

# Policy making and evidence – A practitioner's perspective

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The  
development  
narrative

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There is a development problem.

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Policy makers need solutions.

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There should be evidence about  
those solutions.

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The evidence should be rigorous.

# RCTs and their practical relevance - 3 studies

- Efficacy of breathalysers, high fines, and random inspections in controlling drunken driving
  - What's new here – widely used for decades across India and elsewhere?
  - The challenge is in operationalising this in resource constrained and weak capacity environments – so these have remained campaign efforts
  - Also advocates the redundancy of middle-managers – can cause more problems
- Efficacy of third-party audits of industrial units to control pollution
  - Again, what's new here – widely used in engineering works?
  - The challenge is with implementation – gaming of audits, capture of auditors etc
- Efficacy of random sample telephone feedback to monitor implementation
  - Again, what's new here – widely used for nearly two decades?
  - The challenges are with its effective operationalisation and the risk of another failed shiny technology-focused intervention

# What agitates policy makers? - Field

- What should be my three top priorities in health, education, agriculture, livelihoods, and social protection? What handful of outcomes should I monitor on each, and how to do so?
- Which are the 5-10 infrastructure projects that I should monitor periodically?
- What are the three best uses for the Rs 100 million annual innovation budget available?
- What are the problems with the procurement systems across Departments? How can procurements be made more transparent and cost-effective?
- What is the most effective way to review my Departments (and flagship programs) – what should be the periodicity of review of officials at different levels, what should be the review agenda for each level, and how to follow-up effectively?
- How to make the best use of data for monitoring field activities and progress of programs?
- How do I optimize the effectiveness of my field inspections?
- How should I rationalize my staff deployment – right numbers of people looking after the priorities?
- What is the most effective system for inter-departmental co-ordination?

# What agitates policy makers? – Industrial Policy

- What is the assessment/quantification of India's SEZs in job creation, output increase, and the broad area of externalities including technology spill-overs and displacement effects? How does it compare with China's SEZ policy? How could a Charter Cities based (or rules-based) approach be differential, and what are its likely quantified gains?
- What is the assessment/quantification of India's tax and inputs concessions based industrial policy, both in terms of direct benefits and externalities? What has been its impact on the growth of SMEs compared to the larger enterprises? What are the alternative industrial policy levers that can be used, from experience of other countries, and its likely impact on tax revenues and economic growth?
- What has been the relative impact of the primary industrial policy levers of fiscal concessions and input subsidies on SMEs and large firms?
- An assessment of the EoDB reforms and comparative studies – what has worked and what has not?
- What have been the relative net job creation by large enterprises and SMEs, impact of MNCs on domestic enterprises and their productivity, technology transfer gains from MNCs? What is the relative impacts on productivity, output, and job creation from FDI and domestic investments?
- Why does the Global Value Chain elude India? What can be done to connect India into the GVC? How have countries established and tightened connections with the GVC and learnings for India?

# What agitates policy makers? - Urbanisation

- What are the costs associated with India's low FAR and consequent urban sprawls, in terms of housing affordability, urban commutes, and environmental pollution? What is the cost on urban productivity and growth due to low FAR?
- An assessment of property tax revenue collections compared to peers? What are the possible sources of local government revenues in India and their respective potential? What is the potential for value capture finance and FAR purchases?
- The magnitude and scale of India's affordable housing problem and its economic consequences. What are the policy responses from the experience of other countries? Has urban renewal been accompanied by gentrification and its impact on inclusiveness? What are the important drivers of urban property prices? How has India's urban public housing program worked – its impact and comparison with other countries? The relative impacts of the major instruments – mandates, higher FSI, public housing, release of public lands – on housing prices and affordable housing stock.
- Assessment of India's urban utilities provisioning compared to peers? What has been the cost of externalities due to traffic congestion, air pollution, interrupted water supply, deficient sewerage facilities and discharge into rivers, open solid waste dumping etc.?
- How does India's property tax system compare with those of its peers? How has it responded to various policy instruments and infrastructure augmentation? How do tax rates vary across Indian cities, and what learnings about good practices and positive trends from them?

# How Policy gets made?

- Policies rarely made on clean slates. They are political choices. We overestimate the “technical agency” over policy making.
- Policy versions (and programs) are mostly the result of marginal improvements to existing initiatives and are very rarely introduced as completely new versions.
- The specific first-order decision choices (for research to influence) are rarely, if ever, binary ones.
- Policy is made in real-time
- The policy space is one of ideas already in circulation. Often due to a confluence of factors, an idea becomes ripe enough for scale.

# What constitutes evidence?

- Policy making is not handicapped by lack of evidence of causality and the lack of evidence is not the reason for non-adoption of an idea.
- Like policy, evidence too has to build on legacies, priors and theories.
- Evidence for whom? - distinction between the evidence requirement for insider practitioners and outsiders.
- What kind of evidence? – evidence of efficacy from an individual pilot conveys little of real relevance. The challenge is with scale implementation.
- What do policy makers need as evidence? – they need insights about the program which can help them make the right choices on its design elements and implementation processes.
- Objective but prudent standards, and not technical rigour matters.