STRENGTHENING PUBLIC SERVICES,
ENHANCING SOCIAL PROTECTION:
LESSONS FROM THE INDIAN EXPERIENCE

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Making sense of India has, at the best of times, never been easy. Not just because of its size, bewildering social, ethnic, regional and economic diversity, or even its complicated history. It is almost, as if, one is trying to paint a picture of Europe. Little surprise that most analysts, Indian or foreign, take refuge in maxims such as, 'Every statement about India is both true and false simultaneously', the veracity of the statement conditional on time, contest and the part of the country one is talking about.

Nevertheless, irrespective of the frame of analysis deployed, most analysts concur that Indian's record as a modern, democratic Republic in meeting the basic needs of a substantial proportion of its citizenry – despite its recent experience of fast economic growth – has been remarkably limited. It is not merely that income distribution has been getting more unequal in recent years, but also that real wages have remained relatively stagnant. Equally, the public revenue generated by rapid economic growth has not been used to expand the social and physical infrastructure in a determined and well-planned way. There is also a continued lack of essential social services (from schooling and health care to the provision of safe water and drainage) for a huge part of the population. Little surprise that while India has overtaken many countries in the progress of real income (despite recent slowdown in GDP growth), it lags behind in terms of social indicators such as longevity, literacy, child malnourishment, maternal mortality, among others, including its poorer South Asian neighbours.¹

This brief note discusses a few recent attempts at speeding up progress in poverty reduction and ensuring a process of development that is more socially and economically inclusive, both through an enhanced allocation of public resources for social sector programmes as also introducing, for the first time, a regime of legally enforceable entitlements guaranteeing access to employment,

basic education and food. Even more innovative and daring is the official recognition of the role of democratic politics – political parties, social movements and civil society actors – both in educating and mobilizing affected citizens to demand their rights and for sustaining pressure on the state to deliver on its commitments.

**Integrating growth and development**

Before discussing India’s recent record in poverty alleviation and ensuring inclusive development, it is important to keep in view the different reactions to rates of economic growth. After averaging between 8 and 9 per cent growth for close to a decade, in recent years India’s GDP growth has slumped to around 5 per cent, a reflection of the moderating of growth in the global economy. Yet, while this figure would be welcomed with ecstasy in, say Europe, it invokes dismay in India. More critically, it generates huge pressure from influential sections to drastically cut-back on provision for ‘what is decried as wasteful expenditure on unproductive investments’ and further deepen business friendly pro-market policies. Even while recognizing the importance of high and sustained growth, such a discussion sidesteps concerns about the character of the growth process, including its equity and sustainability.

There is little dispute that starting with the phase of economic reforms two decades back, India has experienced substantial success in both raising GDP growth rates and in poverty reduction. Estimates vary, but using the official poverty line, most agree that the proportion of poor in India have come down from a high of over 45 per cent to around 28 per cent today. But as critics point out, not only is the cut-off point very low, a large number are clustered around the poverty line. This implies that depending upon the vagaries of their situation, many people can easily slip back into poverty. Further, if we double the cut-off level, still low, the figure would rise to around 80 per cent (2004-5). This both
demonstrates the fragility of the poor as also highlights the distance the country needs to cover.  

Equally significant is the fact that while the top one-fifth of the population has significantly improved its living standards, the story for the underprivileged groups has been less exciting. Between 1993-94 and 2009-10, average per capita expenditure in rural areas grew at only around one per cent per year, and even in urban areas, the rate was a measly two per cent per year. Moreover, barring the last five years or so, the growth of real wages in agriculture on which close to two-thirds are dependant, was virtually zero. The situation for the casual, ‘unskilled’ workers also remains relatively dismal. This, incidentally, stands in sharp contrast to China, where real wages in manufacturing grew at around 12 per cent per year in the first decade of this century in contrast to 2.5 per cent in India.

Central to understanding the paradox of relatively high growth accompanied by poor progress in social indicators is both the impact of income distribution as also the use made of public revenue generated by economic expansion. Or to put it differently, has India managed to successfully deploy public resources for the enhancement of social welfare and thus improve the capabilities of its citizens, particularly those at the bottom of the ladder

In part this is because our planners remain divided on how to address both the constructive role of the market as also the constructive role of the state. The weaknesses on the former impact initiative, efficiency and coordination of complex economic operations. The failure on the latter front has resulted in a sluggish response to remedying our underdeveloped social infrastructure, particularly in health, education, sanitation and so on and in building a system of accountability and collaboration for public services. It is the latter which best explains our patchy record on meeting social development, and thus social protection, targets.  

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In comparative perspective: How does the Indian experience compare to its BRICS (Brazil, Russia, China, South Africa) counterparts? While all those countries have large populations, India is not only much poorer (its per capita GDP adjusted for purchasing power parity is less than half of China, one-third of Brazil and a quarter of Russia), unlike the others who have achieved near universal literacy in the younger age groups, one-fifth of all Indian men in the 15-24 age group are unable to read or write, as are one-fourth of all women in the same age group. More than 40 per cent of its children under the age of five are malnourished and an astonishing 40 per cent stunted. Thus, India’s catching up has to do not only with per capita GDP but public services, social support and economic distribution. As Amartya Sen never tires of pointing out, India, in BRICS, is the only one that has not as yet gone through a phase of major expansion of public support or economic redistribution. China made enormous progress towards universal access to elementary education, health care and social security much before embarking on market-oriented economic reforms. So, incidentally did the former Soviet Union.

Interestingly, Brazil, moving away from its earlier high growth-high inequity path, following the promulgation of a democratic constitution in 1988, moved in a major way towards more inclusive approach based on active social policies – free and universal health care, programmes of social security and income support, and major expansion in the reach and quality of elementary education. It has also followed the route of placing some of these, viz. health care, as a matter of justiciable right – a path now being experimented with by India in relation to basic education, rural employment and food. What is less noticed is that these shifts in state commitment draw on the sustained involvement of social movements, a deliberate drawing in of democratic struggles in the shaping of public policy. Equally significant has been the care exercised in the designing of social programmes like the Bolsa Familia by use of targeting, conditional cash transfers, the involvement of local self-government in management of programmes, as also a funding equalization law which ensures a fair distribution
of funds. All these measures have not only resulted in significant sectoral improvements but also a reduction in social inequality.⁴

Some Indian experiments

Form the very beginning as a constitutional, democratic republic, India's leadership has recognized the importance of the need to pay special attention to the needs and aspirations of the socially, economically and politically marginalized. This is reflected no just in the Directive Principles of State Policy but also the plethora of programmes – across all sectors – designed to address the special needs of designated sections. Central to this design is the constitutional reservation – in the legislature, education and public employment – of sections classified as Scheduled Castes and Scheduled Tribes, a policy subsequently extended to social groups classified as socially and Economically Backward Classes. Equally important are a range of laws to protect the interests of religious minorities. And finally, is the attempt at mitigating the discrimination against women through a range of protective legislation and special schemes to enhance access to education, health care, and employment. While, it is not possible here to discuss the overall impact of various laws and schemes, many of which had to overcome significant social opposition in an unequal and patriarchal society, it is important to both remember and build upon the legacy of social reform, itself a product of the long struggle for freedom against colonial rule. Of particular interest is the more recent attempt to move many of these concerns, as reflected in the Directive Principles of State Policy, to the realm of juridical rights.

The most significant move, implications of which are still unfolding, was the passage of a Right to Information Law which places all information about the planning and working of public programmes, policies and authorities – with some exceptions particularly around issues of national security – in the public domain. As an enabling provision which opens up state/public authority

⁴ Flavio Comim, Poverty and Inequality Reduction in Brazil throughout the Economic Crisis, ISPI Analysis No. 196, 2012.
functioning to public scrutiny and questioning, the move has given great fillip to ongoing struggles and demand for accountability. Even as the law places new stress on public officials, demanding as it does a new relationship between officials and citizens it creates the possibility of greater participation in the everyday affairs of governance by, arguably, a better informed and aware citizenry.

This was followed by the Right to Education Act, which guarantees to all children, free and compulsory education up till class VIII. In conjunction with a range of other schemes and programmes to improve access, retention and learning, the RTE Act covers both public and private providers. Again, while it is early days, there is little denying that this concert of initiatives over the last two decades, reflecting both higher political commitment and enhanced resources, has greatly contributed to increases in enrolment and retention in schools across social and economic demographics. Nevertheless, concerns remain, particularly about the quality of education, the need to improve the number and performance of teachers, and to synergize other programmes of child welfare with schooling.

A special challenge before India relates to managing the diversity of provision in elementary education. Unlike other countries which have moved to near universal schooling based on a public provisioning system (state schools), India has a large presence of private schools. Both the public and private providers reflect a huge diversity in the quality of services offered. Additionally, Indian faces the challenge of a growing shift in preference towards private schooling, despite higher charges. Little surprise that many recommend a system of school vouchers, leaving parents free to choose the school they would want to send their ward to, as a recipe to cure the defects of the state schooling system and restore accountability. This, in many cases, diminishes commitment to public schooling, a trend which may be difficult to counter unless the country can significantly reform the functioning of the public education system.5

The problem in the health sector is even more complex and worrying. The increasing privatization and marketization of health, particularly, curative services, imposes severe public and private costs, particularly for a poor and malnourished populace. And though India has an impressive infrastructure of public health facilities, from the primary to the tertiary, as also some notable successes in preventive health (eradication of polio), there is little doubt that issues regarding health, unlike say in Brazil, reflect not just low outlays but also poor public engagement. They, for instance, rarely form part of the political programmes of different parties, though of late there has been the setting up of the National Rural Health Mission, provision of free generic drugs, some health insurance for the indigent population which can make a difference.

Unfortunately, public discussion in India rarely engages with issues of health care, barring those concerning tertiary level curative services. The fact of widespread and endemic malnutrition of children, the low rate of immunization, the general decline (with some exceptions) in primary health care, the lack of availability of subsidized if not free basic drugs, and the low health insurance coverage particularly in the large, informal sector has resulted in a non-healthy population. Not only does this impose serve costs on GDP growth rates, with some estimating the loss at close to 2 percentage points per year but can easily push the poor clustered around the poverty line below the already low rate. It should be remembered that expenditures on health in an eco-system dominated by private health care are the greatest cause of indebtedness amongst the poor.

Recognizing the ‘public goods’ character of the health of the people requires, first, the importance of the commitment to universal health care for the country as a whole. In this India needs to learn from the experience of both China and Brazil. This also demands a recognition that India’s transition from poor to good health cannot be achieved by primary reliance on private health care and insurance. Second, there is a need to go ‘back to basics’ as far as public provision of health care – both preventive and curative – is concerned. Third, the focus should be on preventing rather than curing disease – immunization, sanitation, public hygiene, and so on. Finally, issues of health and health care need to be
brought to the centre of democratic politics. Sustained engagement becomes more likely only when an informed citizenry brings pressure upon the state to reform and deliver.\textsuperscript{6}

A third area which has of late witnessed extensive debate has been the passage of a Right to Employment Act, resulting in the setting up of a National Rural Employment Guarantee Scheme. Alongside has been the recent Food Security Act, making available specified quantities of foodgrains (cereals, pulses, cooking oil) at subsidized rates to designated sections of the population. Both legislations and the associated programmes represent a significant shift in the move towards creating legal, justiciable entitlements for the deprived sections of the population. And while both the legislations enjoyed majority support in the Parliament, they have their share of critics, worried about what they claim is wasteful expenditure which not only diverts needed resources from ‘productive investment’ but also add pressure on India’s growing fiscal deficit, more so in a phase of slowing growth. In addition, there have been many criticisms about the design and implementation of these major programmes.

First, guaranteed rural employment up to 100 days per family per year to all those who offer themselves for work at specified wages. Despite leakages and inefficiency, there is little doubt that the NREGS has resulted in delivering an average employment level of about forty person days per household per year through an expansion of public works programmes. Though small in scale, this has resulted in enhanced awareness of minimum wages, a substantial increase in rural wages, reduced poverty and added to family incomes and, since the prime takers of the scheme are the poor and women, reduced social inequality. Alongside has been the additional creation of productive assets in rural areas. Nevertheless, there is significant and valid concern about design and implementation inefficiencies which, if left unaddressed, could substantially erode support for the programme.\textsuperscript{7}


\textsuperscript{7} Reetika Khera (ed.), The Battle for Employment Guarantee, Oxford University Press, Delhi, 2011; Shylashri Shankar and Raghav Gaiha, Battling Corruption: Has MGNREGA Reached India’s Rural Poor? Oxford University Press, Delhi, 2013.
Similar concerns mark the working of the food security system, operated primarily through a public distribution system of fair price shops. The major debate here has been on whether the scheme should be universal or targeted exclusively to sections classified as poor, i.e., those falling below the poverty line. The latter raises worries not only because of possible exclusion errors, which are serious, but equally because it fails to ensure a 'buy-in' from relatively better-off sections without whose support it is usually difficult to reform public provisioning. There is also a vigorous debate whether the ‘subsidy’ should be in kind or as a conditional cash transfer to the targeted population, leaving it free to choose the source of supply public or private – as also what it wants to spend the money on.  

There is little doubt that the existing Public Distribution System needs major reform. Fortunately, there are enough positive experiences related to design and implementation both from within the country and elsewhere, which need to be studied and built upon. To shift reliance to the market and private suppliers by moving to a system of cash transfers may turn out be hazardous given the unevenness in food markets as also unequal power relations within households which often result in moneys being spent on undesirable activities. More than getting trapped between ‘cash or kind’, the need is to put in place an effective system of income support and economic security, whether based on cash transfers or the PDS or a combination of the two.

Overall then, there is little doubt that in its six decade history as an independent, democratic republic, the country has made reasonable progress in reducing levels of poverty and enhancing the social security of the poorer and socially marginalized segments in society. True, much still remains to be done and democratic engagement with these issues need to be strengthened if the ‘fragile and uncertain’ progress is not to suffer a set back. Central to this process is to deepen the understanding that expenditures on social security programmes are not a luxury but rather essential in a country which is still poor. Equally, while one should be agnostic about the preferred mode of provisioning – public or

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8 John Dreze and R. Khera, Poverty and the Public Distribution System (mimeo), Institute of Economic Growth, Delhi 2013.
private – to give in to a market fetishism can turn out to be dangerous, not merely because of prevailing inequalities in resources, entitlements, skills and social status, but also because market mechanisms are poorly equipped to deal with and equitably allocate social and public goods. It helps that India is a vigorous (and noisy) electoral democracy, where a relatively free media and the freedom to organize in a variety of forums gives the opportunity to engage in public reasoning and generate pressure to influence public policy. Equally, it is critical that Indian scholars and policy makers move out of their somewhat obsessive focus with the country, not fall prey to arguments of Indian exceptionalism, and learn from experiences, both within the country and elsewhere, to improve the functioning of its systems and instrumentalities. It cannot be strongly enough emphasized that well-functioning public services can make a big difference to people’s lives.