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South Asia Growth Conference

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The first day of the IGC South Asia Growth Conference 2013 was opened by Pronab Sen, (*IGC India-Central*) who welcomed delegates to the conference and explained the unique policy-focused perspective of the IGC.

Session 1: Schooling

In session 1, all three presentations examined the challenge of converting increases in schooling inputs into learning outcomes. The first presenter, Nishith Prakash (*University of Connecticut*), discussed Bihar's cycle programme which aims to increase access to high school for girls in Bihar, and showed that it was successful at creating incentives for enrolment, but not for achievement. Prakash also proposed that the conditionality aspects of the programme were not critical to its success, and that, beyond education, it might have broader impacts on female empowerment by improving teenage girls' mobility and independence.

The second presenter, Karthik Muralidharan (*University of California, San Diego*), presented on the impacts of Andra Pradesh's School Choice Project, a school voucher programme, and demonstrated that private schools appear to be a lot more productive than public schools. Despite not leading to better test scores in Telegu and mathematics, attending private schools appear to lead to higher scores in Hindi, English and social sciences. Furthermore, and going against oft-mentioned public concerns, the spillover effects of this project appear to be negligible both for students who remained in public schools as well as for those who were already attending private schools prior to the programme.

The third presenter, Atonu Abbani (*University of Dhaka*), presented the results from an evaluation of CDIP's extra tuition program in Bangladesh and concluded that, while the programme did not manage to substantially increase pupils' test scores, it significantly reduced the dropout rate for participating students.

Finally, as part of the open session, conference participants engaged by asking critical and constructive questions to our presenters. Among others, they inquired into the reasons why parents themselves did not buy bicycles for their daughters, the consideration of "character-building" aspects of schools in measuring their performance and the qualifications of the instructors in the Bangladeshi extra tuition programme.

Session 2: Public sector and programme design

M Musharraf Hossain Bhuiyan (*Government of Bangladesh*) chaired the second session of the day which looked at design aspects of development projects in the public sector. The first presenter, Maitreesh Ghatak (*LSE and IGC India-Bihar*), along with Chinmaya Kumar (*IGC India-Bihar*), discussed different design aspects of the Bihar cycle programme for high school children. They showed that despite high levels of inclusion and limited levels of detectable corruption, the majority of beneficiaries would have preferred to receive a bike (an "in-kind" transfer) rather than cash. Whilst the implementation of the scheme—particularly having to submit a receipt prior to receiving cash—played a role in this, the reasons behind this preference were predominantly on the demand-side; such as income levels, access to credit, and the distance to a bike store.

The second presentation, Rohini Somanathan (*Delhi School of Economics and IGC India-Bihar*), examined how to incorporate the differing availability of public goods into the measurement of poverty, which is primarily based on private consumption data. The research uses survey data on the availability of schooling, healthcare and subsidised food grains data from Bihar to show that accounting for the provision of public services results in a fall in overall poverty. However, it also leads to an increased spatial dispersion in poverty rates due to poor regional targeting of public spending.

Adnan Khan (*LSE and IGC*) presented an on-going project looking to improve the efficiency of public procurement in Punjab. Previous studies have shown that inefficiencies in public procurement can cause significant levels of wastage, mostly passive waste, rather than corruption. This project has, from the outset, been designed in close collaboration with the policymakers in Pakistan, allowing for incremental policy influence throughout the lifetime of the project. It uses a sample of cost centres to examine how procurement officers respond to changes in their processes and incentives, and then use these results to design an optimal mechanism for procurement of generic goods. The treatments being used include relaxing financial rules to ease liquidity constraints, and rewarding top performers with an annual honorarium.

The presentations also raised lively discussion from the conference audience. There were questions covering the success of the cycle scheme in limiting corruption through the visibility of the benefits and the collective action, the importance of the differing in value of in-kind and cash transfers affecting people's preferences, the importance of intra-household dynamics when transfers are received, comparisons with private sector procurement practices in Pakistan, and the ways to ensure successful collaborations between academics and government officials. The Chair closed the session by thanking the presenters and highlighting the importance of in-depth academic work of this type for government officials in developing countries.

Ideas for India
Ashok Kotwal (*University of British Columbia*) gave the conference an outline of the Ideas for India portal which is celebrating its first birthday tomorrow, 19 July 2013. A key inspiration behind the portal was to make the wealth of research done by the IGC and other researchers available in an accessible format to policymakers and lay-people. The portal, which publishes two to three articles per week, attracts 8,500-9,000 total visits per month, and has nearly 1,300 Twitter followers and 815 Facebook followers. The portal is also open-source, so any respectable publication is encouraged to re-print the information. A variety of contributions are sought: 'Columns' from researchers about empirical and other studies, 'Debates' between researchers and policymakers, 'Notes from the field' from civil society organisations and others working at the grass roots level, and 'Reflections' which are opinion pieces. Contributions are encouraged from all researchers working in this field as well as comments on existing pieces.

Policy panel: Trade integration in South Asia
The panel was chaired by Tony Venables (*IGC and Oxford University*) and issues on the welfare costs of India's partition, the weak connectivity of the region, and distrust among countries dominated discussions. Robin Burgess (*IGC and LSE*) presented his co-authored on-going project on "The cost of international disintegration". The main question is what the effects of partition of India into modern-day India, Pakistan and Bangladesh, are on intra-national and international trade. The authors use a Ricardian general equilibrium model. By observing changes in trade frictions (making trading costs prohibitive), the authors capture the effects of GDP and welfare. Results show that from partition, Pakistan's welfare falls by around 4% of GDP, whereas India's welfare falls by 2% of GDP. The main policy message is that the cost of disrupting trade could be very large, and potential gains from reinstating free trade agreements is also large.

Nagesh Kumar (United Nations Economic and Social Commission for Asia and the Pacific) stressed that distrust and weak intra-regional trade are symptoms of the whole South Asia (SA) region, save a couple of exceptions. Studies show that intra-regional trade is only ¼ or 1/3 of its potential. Whereas regional production networks that have been driving industrial restructuring in other regions, have not been taking off in SA due to lack of trust, a more important concern is connectivity. The costs of doing trade within SA are much higher than any other region. Although there are national forums that try to address the issue of connectivity and shared infrastructure, there is a need for a more regional approach, a need to integrate national strategies.

T.N. Srinivasan (Yale) noted that prior to the partition India, Bangladesh and Pakistan were joined in political union, a customs union and a currency union. This deep integration, which Europe is struggling to achieve, was abandoned and South Asia is now the least integrated region in the world. However, Srinivasan expressed doubt about the benefit of India's current focus on negotiating bilateral trade agreements.

Venables raised concern about the model used in Burgess' work, in its reliance on the assumption that the substitutability between domestic and foreign goods is the same across all goods. He emphasised that this can't be true: if a country has no domestic oil reserves, there is no easy substitute for imported oil. He noted that when you allow for differences of trade elasticities across sectors, this increases the model's estimates of the gains from trade by a factor of about eight. This would suggest that the results presented by Burgess are in fact lower bounds. Venables also expressed some concern about the use of an "off-the-shelf" model that is not fine-tuned to the specific context, which again may contribute to low estimates for the gains from trade.

In the discussion following multiple audience members emphasised that the time of partition was not a "typical period" due to political upheaval, and for example, the large amount of cross-border migration. Burgess noted that for this reason, and the concerns raised by Venables, the authors will also analyse disaggregated sector and regional data that dates back to 1870. On the topic of regional integration schemes, Kumar, echoing Venables, emphasised that negotiations are no longer simply about bargaining for market access. Rather, the purpose of regional integration schemes is much deeper integration, concerned with foreign direct investment and engagement in production networks. Kumar advised that countries who are not pursuing regional integration do so at their own peril.