

# Gujarat

GOVERNANCE FOR GROWTH AND DEVELOPMENT

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# Gujarat

## Governance for Growth and Development

### A preview of the book\*

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#### Growth

There is a remarkable lack of objectivity in discussing Gujarat and governance, growth and development there. The economics gets enmeshed in the politics and the politics gets entangled with the economics. While this is perhaps inevitable and unavoidable, this book is about the economics. What has happened in Gujarat? Is there a story there? Why has it happened? Is this is a story that can be replicated elsewhere in India? Is there a lesson for other States?

The first broad-brush growth story is as follows. Compared to 1994-95 to 2004-05, from 2004-05 to 2011-12, real GSDP (gross State domestic product) growth rates have increased, from an all-India average of 6.16% to an all-India average of 8.28%. Second, with an increase from 6.45% to 10.08%, the increase has been more for Gujarat than for all-India. Third, since 2004-05, there are other States that have also grown fast and Bihar, Maharashtra, Sikkim, Tamil Nadu, Uttarakhand, Chandigarh and Delhi are examples. That growth story in other States is sometimes used as an argument against the Gujarat growth story and that's a bit strange. After all, Gujarat accounts for an estimated 7.5% of Indian GDP. If all-India averages have gone up that much, it is unreasonable to expect growth has been pulled up by Gujarat alone. However, in making inter-State comparisons, there is a legitimate question one should ask. Should small States be compared with large States? Should special category States be compared with non-special category States? Smaller States tend to

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be more homogeneous, with relatively fewer backward geographical regions and districts. Chandigarh, Delhi, Puducherry, Goa and Sikkim aren't quite comparable with larger States. With that caveat, it is also true that there has been a growth pickup in Bihar, Maharashtra, Tamil Nadu and Uttarakhand as well. There has been a discernible pick-up in Gujarat's growth performance since the 10th Plan (2002-07), the five-year Plans being natural periods for breaking up the time-line. It's tempting to argue that there is nothing exceptional in this. Gujarat grew fast during the 8th Plan (1992-97) too. While that's true, one should accept that as development occurs, it becomes more difficult to sustain higher rates of growth. Among larger and relatively richer States like Maharashtra, Haryana, Gujarat, Kerala, Punjab, Tamil Nadu and Karnataka, it is more difficult to find sources of growth. Growth tends to taper off. Relatively poorer States like Bihar, Orissa, Madhya Pradesh, Assam and Jharkhand find it easier to catch up. Had historical trends alone provided the momentum for growth, Karnataka should have also grown extremely fast. Fifth, too often, discussions focus on growth trends alone. Moving to a higher growth trajectory is important. But reducing the volatility of growth is no less important. Growth rates in Gujarat have become much less volatile. Given Indian conditions, volatility is fundamentally a function of what has been happening to the agricultural sector.

## **Equity**

In line with all-India trends, overall poverty and urban poverty have declined in Gujarat between 2004-05 and 2009-10. But the real story is in rural Gujarat, where there has been a very sharp drop in poverty, significantly more than all-India trends. In rural Gujarat, the benefits of growth have trickled down. Subject to all those problems about data and measuring inequality, there is no evidence that inequality has increased.

## **Fiscal consolidation**

Elimination of deprivation requires public intervention and expenditure, over and above a State's role in providing an enabling environment for private entrepreneurship to bloom and flourish and ensuring rule of law. This requires public expenditure and fiscal

consolidation. Historically, the problem has been with the revenue deficit, especially after 2008, both because revenue receipts have been lower and because revenue expenditure has been higher. However, since 2011-12, the revenue deficit numbers have also begun to look respectable and the deficit numbers are marginally better than what the 13th Finance Commission envisaged. One of the building blocks of the Gujarat model, so to speak, is to free up space for private sector expenditure in capital formation. One cannot expect capital expenditure, as a share, to increase overnight. The bulk (76%) of capital expenditure is developmental, with social services accounting for 55.2%. Of the total expenditure, 66.41% is also developmental. 63.2% of revenue expenditure is developmental. To the extent this reveals a prioritization according to sectors, the major ones are education, sports, art and culture and water supply, sanitation, housing and urban development, in that order. The fiscal consolidation and fiscal space created has enabled Gujarat to plug the gaps in Central sector and Centrally sponsored schemes with State-level schemes. The story isn't that much about increasing public expenditure. It is more about creating an environment for private expenditure. Apart from private expenditure, the story is about increasing the efficiency of public expenditure, more bang for the buck, so to speak.

## **Physical infrastructure**

In the power sector, the background is partly the Gujarat Electricity Industry (Reorganization and Regulation) Act of 2003. This allowed the transfer of assets and liabilities of the former Gujarat Electricity Board (GEB). Generation assets were transferred to Gujarat State Electricity Corporation Limited (GSECL). Transmission assets were transferred to Gujarat Transmission Corporation Limited (GETCO). Four different distribution entities were formed – Uttar Gujarat Vij Company Limited (UGVCL), Dakshin Gujarat Vij Company Limited (DGVCL), Pashchim Gujarat Vij Company Limited (PGVCL) and Madhya Gujarat Vij Company Limited (MGVCL). Gujarat Urja Vikas Nigam Limited (GUVNL) had residuary functions, including that of power trading. GUVNL was the holding company. The Gujarat Electricity Regulatory Commission had been set up in 1998 and was brought under the purview of the Electricity Act of 2003. Generation became exempt

from licensing, including through non-conventional sources. Open access was allowed to transmission and distribution and distribution franchisees were introduced for distribution zones like Bhavnagar, Junagadh, Rajkot, Vishwamitri, Lalbaug, Bharuch, Anand and Mehsana. Metering became mandatory. In 2001, Gujarat was a power deficit State, by roughly around 2,000 MW. By the end of 2012, Gujarat will have a power surplus, though expected increases in GSDP growth also increase the demand for power. However, the Gujarat success story isn't just about the macro generation situation. It is also about reduction in T&D losses, down from 35.90% in 2002-03 to 22.20% in 2006-07. It is 20.13% in 2010-11. This is partly because T&D losses aren't actually transmission and distribution losses. They are also about theft and unmetered supply. Other than metering, theft of electricity became a criminal offence and the law was enforced, with distributors insulated from political pressures. There were special checking squads for checking installation, especially for HT connections, and ex-army personnel were roped in. In Sabarmati, Surat, Rajkot, Bhavnagar and Baroda, there were special police stations for power theft. Provisions were made for sealed meters that were tamper-proof. Through an e-Urja project, electronic billing and payment was introduced. Faulty meters were replaced. Unauthorized connections were regularized through one-time settlements. The Jyotigram Yojana (JGY) ensures 3-phase power supply to all villages. The key was a bifurcation of supply lines into dedicated agricultural feeders. For agricultural use, one would thus be ensured continuous power for 8 hours a day, at pre-determined times. For other rural loads (domestic, commercial and industrial), there would be 24/7 power. 24/7 3-phase supply was provided to JGY feeders. These then provided 8 hours of 3-phase continuous supply to agricultural feeders and 1-phase 24/7 power to other rural uses. The argument about people wanting subsidized power and refusing to pay higher tariffs is misplaced. People are prepared to pay, provided that the quality of power supply improves. It was no different for JGY. Once power at pre-determined hours was available, there was less of an incentive to divert subsidized power for agriculture to domestic household use. JGY helped reduce T&D losses. It also helped reduce transformer failures. More importantly, it led to all villages being electrified, without load-shedding, and this had positive socio-economic multiplier benefits.

If power is important to better people's lives, water is no less so. The overall picture is that Gujarat is a water scarce State. there are several strands in the water sector reforms – inter-basin transfer of water from surplus areas to deficit areas like north Gujarat, Saurashtra and Kachchh; the linking of canals; water conservation; participatory irrigation management; micro-irrigation; check dams and smaller dams (such as through the Sardar Patel Water Conservation Programme); deepening of ponds; cleaning and restoration of step wells; community management of water supply in villages through WASMO (Water and Sanitation Management Organization); and the Sujalam Suphalam Yojana (SSY). Water has both a drinking water and an irrigation water component. Something like SSY covers both. While the State has certainly gained because of Sardar Sarovar, that wouldn't have been possible without the State-wide water supply grid.

In terms of affecting people's lives for the better, roads are just as important as electricity and water. Compared to many other States, Gujarat has always had relatively better road infrastructure. 98.27% of State Highways and 96.93% of major district roads possess asphalt surfaces. 85.63% of other district roads and village roads also possess asphalt surfaces. 98.84% of villages are connected by "pucca" roads. Gujarat has also benefited from NHDP. Given the base, the focus has thus been more on upgradation and maintenance, improving access in relatively disadvantaged regions, while simultaneously tapping the proposed dedicated freight corridor (DFC) between Delhi and Mumbai and the Delhi-Mumbai Industrial Corridor (DMIC). In so far as relatively disadvantaged regions are concerned, the emphasis has been on all-weather connectivity, particularly in coastal, tribal and border areas. There have been several PPP projects, sometimes externally-aided, with provisions for tolls. The Gujarat Highways Bill of 2007 facilitated PPP projects. There is also a Pragati Path Yojana, for improvement of State Highways, part of which has been completed. In addition, for major projects, third party inspection and monitoring has been introduced. Maintenance guarantees of 3 to 5 years are incorporated in contracts. IT tools have been used for physical monitoring, registration of contractors, court cases and departmental enquiries. In high rainfall districts like Navasari and Surat, village roads have been constructed with cement/concrete.

A point was made earlier about Gujarat's ability to plug gaps in Central schemes with State-level ones. In the context of urban planning, the relevant ones are the Garib Samruddhi Yojana (GSY) and the SJMMSVY (Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana). While on the subject of urban planning, or planning in general, it is odd that one of Gujarat's remarkable successes doesn't get written about that much. This is the use of GIS maps in decision making. This is through the Bhaskaracharya Institute for Space Applications and Geo-Informatics (BISAG), a State-level nodal agency set up in 1997 and renamed BISAG in 2003. BISAG also conducts training programmes and workshops and is involved in delivering over the Gujarat SATCOM network. But more importantly, it uses remote sensing and GIS to facilitate planning. These GIS maps with several layers have already been introduced in all the municipalities. Among other things, this is certainly one initiative that other States should replicate.

## Education

In social infrastructure, like education, some of Gujarat's figures may not look that bad if comparisons are made with all-India averages. However, for an economically developed State like Gujarat, is an all-India average the right benchmark to use? Or, in the area of education, should Gujarat be benchmarked against better States? Having said this, there are two additional points to be borne in mind. First, have there been temporal improvements over time and have remedial measures been taken? There has been a sharp decline in the number of out-of-school children between 2006 and 2011. Those improvements also come across in National University of Educational Planning and Administration's DISE (District Information System for Education) dataset. For example, the average number of classrooms per school has increased. The student/classroom ratios have also improved. The percentage of single-teacher schools has declined. Pupil/teacher ratios have improved. Physical infrastructure is also far better. Consequently, if one has an impression that Gujarat doesn't do that well on school education, one should check the time-line. Many interventions are of recent vintage and dated data don't show the improvements. One such intervention is "Praveshotsava" and "Rathyatra", targeted at festivals of admission, particularly for girls. In 2002-03, a Vidya Laxmi Bond scheme was started, for girls, initially in rural areas, but also extended

to urban BPL families. A sum of money is deposited at the time of admission (in Class I) and this is repaid with interest when the girl passes out of Class VII. Apart from this, there have been improvements in physical infrastructure, some of this under the Van Bandhu scheme for tribal talukas and the Sagar Khedu scheme for coastal talukas, planning facilitated by the BISAG mapping mentioned earlier. Biometric monitoring of attendance has also been introduced. One should mention the Gunotsav programme, designed to improve quality in 34,000 primary government schools.

## Health

The case for market failure is generally greater for health than it is for education. If there is a perception that Gujarat doesn't do that well in social sectors, that's truer of health than of education. As with education, there is a time-line issue there too. Since the public health-care infrastructure is weak, the Chiranjivi Yojana taps the private sector, to employ private sector specialists in safe delivery. While the poor household doesn't have to pay, the government pays the private sector specialist. The Chiranjivi Yojana was first introduced on pilot basis in 2005 and has picked up since then. The Bal Sakha Yojana has a similar PPP idea. It was launched in 2009 and covers all BPL households and tribal households, even if they happen to be APL. Neo-natal care is provided by private enrolled pediatricians, who are then reimbursed by the State. Health-care has several dimensions. There is the preventive part, interpreted as clean drinking water, sanitation, sewage treatment and nutrition, be it through MDMS, ICDS, vitamin supplements or otherwise. There is also the preventive part, interpreted as immunization. The State government's focus has clearly been on reducing neo-natal deaths and bringing down the IMR and MMR. That's where the Janani Suraksha Yojana (JSY) comes in, designed to shift poor women to institutional delivery. The percentage of institutional deliveries has sharply gone up from 55.87% in 2003-04 to 93.5% in 2011-12. Immunization coverage has also increased. There has been an IMNCI (Integrated Management of New Born and Childhood Illness), launched in 2005, combined with Mamta (Malnutrition Assessment and Monitoring to Act) initiatives, which effectively register a mother and child and track post-natal nutrition, health and immunization status. Perhaps the most interesting of all these experiments is the emergency



108 number, which is not just for medical emergencies, but for police and fire emergencies too. This was launched in 2007 and is operated by GVK Emergency Management and Research Institute (EMRI).

## **Governance**

Gujarat's economy has often been written about. Rarely have people written about governance, at least directly. But without talking about governance, it is difficult to appreciate what has happened in the State. E-governance is part of the answer, since it reduces the human interface. There have been several e-governance initiatives in Gujarat and e-governance has become functional in all municipalities and municipal corporations. Among the ones that have received awards are e-MAMTA, ICT solutions for planning and monitoring MGNREGS works, OASIS (on-line application and scrutiny of inter-State transactions), e-governance of mineral administration, e-governance initiatives and ICT initiatives in the Chief Minister's Office, on-line voting, e-dhara in the Revenue Department for computerization of land records, SWAGAT (State-Wide Attention on Grievances by Application of Technology) in the Chief Minister's Office, the Integrated Watershed Management Programme (IWMP), e-procurement by the Industry and Mines Department, Value Added Tax Information System (VATIS) in the Office of Commercial Taxes, the Hospital Management Information System (HMIS) of the Health and Family Welfare Department, the Integrated Financial Management System (IFMS) in the Finance Department and ICT usage within the judiciary. A GSWAN (Gujarat State Wide Area Network) connects government offices, down to the level of talukas. The e-Gram Vishvagram project connects 13,716 gram panchayats and 6000 Common Service Centres.

If awareness is the first plank of improved governance, elimination of discretion and monopoly is the second. In both education and health, instances have been given earlier of moving away from traditional government monopolies in delivery. All district offices have Jan Seva Kendras and there are civic centres too, in municipalities and municipal corporations. At these, assorted certificates (caste, domicile, residence, birth, death), affidavits, driving licences and ration cards are issued the same day. Under the e-gram project, some of these have also been taken down to taluka and gram panchayats, facilitated by computerization of

land records. There has been third party audit of such Jan Seva Kendras too. The third element of improved governance is decentralization and participatory planning and there is a feedback loop from citizens to government, to suggest ideas to the government. Fourth, the decentralization has now gone down to the level of the taluka. Fifth, that improved governance is also a function of altered mindsets in the bureaucracy, which received a clear focus after the rehabilitation work connected with the 2001 earthquake was over. The Chintan Shibirs, annual retreats of Ministers and senior bureaucrats, have been going on since 2003 and are illustrative. Other than the obvious synergies of such retreats, these ensured that government does not work in silos and departments and enabled cross-fertilization of ideas. For example, the idea of each officer at district and taluka levels taking up an innovative project, without financial constraints, emerged through such a Chintan Shibir. Kanya Kelvani, Praveshotsava, Gunotsava, Krishi Melas and participation in gram sabha meetings are other instances of taking bureaucracy down to the grassroots. Better formulation of schemes, and better implementation, have resulted. Within government, there is a database of employees and suggestions for better governance have been invited from employees. Transfers, postings and implementation have become more insulated from political interference.

## **Sectoral issues**

In any discussion of any country or State's economy, it is customary to discuss sectoral compositions of GDP or GSDP early on – primary/agriculture, secondary/industry, tertiary/services etc. In popular perception, at least in some quarters, Gujarat's economic growth is about industry. Gujarat is about an investment destination for industries, about Vibrant Gujarat. It is about sectors like bio-tech and pharmaceuticals, chemicals and petrochemicals, engineering, automobiles and ancillaries, food and agri-business, gas, oil and power, gems and jewellery and IT. Industry isn't just about large-scale industry. That's a misconception. The 2009-10 survey of the Annual Survey of Industries (ASI) covered the entire factory sector. This shows an increase in the number of factories to 15,576 and 9.8% of India's factories are in Gujarat. At 13.22%, the share is higher in net value added. In decreasing order of importance, these factories are in segments like chemical and chemical products, basic metals, machinery

and equipment, non-metallic mineral products, textiles, food products and pharmaceuticals. Together, they provided employment of 1.2 million. Provisional figures show an increase in the number of factories to 25,206 in 2010, with an employment of 1.3 million. 0.13 million MSME enterprises in Gujarat were in 369 clusters, a pattern also exhibited in Tamil Nadu and Uttar Pradesh, cluster being defined as a concentration in manufacture of the same product group. This suggests that the positive externalities of cluster formation have tended to work and in all probability, many of these MSME enterprises perform an ancillary function. Also interestingly, at least for SSI, there has been a sharp increase in the number of registered units. Therefore, it is plausible to presume that transaction costs associated with registration have declined, there are greater benefits associated with registration and the tax enforcement machinery has improved. At the lower end of the industrialization spectrum are cottage and rural industries. There are cluster development schemes for khadi, handlooms, handicrafts and skill upgradation and market development schemes. Other than schemes like Sagar Khedu Yojana, Vanbandu Kalyan Yojana, Garib Samruddhi Yojana and even Garib Kalyan Melas, something like Mission Mangalam is also an attempt to integrate animal husbandry, agro processing, food processing, aquaculture, processing of forest products, handlooms, handicrafts, garments, bamboo and timber products into markets, through Sakhi Mandals, self-help groups (SHGs) and other communities of the poor. Gujarat Livelihood Promotion Company Limited (GLPC) was set up in 2010 to implement Mission Mangalam. Part of this inclusion is a financial inclusion agenda.

Gujarat is known as a State with a strong manufacturing base and in constant prices, the primary sector's share in GSDP has declined from 19.5% in 2004-05 to 14.6% in 2010-11, a decline that was mentioned before. Agriculture's share (this includes animal husbandry) has declined from 13.2% in 2004-05 to 10.9% in 2010-11. While the share has declined, the growth rate of Gujarat's agriculture, especially since 2000, has been remarkable and has been commented upon. Gujarat's agriculture has grown at more than 10%. In addition to water, electricity and roads, there have been other factors too. The Krushi Mahotsav programme was started in 2005 and is a month-long mass contact programme with farmers, including mobile "Krushi Raths". Soil health cards are issued for every plot of land. The Gujarat Cooperatives

and Water Users Participatory Irrigation Management Act was passed in 2007 and participatory irrigation management introduced. Through the Sardar Patel Participatory Water Conservation Scheme, check dams are built with monetary contribution from beneficiaries, 20% in some cases and 10% in others. Animal health camps have been organized in several villages. The upshot has been agricultural diversification, higher productivity and growth. Of more recent vintage has been the Integrated Wadi and Agriculture Diversification Project (IWADP), started in 2009, though its pilot antecedents date to 2007. Interestingly, IWADP requires a participating entry free from BPL ST families who wish to participate. IWADP has two distinct strands. There is Project Sunshine strand for the dryland regions of north and central Gujarat, where one tries to push crops like hybrid maize, potato, mustard, pigeon pea and Bt cotton in districts like Sabarkantha, Banaskantha, Panchmahal, Dahod and Vadodara. And there are Jeevika projects for water-intensive areas in south Gujarat, where one tries to push vegetables like tomato, bitter gourd, bottle gourd, okra, pointed gourd, parwal and turmeric and fruits like mango, banana, cashew in districts like Narmada, Valsad, Tapi, Navsari, Surat and Dangs.

## **STs and extremist violence**

The Planning Commission set up an Expert Group on development challenges in extremism affected areas and this submitted a report in 2008. The report mentions the development and governance deficits and deprivation problems among SCs/STs, issues of political marginalization, human rights violations, crimes and atrocities against SCs in rural India, lack of access to traditional resources among ST populations and inadequate grievance redressal through the judicial system. In the 2001 Census, 14.8% of Gujarat's population was ST. For districts, the figures were 8.2% for Kachch, 8.2% for Banaskantha, 20.2% for Sabarkantha, 27.5% for Panchmahals, 72.3% for Dohad, 26.6% for Vadodara, 78.1% for Narmada, 32.4% for Bharuch, 28.2% for Surat, 93.8% for the Dangs, 48.1% for Navsari and 54.8% for Valsad. Gujarat is geographically contiguous with Madhya Pradesh and Maharashtra, both States affected by extremist violence and districts like Panchmahals, Dohad, Vadodara, Narmada, Surat, Dangs, Navsari and Valsad are border districts too. With geographical proximity, negative spillovers are natural. If those spillovers haven't

happened, that's presumably because those developmental intentions have occurred in Gujarat and haven't in other States. In other words, deprivation does not automatically lead to Naxalite-type violence, since that deprivation can be addressed. The fact that Gujarat has been able to contain such extremist activity is an achievement that is no less remarkable than the growth miracle.

What has Gujarat done that is different? The idea of Tribal Area Sub-Plans (TSPs) has been around since 1974, with financial allocations being made in proportion to shares of STs in total population, with a similar provision for SCs. However, in many instances and many States, these are just notional allocations in different line departments, though such funds are not meant to be diverted. When they are more than notional, they are frittered across a variety of schemes. The first element in Gujarat was thus more efficient usage of TSP funds. The planning and budgetary powers were handed over to the Tribal Development Department. In parallel with TSPs, the idea of ITDPs (Integrated Tribal Development Projects) has also been around for quite some time, with Project Administrators given some flexible funds for innovative schemes. Since 1997, discretionary funds have been given to every ITDP district. These are spent on programmes that cater to local needs, plugging gaps in existing schemes. They are thus based on decentralized planning. Chaired by the Project Administrator, Taluka Adijati Vikas Samitis have been constituted in talukas and schemes are approved and implemented by District Adijati Vikas Mandals. Not only has this made expenditure more realistic, delinked from templates designed from above, the decentralization has made the planning process more participatory and conveyed a sense of empowerment. This culminated in the Vanabandhu Kalyan Yojana (VKY), launched in 2007, together with the Eleventh Five Year Plan. VKY has 10 components, all designed to mainstream ITDP blocks on the road to development:

Natural resources that STs possess are primarily forest-based. 5,000 of Gujarat's 18,000 villages have large forest areas and following the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest) Rights Act of 2006, Joint Forest Management (JFM) Committees have already been formed in 3,274 villages. This means that the forest areas are jointly managed by local communities,

together with the Forest Department. In addition to developing, conserving and protecting forests, this has the implication that local populations have a share in the marketing of timber and non-timber forest produce (NTFP), especially the latter. The JFM villages have been grouped into 252 clusters and micro-entrepreneurship among tribals encouraged, with direct marketing links established between village-level JFM committees and marketing centres. However, better livelihoods cannot be based on forest produce alone. That has to come through better productivity of land, facilitated by minor irrigation facilities, and diversification into commercial agriculture, animal husbandry and dairy. There are already demonstrated successes in mangoes, strawberries and cashew, sometimes through the Wadi programme. In addition, there has been dairy and animal husbandry, with the additional benefit that it has improved nutritional standards of tribal population and corrected diet deficiencies.

### **The environment**

For the environment, a Kuznets curve is sometimes postulated. This simply means that, as economic development occurs, the environment degrades. When economic development crosses a certain threshold, measured say by per capita income, greater attention is paid to the environment and indicators tend to improve. In other words, the relationship is in the form of an inverse-U. The empirical evidence for this relationship is often debated. It seems to work better for water and air pollution, less well for other measures of environmental protection. Without getting into details of that debate, Gujarat's per capita income is roughly equal to the all-India average. With compulsions of growth and urbanization, one would have expected the State's environmental indicators to be worse than they are, and for the environment to be less of a priority. Even for interesting is what empirical studies tend to find on the links between deforestation and economic development. Cross-country, the threshold there is something like 5000 US dollars and Gujarat is far short of that. In terms of the Kuznets curve, Gujarat is thus ahead of the curve.

The department of climate change was set up in 2009 and its priorities are – the promotion of green technologies and funding research in this, the earning of more carbon credits, power saving, the

preservation of groundwater, promotion of CNG networks, the increase of mangrove cover, the preparation of a multi-dimensional climate change policy, introducing curricula on climate change in educational institutes and creation of public awareness. Consider this. Despite the emphasis on industrialization, refineries and port-led development, there have been no major environmental disasters in Gujarat, along the coast, or elsewhere. Established in 2010, the Society of Integrated Coastal Management (SICOM) has implemented an Integrated Coastal Zone Management (ICZM) project in the Gulf of Kachchh, together with two other such projects in Odisha and West Bengal. There are several dimensions to protecting the environment – water, air, waste, forests, wild-life and so on. Institutionally, the Forests and Environment Department has four executing agencies – the Gujarat Pollution Control Board (GPCB), the Gujarat Ecology Commission (GEC), the Gujarat Institute of Desert Ecology (GIDE) and the Gujarat Environmental Management Institute (GEMI).

GPCB has draft action plans for critically polluted areas like Ankleshwar, Vapi, Ahmedabad, Vatva, Bhavnagar and Junagadh. There has been an emphasis on cleaner production technologies in industries like dye and dye intermediates, chemicals and petrochemicals, pharmaceuticals, textiles, food and agro-based industries, fisheries and pulp and paper products. Defaulting industrial units have been served closure notices. Common effluent treatment plants (CETPs), sewage treatment plants (STPs), Common Hazardous Waste Treatment, Stabilization and Disposal Facilities (TSDFs), Common Biomedical Waste Treatment, Stabilization and Disposal Facilities (CBMWTFs) and common incinerators have been set up. 22 illegal hazardous dumping sites were identified and hazardous waste there shifted to TSDFs. The 2009 Industrial Policy includes environment management as part of infrastructure development and provides for these being developed on PPP basis in new industrial estates. Municipal townships and colonies also have sewage treatment plants. Municipal waste is treated and disposed of through common secured landfills and Gujarat Urban Development Company Limited creates the infrastructure for treatment, transportation and disposal. There are several Clean Development Mechanism (CDM) projects, with certified emission reduction (CER) norms. There are plans for controlling air pollution in 7 cities and there is an ambient air quality monitoring programme for

Ahmedabad, Vadodara, Surat, Vapi, Bharuch and Rajkot. One should mention the Nirmal Gujarat Mission too, launched in 2007, focusing on cleanliness, the environment and public health. This has several different components – managing waste in industries, transportation and hospitals; protecting water bodies, trees, green spaces and heritage buildings; capacity-building; creating public awareness; and bringing about behavioural changes. This isn't only about urban Gujarat. For example, there are community-managed Decentralized Wastewater Treatment Systems (DEWATS), which also encourage local people in rural areas to build their own toilets, and there is also a campaign against open defecation.

Given Gujarat's growth, much more remarkable has been the increase in forest cover. Despite the extraction of timber, fuel-wood and bamboo, and commercial exploitation of NTFP and pressures of development and urbanization, this increase in forest cover is not something one would have expected a priori. In addition to traditional forests, 25,000 hectares of mangrove forests have been added in coastal areas. These are carbon sinks and absorb an estimated 50 tons of carbon per hectare. The big picture is a simple one. With the emphasis on growth and industrialization, it would have been easy for Gujarat to pay scant attention to the environment. Especially since the 11th Five Year Plan (2007-12), this isn't quite what has happened. There is increased attention to protecting the environment and sustainable development. If there is a trade-off between the two objectives, and that proposition can be contested, Gujarat hasn't accepted the trade-off.

## **In conclusion**

Is there a Gujarat story? Clearly, there is. That's reflected in high GSDP growth since 2002 and is also reflected in poverty declines, with no significant increase in inequality, data constraints notwithstanding. Is this reflected in human development outcomes improving, especially in backward geographical regions and backward segments of the population? The evidence suggests that there have been improvements, especially after the conscious focus on such regions and segments since the Eleventh Plan (2007-12). Therefore, if Gujarat is being criticized on inequitable development, the time-line of data points is important. Pre-2007 data are not pertinent and one must also remember that



social sector outcomes often improve with a time-lag. At best, one can complain that these improvements are not yet reflected in northern and central Gujarat.

If one accepts this Gujarat story, one can move on to the next question. What is the Gujarat model and what has happened? It is one of freeing up space for private initiative and enterprise and the creation of an enabling environment by the State. It is one of decentralization of planning and empowering people. It is about targeted public expenditure through specific schemes, supplementing CSS-s with State-specific schemes. It is one of bureaucratic empowerment and improving the efficiency of public expenditure. It is one of feedback loops from the government machinery to people and from people to the government machinery. It is one of delivering public goods (water, roads, electricity, schools, education). Stated thus, this is a standard development template that any State ought to adopt and implement. The difference is that not too many States have implemented the template. It is always difficult to disentangle the various factors that go into ensuring the successful implementation of the Gujarat model. First, there is a legacy factor and earlier Gujarat governments, prior to 2002, have left positive impact. Second, Gujarat has had a healthy tradition of private entrepreneurship and an equally healthy skepticism of government. Third, in sectors like water and roads, Gujarat has also benefited from favourable exogenous circumstances, as it has from negative push factors in other States, automobiles and auto ancillaries being an obvious instance. Fourth, the present political leadership has also had a role in empowering the bureaucracy, clamping down on corruption, decentralizing planning and delivery and focused intervention for backward regions and segments. While disentangling is difficult, it would be uncharitable and unfair to deny this fourth element. The pride in “asmita” begins from the top. And if that is disseminated and successfully trickles down, quite a bit has been achieved.

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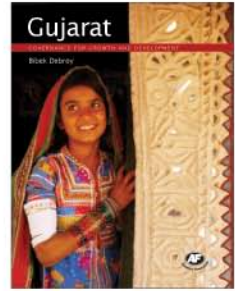
\* *Gujarat: Governance for Growth and Development*, Bibek Debroy, September 2012. Published by Academic Foundation, New Delhi; hardcover, pages 166, all colour—includes maps and photographs; ISBN 13: 9788171889815; Rs 795; US \$39.95. [www.academicfoundation.com](http://www.academicfoundation.com)

# Gujarat:

## Governance for Growth and Development

by Bibek Debroy

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Gujarat's macroeconomic growth story has been commented upon. This is not just about a double-digit GSDP growth in the last 10 years. It is also about an even more remarkable double-digit growth in agriculture. However, questions are often raised about this growth. Isn't this just about industry and manufacturing? What about the social sectors? What about deprived segments of the population and deprived geographical areas? Haven't they been bypassed?

Growth isn't the same as development.

This book isn't about Gujarat's growth alone. It is about development too. It isn't just about vibrant industry. It is also about the perceptible improvement in social sectors, especially noticeable after 2007. It is a story of education and health, water, electricity and roads. It is a story of how these benefits have trickled down and how deprived segments have been main-streamed. That Gujarat model, so to speak, has implications for other States too, since it is about governance, efficient public expenditure, decentralisation and participatory planning. The focus of this book, deliberately not written in an academic style, is to draw attention to that development template. While there can be disagreement about what the Gujarat model represents, and what it does not, and about what made the Gujarat model work, before any debate, there ought to be a statement of the facts. That's what this book sets out to do.

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