information technology, which led economic growth in many states—telecommunications, business, finance or e-commerce—also largely bypassed Punjab.

Agriculture had made Punjab the bread-basket of India, increased incomes and brought prosperity. But that was no reason to sit back in comfort. It was essential to diversify the state economy into manufacturing and services. That would have created employment and raised living standards. Instead, Punjab lost three decades.

QUICK READ

Punjab was once among India's top states in terms of per capita income but the past two decades saw it slip sharply down the order in a story of missed opportunities and stagnancy.

Success will take an agenda beyond ending corruption and drugs or fixing education and healthcare since the state must make up for decades of lost time in diversifying its economy.

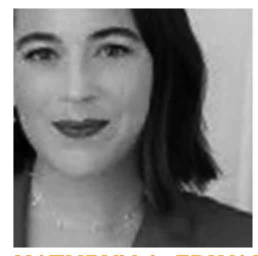
Even so, it is never too late to act and make amends. There is a need for a new beginning in agriculture, where tube-wells for irrigation have dropped groundwater levels, high-yielding varieties have depleted soil nutrients, and chemical fertilizers have had environmental consequences. Subsidized water or electricity for farmers is no answer. It is time to think of an environmentally sustainable agriculture. Rice cultivation, using scarce water resources, should be progressively replaced by pulses and oilseeds which will be more profitable for farmers. The processing of agricultural produce and labour-intensive manufacturing have an obvious potential. Indeed, there is no reason why Punjab cannot leapfrog into skilled-labour-intensive or technology-intensive manufacturing and services. But this will require a proactive industrial policy for infrastructure, land, industrial finance and skill-development.

The challenges confronting the new AAP government in Punjab are formidable. The task is not simply about ending corruption and eliminating the drug mafia, or about improving education and healthcare, which are all clearly necessary but will not suffice. Punjab needs a transformative change in its economy. It is about thinking big (beyond corruption) and thinking long (beyond the next election), to formulate and implement a strategy of development that revives agriculture and promotes industrialization for a sustainable development.

MINT CURATOR

Poor single mothers in the US need money and not husbands

Marriage promotion is an absurd solution to an economic problem



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Social opinion in favour of marriage was embedded in a 1996 US law ISTOCKPHOTO

For more than a quarter century, the US government has been sending an unmistakable message to poor, single mothers in America: Get married. If the US genuinely wants to address poverty and achieve gender equality, this has to change.

Readers can be forgiven for missing last year's 25th anniversary of the US Personal Responsibility and Work Opportunity Reconciliation Act, which proclaimed that "marriage is the foundation of a successful society" and fulfilled then-President Bill Clinton's earlier campaign promise to "end welfare as we know it." There wasn't much to celebrate. A full generation later, the share of children in single-parent homes has increased, child poverty remains mostly unchanged and employment in the US among unmarried (and married) mothers has plateaued.

In hindsight, one should not have expected better from legislation so steeped in cultural myths. Single mothers had been labelled a social problem since the 1960s, even though their portrayal—as welfare queens and teen moms who didn't want to work—never matched the statistical reality. Just before reform, the median benefit for a typical welfare family (a mother and two children) was a miserly $366 a month (or $658 including the value of food stamps), 70% of female recipients were older than 25, and about half stayed on welfare no more than a year—most commonly leaving the programme for a job. In the three decades before 1996 (and the quarter century that followed), unmarried mothers worked more than married mothers. Welfare rolls were increasing in the early 1990s, but that was in no small part because the US had just been through a deep recession.

True, families headed by unmarried mothers were very likely to be poor. This is still the case: More than 30% of them are below the American poverty line today. This wasn't for lack of effort. Many jobs in the US didn't (and still don't) pay enough to support a family on a single income. The inflation-adjusted hourly wage for the bottom 10% of female earners has hardly budged in 50 years: It was $8.24 in 1973 and reached $10.52 just before the covid pandemic hit. At that rate, someone who works 35 hours a week, the national US average, earns just over $19,000 a year. Worse, such low-wage jobs offer little security, with fluctuating and insufficient hours or frequent layoffs.

Instead of addressing this economic problem head on, US Congress chose to address the social phenomenon—the unmarried part rather than the poor part. The 1996 legislation turned welfare into block grants to states, which had broad discretion. The money could be given as a temporary cash benefit to women and children, but the other three specified uses were: promoting work and marriage, ending out-of-wedlock pregnancy and encouraging two-parent families. Congress averred that mothers should be married, then gave states money to support the effort.

States have treated these block grants (called Temporary Assistance to Needy Families, or TANF) as a kind of slush fund to support things as varied as child care subsidies, drug courts, college scholarships, textbooks, pre-school, free marriage classes and pregnancy-crisis centres that counsel women against abortion. Sometimes the money simply plugs holes in state budgets. In at least one case, the funds have been grossly embezzled.

Some would argue that the references to marriage in the 1996 law were merely rhetorical and not intended as an anti-poverty policy. Maybe. But Congress soon clarified in the Defense of Marriage Act that marriage was between a man and a woman, and also reformed the tax code to be even more pro-marriage. And then follow-on proposals included earmarking TANF spending for marriage counselling.

Clearly, marriage promotion remains prominent in American anti-child-poverty agendas today.

Others would argue that the legislation was about promoting work and should be viewed in the context of other congressional action, such as the increase in the Earned Income Tax Credit, which subsidizes single mothers' low wages. But if lawmakers want to encourage women to work, there are much better ways: Research unambiguously demonstrates that the two most important policies are mandatory paid family leave and broadly subsidized child care. The US remains the only developed country with neither.

Congress enshrined into law the opinion that mothers should be married. However hollow that 1996 avowal to marriage was, Congress has not, in the 25 years since, said that mothers should have paid family leave, or affordable child care, or a wage that lifts a family out of poverty. The persistence of poverty among unmarried mothers offers a reminder that economic problems need economic solutions.

MY VIEW | PEN DRIVE

A ship can start sinking if its middle crew goes missing

DEVINA SENGUPTA

writes on workplaces and education at Mint

India Inc is besotted with its young workforce and tries its best to validate them. India Inc also reveres its senior management, the north-star guides for businesses to follow. Sandwiched between the two groups is a large chunk of the workforce that has spent a decade-plus in the organization and is called 'middle management'. Unfortunately, as far as I can make out, India Inc doesn't seem to know what to do with these middle managers.

The middle manager is like that middle child who forms a bond between the younger and older children but gets neither the attention nor the responsibility. S/he is relegated to what I have often heard called a "comfortable position" and runs the risk of getting nudged out as the firm turns agile and flat.

However, every few years, when a hiring frenzy takes over corporate India, the middle manager who knows clients, can handle juniors and understands the company's culture, becomes a prized commodity again.

India Inc is going through one such hiring frenzy and the middle manager is in demand. But where are these middle managers when companies need them the most?

"Today, the IT , manufacturing sectors are realizing that middle management is the key to success. But there is a dearth of talent since many of these middle managers have joined the e-commerce/startup sector in senior roles. Today, factory supervisors and project managers are much in demand but they aren't available," according to Navnit Singh, chairman and regional managing director of Korn Ferry India.

The absence of the middle layer is specially gnawing as corporates trudge back to some semblance of normalcy. The workforce getting onboarded is disconnected and no amount of town-halls with speeches of encouragement from the top brass will forge a relationship between new employees and the firm. One needs to have the gentle nudge of a colleague who has been around and is not a cabin recluse. This is where the middle order can play a crucial role. "They become custodians of the culture of the organization. They're not people who are at the extreme top, who become, in a way, auto-immune to certain things. They're not newbies who will be exposed to varying degrees of initiatives to keep them happy." Zainab Patel, lead diversity and inclusion, Pernod Ricard India told me. "They know that 'This organization is where I intend to be', moving forward from a perks perspective or salary perspective, a work culture perspective. These people are the actual gatekeepers of the organization."

Constant changes in technology and pressure from lower rungs can lead to insecurities. Making way for the younger generation is a common practice, but there are not many companies that have focused programmes to upskill the middle layer.

There are awards to celebrate leaders and young talent, but none for the middle rung. I've often heard that in the effort to become a lean organization, the middle layer gets expunged. Pejorative terms are used for the middle order, like "the bulge" or "flab" that needs to be shed. The firm forgets that all 'fat' is not bad and it could help a business survive the bleakest of winters.

QUICK READ

Technology and young talent have raised such questions over the importance of middle-level managers that pejorative terms like 'the bulge' or 'flab' can be heard in use for middle rungs.

Such dismissals overlook how middle orders are custodians of corporate culture, mentors for recruits, stores of knowledge and often also the nuclei that hold companies together and upright.

A senior investment banker told me that after any acquisition, there is a flurry to save the relationship managers whose departure could lead to the exit of important clients and customers. The middle layer can also provide crucial nuggets of information about the company, expose gaps and provide feedback on employees to top leadership teams.

The onus to stay relevant depends on the employee as much as the employer. Regular reskilling programmes need to be introduced in companies and expertise cultivated.

No less crucial is a real leadership pipeline. "It bothers most of us when the middle management is ignored to make way for the juniors. Experience should matter. All may not have leadership skills, but an opportunity to take on responsibilities must be given," said a senior analyst who had 15 years of work experience, eight of them in a single company.

A recruiter who looked into middle order hirings told me that companies are cagey about offering jobs to candidates with a long tenures in one company. "They prefer those who have a 3-5 years stint and have been changing organizations. They are afraid the person may not fit into their company culture or is not relevant enough," said the Bengaluru-based recruiter.

Long tenures, of course, need not be a sign of irrelevance, and this is where role changes within an organization and upskilling programmes come handy.

Work hierarchies being broken down has also squeezed the space for a middle order. Young employees often have access to senior leaders, skipping middle levels. But not always. In one of India's top manufacturing companies, employees are bracketed into grades that are rigid and protocol-driven. "Experience and perspective are given their due in this firm. One cannot skip levels and gain access to seniors," said a former employee of this Mumbai-based company.

The balancing act that business leaders must perform isn't easy. There is a vast invisible workforce in the middle that holds many companies together—and upright. It's time to shine a spotlight on them.