

## **Enhancing Social Equity and Inclusion: Lessons from the Indian Experience**

Making sense of India has, at the best of times, not been easy, and not just because of its size, bewildering social, ethnic, regional and economic diversity, or even its complicated history. 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, context and the part of the country one is talking about.

Nevertheless, irrespective of the frame of analysis deployed, most scholars concur that India’s record as a modern, democratic republic – unusual amongst post-colonial nations for being able to sustain a vibrant, electoral democracy and, in the main, maintain social peace and avert significant breakdowns of law and order – reflects considerably less success in meeting the basic needs of a substantial section of its citizenry. Despite the recent experience of rapid economic growth – notwithstanding the current slowdown – it is worrying that both wealth and income distribution has been getting more unequal in recent years, more so because of its social, ethnic and regional correlates. Both the political and social conflict implications of a perpetuation of this trend can turn dangerous, if not efficaciously addressed within a manageable time frame.

To state more sharply, worsening indicators of income and wealth distribution acquire a sharper edge because improved economic growth has not been accompanied by a commensurate increase in employment and growth in real wages. Organized sector employment still accounts for less than ten per cent of the workforce, leaving a vast majority forced to eke out a living from an increasingly unviable agriculture, petty trade and services, and intermittent contractual employment. Simultaneously, 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 that might enhance social inclusion. There is still, despite considerable progress, a continuing lack of essential social services (schooling, basic health care, access to safe drinking water and improved sanitation, basic housing) for a large section of the population. It is a matter of national shame that close to seven decades since independence and sixty five years of a democratic republic, India fares poorly on most social indicators such as longevity, child malnourishment, infant and maternal mortality, completion rates in elementary education, not just globally, or in the BRICS cohort, but even among its poorer South Asian neighbours.

### Meeting MDG Targets

TABLE I

HDI Rank 2013	Country	HDI Value	Life Expectancy at Birth	Mean Years of Schooling (Years)	Expected Years of Schooling (Years)	Gross National Income (GNI) per capita	HDI Index Value 2012	Change in Rank 2012-2013
79	Brazil	0.744	73.9	7.2	15.2	14,275	0.742	1
57	Russia	0.778	68	11.7	14	22617	0.777	0
135	India	0.586	66.4	4.4	11.7	5,150	0.583	0
91	China	0.719	75.3	7.5	12.9	11,477	0.715	2
118	South Africa	0.658	56.9	9.9	13.1	11,788	0.654	1

Source: Human Development Report 2014.

TABLE II

<b>India</b>						
Goals and Targets	Indicators	First Year		Last Year		Percentage
		Value	Year	Value	Year	
<b>Goal 1: Eradicate Extreme Poverty</b>						
Reduce extreme poverty by	Proportion of population living below \$1.25 (PPP) per	49.4	1994	32.7	2010	-3.4

half	day (%)					
Reduce hunger by half	Proportion of population below minimum level of dietary energy consumption (%)	23.8	1991	15.2	2013	-36
Goal2 : Achieve Universal Primary Education						
Universal primary schooling	Net enrolment ratio in primary education (enrolees per 100 children)	78.2	1990	98.9	2011	26
Goal3: Promote Gender Equality and Empower Women						
Equal girls' enrolment in primary school	Ratio of girls to boys in primary education	0.74	1990	1.02	2011	39
Women's share of paid Employment	Share of women in wage employment in the nonagricultural sector (%)	12.7	1990	19.3	2010	52
Women's equal representation in national parliaments	Proportion of seats held by women in national parliament (single or lower house only - %)	5.0	1990	11.4	2014	128
Goal4: Reduce Child Mortality						
Reduce mortality of under-five-year-old by two thirds	Under-five mortality rate (deaths of children per 1,000 births)	125.9	1990	52.7	2013	-58
Goal5: Improve Maternal Health						
Reduce maternal mortality by three quarters	Maternal mortality ratio (maternal deaths per 100,000 live births)	560	1990	190	2013	-66

Access to universal reproductive health	Contraceptive prevalence rate (percentage of women aged 15-49, married or in union, using contraception)		40.7	1993	54.8	2008	35
	Unmet need for family planning (percentage of women aged 15-49, married or in union, with unmet need for family planning)		20.3	1993	20.5	2008	1
<b>Goal6: Combat HIV/AIDS, malaria, and other diseases</b>							
Halt and begin to reverse the spread of HIV/AIDS	HIV incidence rate (number of new HIV infections per year per 100 people aged 15-49)		-	-	-	-	-
Halt and reverse spread of tuberculosis	Incidence rate and death rate associated with tuberculosis	Number of new cases per 100,000 population	38.0	1990	176	2012	19
		Number of deaths per 100,000 population	216	1990	22.0	2012	42
<b>Goal 7: Ensure Environmental Sustainability</b>							
Reverse loss of forests	Proportion of land area covered by forest (%)		21.5	1990	23	2010	7
Halve proportion without improved drinking	Proportion of population using an improved drinking water source (%)		70.3	1990	92.6	2012	32

water						
Halve proportion without sanitation	Proportion of population using an improved sanitation facility (%)	17.7	1990	36	2012	103
Improve the lives of slum-dwellers	Proportion of urban population living in slums (%)	54.9	1990	29.4	2009	-46
Goal 8: Develop a global partnership for development						
Internet users	Internet users per 100 Inhabitants	0	1990	15.1	2013	-

Source for all tables:  
<http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Data/snapshots.htm>

This brief note discusses a few recent attempts at speeding up progress in poverty reduction and ushering in a process of development that is more socially and economically inclusive, both through an enhanced allocation of resources for social sector programmes, a more clearly defined role for involving private providers and finally, a regime of legally enforceable entitlements guaranteeing access to rural 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**

After averaging between 8 and 9 per cent growth in GDP for close to a decade, in recent years the figure has slumped to around 5 per cent, a reflection of both the moderating of growth in the global economy and the laxity in reforming the regime of laws and rules which arguably holds back the growth of Indian business. As indicated earlier, a slowdown in growth generates huge pressures from influential sections in society to drastically cut back on budgetary provisions

for ‘what is decried as wasteful expenditure on unproductive investment’ and instead invest scarce resources in improving physical infrastructure – power, roads, ports, communication, transportation – and deepen business-friendly pro-market policies. Unfortunately, much of this discussion, cast in an either-or mould, sidesteps concerns about the character of the growth process, most specifically its employment generation potential, equity and sustainability.

Despite considerable progress in poverty reduction, impossible without high and sustained growth, it must not be forgotten that even now close to two-thirds of the workforce is dependent on agriculture and allied activities, though the sector accounts for a mere 15 per cent of GDP. Incomes of those dependent on land are thus low, variable and in the long-run, unsustainable. The same holds true of all those in the petty services and trade sectors. Shifting the workforce, a vast majority under the age of thirty, to more productive organized sector employment is thus the only way to both reduce poverty and enhance participation. Simultaneously, while shifting the structure of wealth creation and employment necessarily remains the medium and long-term goal, new and better policies of social protection and safety nets need to be crafted for the poor, marginalized and indigent, both to meet constitutional obligations and ensure social peace. Equally, the country needs to equip those in the informal sector to be gainfully absorbed in the modern, organized sector. Or to ask differently: How should India seek to deploy its public resources for the enhancement of social welfare and thus enhance the capabilities of its citizens, particularly those at the bottom of the ladder?

Jean Dreze and Amartya Sen in their path-breaking study, ‘An Uncertain Glory: India and its Contradictions, 2013’ capture the dilemma thus. 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 front impact initiative, efficiency and coordination of complex economic functions. The failure on the latter front has resulted in a sluggish response in

remedying our underdeveloped social infrastructure, particularly in health, education, sanitation and so on and in building a system of accountability for public services. It is the latter which best explains our patchy record on meeting social development, and thus, social protection targets. Towards this end, we need to cast a fresh eye on not only our extant programmes and strategies, but be open to place in Indian experience in a comparative perspective, and learn from what others have managed to do.

### **In comparative perspective**

How does the Indian experience compare to its BRICS (Brazil, China, Russia, South Africa) counterparts. While all these countries have large populations, India is not only much poorer (its per capita GDP in PPP terms is less than half of China, one-third of Brazil and a quarter of Russia), unlike the others which have achieved near universal literacy in the younger age groups, one-fifth of the men and a quarter of all women in the 15-24 age group are still unable to read and write. Fortunately, this is a declining problem. Far more disturbing is that 40 per cent of its children under five are malnourished and an astonishing equal proportion stunted. The data for those with access to potable drinking water and sanitation is equally depressing. And though India has the lowest proportion of urban population in BRICS, though the absolute numbers are high, it seems ill-equipped to handle these numbers even at the level of basic housing. The proportion of those living in slums is the highest, (as is the number of those without access to basic goods and services). All these pose special challenges for Indian policy-makers.

Education: There is little doubt that in the last couple decades India has made major strides in eradicating basic illiteracy and increasing the numbers entering schools. A mix of enhanced budgetary provision (though public expenditure on basic education is nowhere near the recommended norm of 6 per

cent of GDP and is the lowest in BRICS) as also legislating a Right to Education Act which guarantees to all children free and compulsory education till class VIII has helped as have a multitude schemes to improve access, retention and learning covering both public and private providers. 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.

There are areas of special challenge, above all of how to manage the diversity of provision in basic education. Unlike other countries which have moved to near universal schooling primarily by relying on a public provisioning system (state schools), close to a third of Indian children study in private schools. Both the public and private providers reflect variations in ownership, management and quality of services offered. Intriguingly, despite charging fees, there is a growing shift in preference towards private schooling. Little surprise, that many today recommend a system of school vouchers, leaving the parents free to choose the school they wish to send their wards to, as a recipe to cure the defects of the state schooling system and restore accountability. This would, however, reduce commitment to public schooling with all its negative connotations, including enhancing inequality in provision and thus exacerbating social divisions since regulating private providers is considerably more difficult. A balance is critical.

An equally pressing concern relates to the quality of education offered, both in the public and private schools, and thus the preparedness of students completing basic education to acquire skills and enhance employability. Currently, India fares poorly in global rankings. The longer term implications of a poorly educated and ill-equipped workforce – increasingly young, urban, mobile and aspirational – for political and social stability can be easily imagined.

Health: Of all the countries in BRICS, India not only has the lowest proportion of public expenditure on health, drinking water and sanitation, it also



has the highest private, out of pocket expenditure on health by individuals, barring South Africa. Equally worrying is the increased trend towards *privatization* and marketization of health care, particularly curative services, which impose severe public and private costs, most of all for the poor and malnourished. 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 (viz. eradication of polio), there is little doubt the issues regarding health reflect not just low outlays but also poor public engagement. Debates on health policy, central and state government budgetary outlays, specific schemes of provision and insurance are less common, except in specialized circles and those too on tertiary curative services.

The fact of widespread and endemic malnutrition of children, the low rates of immunization, the poor availability of free/subsidized basic drugs, absence of health insurance coverage particularly in the unorganized sector, and many others similar issues have yet to acquire a political resonance. This despite the fact that illnesses constitute the single largest cause of private indebtedness and that an ‘unhealthy’ populace imposes severe costs on GDP growth rates, some estimating at 2 percentage points a year. Equally unattended is the growing burden on non-communicable diseases like hyper-tension, diabetes, asthma and so on alongside the already crippling communicable diseases like TB and malaria.

Recognizing the ‘public goods’ character of health of the people demands, first, an enhanced commitment to universal health care for the country as a whole. In this India needs to learn from both China and Brazil, the latter which has made health care a justiciable right. This also implies a policy recognition that India’s transition from poor to good health cannot be achieved by primary reliance on private health care and insurance. While strengthening the public provisioning of curative services, greater attention needs to be given to preventive measures – immunization, sanitation, public hygiene, pollution control and so on. Finally, is

the role of democratic politics. An informed and engaged citizenry is best equipped to bring pressure on the state to reform and deliver.

TABLE III

		Brazil	Russia	India	China	South Africa
Government expenditure on education, total (% of GDP)	2005	4.5				5.28268
	2006	4.95		3.09073		5.29268
	2007	5.08		..		5.17671
	2008	5.40	4.10	..		5.09122
	2009	5.62		3.21076		5.51055
	2010	5.82		3.31959		5.9584
	2011			3.85309		6.1283
	2012			3.79195		6.56919
	2013					6.23361
	2014					5.28268
Government expenditure on education, total (% of government expenditure)	2006	13.01976		10.41573		19.68185
	2007	13.2401				18.38215
	2008	14.10742	11.95923			17.90631
	2009	14.753		10.09299		18.30626
	2010	14.59056		10.50434		18.04437
	2011			12.86273		18.92162
	2012			12.94829		20.60978
	2013					19.14271
Health expenditure, private (% of GDP)	2006	4.945804633	1.950426	3.081706	2.700532	19.68185
	2007	4.928226087	1.927061	2.923832	2.310787	18.38215
	2008	4.741336665	2.748517	2.895287	2.316722	17.90631
	2009	4.939488869	3.392063	2.83583	2.444298	18.30626
	2010	4.772630749	3.234998	2.669316	2.273611	18.04437
	2011	4.82755066	3.124004	2.687488	2.269878	18.92162
	2012	5.000052367	3.179522	2.64694	2.384106	20.60978
	2013	5.000149645	3.401238	2.689701	2.460596	19.14271
Health expenditure, public (% of GDP)	2006	3.552083	3.354361	1.003672	1.849946	3.405638
	2007	3.528745	3.45289	1.016922	2.043435	3.46496
	2008	3.701301	3.416706	1.096624	2.311876	3.680592
	2009	3.946621	4.135935	1.217326	2.701424	4.048836
	2010	4.235581	3.686992	1.154689	2.702666	4.035049
	2011	4.346448	3.612696	1.142299	2.876118	4.107299
	2012	4.522786	3.324812	1.159177	3.02891	4.314725

	2013	4.66024	3.14594	1.278292	3.106907	4.326096
Investment in water and sanitation with private participation (current US\$)	2005	3164000	340300000	0	1007319000	
	2006	382600000	698700000	..	604261030	
	2007	140570000	174000000	142250000	1901875870	
	2008	828400000	..	75900000	973613620	
	2009	14800000	..	23530000	512430000	
	2010	230400000	..	..	639700000	
	2011	127500000	..	..	591630000	
	2012	4572800000	100000000	115600000	273960000	
	2013	2947100000	..	135100000	116760000	
	2014	238000000	..	..	129210000	

Source: databank.worldbank.org

### **Employment and public distribution of food**

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 is the recent Food Security Act, making available specified quantities of foodgrains (cereals, pulses, cooking oil, sugar) at subsidized rates to designated sections of the population. Both the legislations and associated programmes represent a significant shift in the move towards creating legally justiciable entitlements for the deprived sections of the population. And while these moves enjoy broad political support, there is constant criticism, particularly by experts, about what is claimed to be wasteful public expenditure which not only diverts resources from ‘productive investment’ but also adds pressure on India’s growing fiscal deficit, a criticism which grows in a phase of slowing growth. In addition, there is heated debate on the design and implementation of these programmes.

Take the NREGS scheme. Against a guaranteed 100 days per family per year to all those who offer themselves for work at specified wages, the scheme has delivered an average employment level of forty person days per household per year through an expansion of public works programmes. Despite its small scale and

problems of leakages and corruption, this has resulted in an increase in rural wages, enhanced awareness, reduced poverty and added to family income. Since the prime takers are poor and women, this has also resulted in reduced social inequality. And where, care has been taken about design and choice of project, there has been accretion to social assets like roads, public buildings, canal bunding, ponds, small dams and afforestation.

Similar concerns mark the functioning of the food security system, operated through a public distribution system of fair price shops. The major debate is about targeting, should the scheme be universal or only for specified groups, the poor. The latter raises worries, not only because of possible exclusion errors but also because it does not ensure a requisite buy-in from the better-off without whose support it is difficult to sustain and improve public programmes. There is also debate whether the ‘subsidy’ should be in kind or as a conditional cash transfer to the targeted population, leaving it free to choose both what it wants and from whom – public or private provider.

There is little doubt that the existing public distribution system requires systemic overhaul. Moreover, with an expansion of the banking network, a major initiative to open a bank account for all citizens, and the provision of an *Aadhar card* with a unique identification system, it is now feasible to transfer the cash subsidy to the targeted recipient, cut out middle men and thus reduce if not eliminate leakages and corruption. There has also been a substantial improvement, in some states of the country, in the functioning of the fair price shop based public distribution system, substantially reducing distribution costs and ensuring that subsidized foodgrains reach the targeted individual, thereby reducing the burden on the public exchequer. All this enables a rational choice between systems of delivery – potentially enabling a system of income support and economic security which can draw on both.

One can add to the number of schemes initiated by different governments, at the Centre or in the states, to provide assistance to the needy or in times of distress. Of particular note in the recently initiated scheme of extending insurance coverage to meet medical requirements through bank accounts at a minimal charge. Of particular note are the *Jan Dhan Yojana* under which the government has opened up a zero balance account for each citizen, and thus enlarging the banking net; the *Pradhan Mantri Suraksha Bima Yojana*, an accident insurance scheme at very low annual premium for all bank account holders; and the *Atal Pension Yojana* which is a pension scheme for those in the unorganized/informal sector. There are, of course, a plethora of existing schemes for the old and indigent, widows and disabled, specified social, ethnic and economically marginalized, the coverage and extent of help provided dependent upon the fiscal ability of the state. What cannot be underscored enough is that social investments and assistance programmes are not a luxury but a necessity in the country in which a vast majority of the people are engaged in a struggle for survival. Public expenditures on basic health and nutrition, education and skill upgradation, housing and social infrastructure, sanitation and pollution control – to list but a few – while a worthwhile good in themselves, are crucial for the long term growth, stability and sustainability of society.

A caveat. So far the discussion has dealt with the omnibus category of the poor, defined in economic terms. Social policy and programmes simultaneously need to factor in distinctions of caste, ethnicity and region to respond to the prevailing inequalities in resources, entitlements, skills and social status. The affirmative action/reservation programmes in education and public sector employment are one attempt to address the social imbalance and facilitate the evolution of the common citizen, crucial if we have to temper down feelings of discrimination which if left unattended can considerably add to social strife. There is nevertheless a basic difference of opinion amongst policy makers on the merits of

designing schemes targeting specified social segments (scheduled castes and tribes/religions and ethnic minorities/women) as also residents of backward areas, since these are perceived to aggravate social divisions by foregrounding the particular over the whole. There is also apprehension, often well-founded, that such socially targeted schemes create vested interests keen to perpetuate the special entitlements and thus impair the development of common citizenship.

This debate has a special implication for the designing of research tools and the categories under which data needs to be collected. Does the measurement of progress by different social segments and its reporting spur corrective action or does it provide an empirical grounding to extant feelings of discrimination? Within the BRICS countries, these challenges are most marked in India and South Africa, because they, more than others, have attempted to put in place policies/schemes sensitive to extant social stratification.

Second, the discussion has so far focused only on broad parameters, the direction of social policy and expenditure. Given the inevitable strain on public resources and the competing demand by different sections for differential treatment, it is critical that policy makers encourage continuous evaluation and assessment of all schemes – their efficacy, whether still needed, as also ways to improve the efficiency of delivery and functioning. In short, they need to be *agnostic* in their choice of programme design and not persist with schemes merely because of legacy considerations and because removal/reduction of any subsidy is invariably seen as an attack on entitlements. Simultaneously, while enlarging the role of market mechanisms, it is important not to give into market fetishism only because of deepening mistrust in state delivery mechanisms. Markets, so far, have not proven efficacious in the equitable allocation of public goods.

It is here that there is great need to both understand and strengthen exchange between experiences and initiatives from different countries and not get trapped in false notions of exclusivity. The Bolsa Familia programmes of Brazil or the

complex of affirmative action programmes specifically incorporating the multi-racial/ethnic character of South Africa hold many lessons for a country like India. As does the work on indicators of measurement. Strengthening research exchange between the BRICS countries, through an institution of fellowship programmes and so on, hopefully culminating in the setting up of a BRICS Social Policy Institute are suggestions which need serious exploration.

Finally, one cannot but underscore the political nature of all social policy. Debates on choice, design and implementation of programmes need to involve local self-government and civil society actors, in short become mass programmes, to be both effective and generate public support. Otherwise, they tend to remain technicist discussions in an exclusive club.

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