

Local economic development programs in india assignment

[Sociology](#)



Local Economic Development Programs in India An essay by Judith Retrieve, Rotterdam School of Management, The Netherlands Introduction In this essay, I try to find an answer to the following question: How can the private sector best serve the unmet needs of Indian's people in a sustainable way? I will answer this question from a local economic development perspective. Local economic development is " a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation". The World Bank, 2010) The purpose of local economic placement programs is to build up the economic capacity of an area to improve its economic future and the quality of life for all. Partners from different sectors work together to collectively achieve goals, although the initiative for LED programs usually comes from the governmental sector. I believe the LED perspective is an excellent viewpoint from which to address the issue of serving the unmet needs of the Indian people, as its focus is not only on economically improving the region, but also on improving the life of the people within that region.

Thus, successful implementations of LED programs may enable the Indian people to reap more benefits from globalization. Within the LED perspective, I will not focus on the Indian domestic private sector, but on private enterprises from foreign countries, and how they should act in order to support India in serving the unmet needs of its people. I believe that the involvement of foreign multinational enterprises in local economic development will enhance the welfare of the Indian people.

These One's could come from any country, as long as it has funds available for investing in India and has interest in serving the big Indian market. Three questions form the foundation of this article. Who exactly are the actors in a LED program, and how is a successful LED program developed? What exactly is to be gained by the participation of One's in local economic development programs, both for the One's and for India? And how exactly should One's participate in Indian LED programs?

The essay comprises a general discussion of LED programs in emerging countries, complemented by the implications for both the Indian government and foreign One's in this country. By writing this essay I hope to increase the awareness of multinationals regarding the Indian possibilities in the field of LED, and to motivate the Indian country to attract foreign multinationals in LED programs. Although the essay is theoretical in Local Economic Development Programs in India By Lancashire potential in this area, and to provide the reader with an answer to the question of how to serve the unmet needs of the Indian people. . Actors in local economic development LED is usually strategically planned by the national government. Implementation is carried out by the public, private and nongovernmental sectors according to their abilities and strengths. (Helmsmen, 2001) Actors from the public sector may be the national government, regional governments, public universities and governmental organizations. Actors from the private sector include multinational, national and regional enterprises and private universities; the nongovernmental sector covers nongovernmental organizations. 2.

The development of a successful LED program Good practice suggests that local economic development should always be guided by a strategy.

(Sunburn, Gaga and Murphy, 2006) Typically, this strategy exists of five stages that are described below as separate stages but which, in reality, may occur simultaneously. Stage 1: Organizing the Effort The initiative for LED programs usually comes from national governmental bodies. This means that the national government makes the overall plan and decides on the main objectives of the program, and subsequently searches for partners in the program.

This search takes place during the first stage of the program and ends when a team is established that will initially manage the LED process. This team is made up of actors from public, private and non-governmental sectors. As these team members all have different interests, an important part of this stage is the negotiation phase, during which the overall goals and the individual goals of the participants are discussed and relationships are built.

Stage 2: Local Economy Assessment The second stage of the LED program deals with the thorough investigation of the local economy. Knowing the characteristics of the local economy is critical if stakeholders are to identify and agree a realistic, practical and achievable LED program. (Sunburn, Gaga and Murphy, 2006) Stage 3: Strategy Making Meetings are held with all kinds of stakeholders during the Strategy Making phase in order to reach an integrated LED program in which economical needs are balanced with environmental and social needs.

The specific projects that make up the general aerogram are also developed in this stage, and specific strategies for these projects are designed. Stage 4: Implementation As the name implies, during the Implementation phase, the LED program is the budgetary and human resource requirements, and institutional and procedural implications. The plan includes a separate action plan for each project within the overall program. Stage 5: Review The Review phase takes place throughout the whole program.

Although a LED program is usually designed for a three to eight-year period, the program should be reviewed annually to allow for adjustment in response to changing local conditions. Sunburn, Gaga and Murphy, 2006) Reviewing the LED programs is extremely important for further development of the region. These five stages would form the core of a successful LED program initiated by the Indian government. Here, it is important that the Indian government has an international orientation in the initiation of the LED program, because it stipulates the exact role for the foreign MEN in the process.

Birth?? laze (2005) distinguishes four local economic development scenarios. Whereas the first three scenarios (the “ wait and see”, “ development from within” and “ development from above” scenarios) ignore he role of foreign players in the LED program; the “ development from outside” scenario is applicable to countries that rely on outsiders that are actively attracted, in order to bring in the necessary resources that are needed to reach economic development.

This last scenario describes the international orientation that should be adopted by the Indian government. 3. Benefits for India The foregoing tells us that One's should be actively involved in the local economic development of India. But what exactly is there to gain for the Indian country? With the right regulatory and policy climate, foreign investment is vital for bringing access to what is needed - capital, technology and managerial and environmental best practices - to spur development. Multilateral Investment Guarantee Agency, 2009) The Multilateral Investment Guarantee Agency on its website (2009) states that FED in a developing region brings access to finance, new technologies, modern business practices and market links for smaller companies. Other benefits that Indian people may reap from the participation of One's in the process of LED, are the creation of new Jobs, the arrival of new products and the availability of financial resources. These all constitute needs of the Indian people.

Another important advantage is the impulse that the arrival of an MEN may give to local entrepreneurship. The MEN brings new knowledge to India, and it may even take an active role in helping the local population set up and run their own companies. This role is stressed by the Multilateral Investment Guarantee Agency (2009) when they say that direct investment can play an important role in small and medium enterprises development, either through Joint ventures with local partners or through the establishment of wholly foreign-owned enterprises.

Foreign Direct It is clear that participation of One's in LED programs can turn out to be fruitful for India. The Indian government should be aware of the

positive contribution that One's can make to the economic development of the country, and they should actively attract foreign One's to the country. This is done by the pursuit of macro- economic stability, improvements of the functioning of market-regulating institutions and the strengthening of procedures for contract enforcement and dispute settlement.

Additionally, attractive and coherent trade, tax, competition and investment policies should be implemented. These are supposed to affect the volume of investment and its development impact. (Organization for Economic Cooperation and Development, 2006) 4. Benefits for the MEN What could be reasons for One's to invest in India by participating in LED programs? It is clear that LED is not a profitable undertaking per SE; and as Birth?? laze (2005) states; LED is not about making money. So what does a profit-seeking MEN look for in LED programs?

Which benefits are to be gained? Research conducted by the Multilateral Investment Guarantee Agency (2002) shows that market access is the main objective in establishing foreign operations. The next wow objectives that are most common are the reduction of costs and the consolidation of operations. Clearly, differences exist between firms from different sectors. Whereas manufacturing firms primarily aim at the reduction of costs; service companies highlight innovation in their FED process.

The extraction of raw materials and the use of local labor are other common reasons for One's to be active in countries like India, as these inputs are generally cheaper and/or more available than in the firm's country of origin.

One's might also reap the benefits of legal systems for labor rights, trade

<https://assignbuster.com/local-economic-development-programs-in-india-assignment/>

practices, environmental effects, etc. Bassett, 2005) 5. Conflicting expectations? The foregoing shows that differences may exist with regard to the individual goals that One's and the national government of India want to achieve in a LED program.

The challenge for One's and the national government is to find a way in which the objectives of both actors are accomplished. Reality shows us that often, agreement is reached on LED programs in which both the benefits of the local government and the participating MEN are achieved. Whereas an MEN might find access to new customers by locating itself in a region, the arrival of the MEN in that region may be beneficial for that region as it creates hundreds of new jobs. An MEN might offer to educate local people in exchange for them to work for the company for several years.

In this way, the level of education within a region is enhanced, while the MEN benefits from the availability of cheap, well-educated benefits might also be found in other areas of the LED process; One's might fund local universities, which on the one hand improves the level of higher education in the region, and on the other hand fosters the future prospect for the MEN of the availability of high-educated personnel. Agreements between One's and national governments about the reduction of income taxes in exchange for the supply of managerial knowledge are also common.

These are all examples that could convince foreign One's and the Indian government that it is possible to achieve the goals of both parties in Indian LED programs. Obviously, these benefits are only achieved when we deal with equal bargaining power among the actors in the LED program.

<https://assignbuster.com/local-economic-development-programs-in-india-assignment/>

Conclusions will be dramatically different in the case of superior bargaining power of one party over the other. Furthermore, I assume here that the negotiations take place in a fair, transparent manner, and issues of corruption and hidden agendas are left out of consideration. 6.

How the MEN should act The aim of this essay is to address how foreign One's should act in order to serve the unmet needs of Indian's people. Therefore, I will now discuss the appropriate set of behaviors needed by One's in Indian LED programs. Sunburn, Gaga and Murphy (2006) elaborated on the determinants of success in LED programs, and came up with guidelines for successful LED programs. Multinational enterprises need to act in line with these guidelines in order for the LED program to be successful. Thus, the skills associated with successful behavior will lead us to the answer on how an MEN should act in local economic development.

The first guideline asks for an integrated approach. It asks for the actors in the program to hear all stakeholders involved and to listen to their needs. The skills associated with these actions are the ability to identify all stakeholders that are part of the process and the ability to listen to them carefully. Hence, the regional knowledge of an MEN and its ability to listen well to other actors, adds to the overall success of the program. The second guideline denotes a carefully developed strategy based on a shared vision.

The success of the negotiations determines whether a shared vision is reached or not. Thus, if an MEN wants to add to the success of a LED program by achieving a shared vision, it needs to be able to negotiate in a correct way. Finally, the third guideline to successful LED programs refers to

<https://assignbuster.com/local-economic-development-programs-in-india-assignment/>

the appointment of defective leaders who bring commitment, credibility and an ability to unite stakeholders. It is clear that for an MEN to act corresponding to this guideline, it needs to be a committed, credible and uniting leader. Would adopt in order to reach a successful LED program.

These are: Existing knowledge about the region Degree of commitment to the program Degree of credibility Ability to listen to other stakeholders Ability to unite stakeholders Ability to negotiate Based on these six characteristics and skills, we can conclude that in order for an MEN to contribute to a successful Indian LED program, One's should have existing knowledge about India; be genuinely committed to the program; be a credible partner; and have the ability to listen to other stakeholders, to unite stakeholders, ND to negotiate.

Obviously, the specific behavior that an MEN should adopt is company and industry dependent. Conclusion and recommendations This essays shows how foreign One's can support India in serving the unmet needs of its people by participating in local economic development programs. I demonstrated that the participation of foreign One's in these programs can turn out to be fruitful for both the MEN and the Indian country.

The essay stipulates that local economic development programs in India should be strategically planned by the national government, and implemented by companies ND organizations from the public, private and nongovernmental sectors. A successful LED program will be developed in five stages. First, a team is established that will initially manage the LED

process; then, the local Indian economy is assessed. Subsequently, strategy making takes place, followed by the actual implementation of the program.

Finally, the LED program is reviewed. In this last review stage, it will become clear to both the foreign MEN and the Indian government which benefits are gained from the LED program. Probable benefits for India would be access to capital; market links for smaller companies; the creation of new jobs; the arrival of new products; access to new technologies, modern business practices, and environmental best practices; and the impulse that the arrival of the MEN has given to local entrepreneurship.

Likely benefits for the MEN include market access; reduction of costs; innovation; the consolidation of operations; extraction of raw materials; the use of local labor; and legal systems for labor rights, trade practices, and environmental effects. In order for these benefits to be gained, the MEN should adopt an appropriate set of behaviors. The MEN should have existing knowledge about India; be genuinely committed to the program; be a credible partner; and have the ability to listen to other stakeholders, to unite stakeholders, and to negotiate. Actively seek for foreign investors to participate in local economic development programs, so that they can bring necessary resources to India. I encourage One's from other countries to consider participating in Indian local economic development programs, as this essay shows that there is a lot to gain from this participation. In my view, the involvement of foreign multinational enterprises in Indian local economic development programs is the key to serving the unmet needs of the Indian people.