

Globalization, Governance and Human Development

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In the contemporary policy discourse, the concept of 'Human Development' (HD) occupies the central place. Not only global institutions like World Bank and United Nation Development Project (UNDP), but now most of the governments of different countries and many Indian federal states also prepare their annual HD reports based on the index of variables to watch their progress. There is almost consensus among the policy makers and the mainstream civil society that economic growth within neo-liberal economic policy (globalization) is prerequisite of HD. And, along with the growth, the emphasis is on 'good' governance to achieve the goal. The Tenth Five Year Plan of the Government of India observes, " Good governance is one of the most crucial factors required if the targets of the tenth Plan are to be achieved. It is also the factor, or rather lack of it, which could be the cause of immense disappointment and missed development opportunities (GOI 2002:177)." Again the Eleventh Plan, emphasizing on a vision of inclusive growth reiterates "reducing poverty and bridging the various divides that continue to fragment our society can only be achieved if there is a significant improvement in the quality of governance."¹

This paper critically examines the notion of HD as it is used in social science literature and policy documents in the context of market oriented economic growth. I shall then analyze performance of the Indian state in respect to HD. The exercise is based on available government and social science micro and macro data.

I

Theoretical Perspective

The concept of human development is complex and of multi-dimensions. In this paper I confine myself to the concept of HD as it is used in policy documents of the

States and UNDP. It has gained currency with the efforts of the UNDP. Mahbub ul Haq, one of the architects of UNDP, spells out the concept in the following manner:

The basic purpose of development is to *enlarge people's choices*. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all, or not immediately, in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and a sense of participation in community activities. *The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives* (1999:14 emphasis mine).²

This is indeed a laudable objective. How to attain such HD is, however, debatable. Such objective cannot be attained overnight. It is a long term process which calls for prioritization of the tasks and evolving strategies from time to time in a given and changing socio-cultural and economic situation to meet the targets. To initiate and sustain such process the rule of law, relative equality and freedom, the two pillars of socio-political systems, are important. They normatively provide equal opportunities irrespective of gender, race, creed or caste, for all people to 'empower' themselves and opt for choices according to their own preferences. In the process the existing wide gaps in inequalities – social, cultural and economic - need to be dealt with so as the gaps slowly decline. Inequalities in socio-economic status and power restrict the exercise of choices for those who are at the bottom of the ladder of the hierarchy. Greater the gap between the people in the higher echelon and at the bottom leaves the less well-off vulnerable. Such an inequitable system provides better and more opportunities to those of higher status, because of their network and socialization systems, than to those at the bottom end of society. More often than not in such a situation, the stratum at the upper echelon enjoys

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hegemony in the form of the value system and ideology over the latter. The elite, belonging to this stratum claim to represent the whole society. They articulate concepts and categories to view socio-cultural 'reality', identify 'problems' to be resolved, chart out the path and approach to 'development'. They construct and prioritize 'needs' to be met with for all (in the context of colonial hegemony and its impact on colonized see Nandy 1983, Ludden 1992). Hence, autonomy of the lower strata in identifying choices is very restricted.

In the present HD discourse dominated and articulated by the world financial institutions and the elite, it is now assumed, almost orchestrated, that market driven growth is the royal path to development. Alternative approaches for the development of human civilizations are believed to have been exhausted with the fall of the Soviet Union. Western capitalist societies have invented the ideal path to development for all people everywhere. According to some proponents of this path, human civilization has reached the end of history with a capitalist economy and liberal democracy. This is the final and inevitable destiny of civilization (Fukuyama 1992). It is argued that the state has actually curbed human freedom and incentives, and people are made dependent on the state for their development. Such a state is antithetical to the well-being of all – including of the poor. It is better therefore for the state to withdraw and confine itself to the minimum functions of maintaining law and order. In the contemporary dominant discourse the mantra is : let the economy flourish and be free from politics. The market is a dynamic force for self-corrections; and would make 'it possible for the separation of the economy from the political and cultural spheres of existence'.³ Bill Clinton asserted in 2004 before the World Economic Forum, "We have to reaffirm unambiguously that open markets are the best engine we know of to lift living standards and build shared prosperity".⁴ The responsibility of the state is to facilitate market oriented economic growth. It is required to maintain macro-economic stability and guarantee property rights. This economic trajectory is considered to be sacrosanct. The International Monetary Fund (IMF) and the World Bank, architects and monitors of the neo-liberal trajectory, claim that their policies are essentially apolitical in nature and simply reflect the 'value free' principles uncovered by 'positive economics' (Thomas 2000).

The champions of this trajectory emphasize good management, now euphemistically called good governance on the part of the state. Intervention of the state in the social sphere needs to be kept to a minimum. Given this, UNDP defines governance as "the exercise of economic, political, and administrative authority to

manage a country's affairs at all levels. It comprises mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences".⁵ In the mechanism of governance, accountability and transparency are the core parameters, and so is equality before the law. But 'empowerment' and 'participation' of the people are often repeated, rarely spelled out particularly their operational part: how to attain them in a situation of unequal power relationship. Within this neo-liberal framework 'good governance' guarantees 'property rights' and the maintenance of macro-economic stability. But redistribution of growth – nationally and internationally – is not even mentioned. Relative equality in income, assets and opportunities is not on the agenda. Nor does it give importance to the social and economic security of the population. Needless to say, insecurity of job, income and health breeds uncertainties, anxiety and fear of unknown situations. Insecure persons tend to become vulnerable to the manipulation of power mongers. I would submit that without relative equality and social security accountability, transparency, decentralization, electoral democracy, though very important elements of 'governance, cannot in themselves contribute to human development.

II

Growth and Social Insecurity

India's economic growth in terms of Gross Domestic Product (GDP) has been at an average around 3.5 per cent per year between 1950 and 1970s. During the period from 1980 to 2008 the GDP has gone up to 6 per cent, and in 2009-10 the government claims that it has reached to 7.5 per cent (Bose and Chattopadhyay 2010). Our policy makers now claim to be on the threshold of becoming world's economic power. A question arises: to what extent has the rise in GDP generated employment opportunities and what is the nature of employment?

In statistical terms the growth of employment – principal and subsidiary work together- as measured by National Sample Survey (NSS) shows a decline. The report of the National Commission for Enterprise in the Unorganised Sector (NCEUS), 2007 calculates that between 1993-94 and 2004-05 – that is in the decade when the neo-liberal reforms of the early 1990s started to take off – the rate of employment growth declined to 1.85 per cent from the previous ten years when it went up a little over 2 per cent on average. And the growth in employment has declined further in the recent years

between 2005 and 2008. "This is the lowest rate of employment generation in the last three decades, even lower than the previous spell of jobless growth of 1993-2000 when employment increased by less than 1 per cent per year (EPW 2010)." The downward trend is evident both in rural as well as urban areas in the first decade of this century.

Moreover, whatever the growth in employment that has been witnessed is mainly within the informal economy. With a 'flexibilisation' labour policy under liberalization the informal sector receives increasing importance in the production process (World Bank 1995, Breman 1995). Over a period of the last two decades the unorganized sector has generated more employment than the organized sector. In fact the proportion of the latter in providing employment declined from 7.24 per cent in 1991 to 6.38 in 1999. And it has further declined after 2000. At the same time, significantly the share of the organized sector in net domestic product has increased 36.7 per cent to 39.1 per cent; which is the reverse in the unorganized sector. The reason for this, however, is not due to the low or inefficient productivity of the unorganized workers. It is primarily because the organized sector uses capital intensive and labour saving technology. Moreover, several industries obtain many parts of their main product through subcontracting the work to the small-scale unorganized sector. By following such tactics the corporate sectors avoid management of labour and can also save taxes under MODVAT (Modified value added tax).⁶

The formal sector is one that employs more than ten workers and is registered under the Factories Act. Under the Act the industry is supposed to provide 'social security' to the workers. The provisions include weekly paid holiday, sick and casual leave, medical care, pension/provident fund etc. Under the statutory provisions Rules for hire and fire are stringent about providing security of job to the workers. But all those who work in the formal sector do not get these benefits. As many as 37.8 per cent of the workers in formal sector are in informal employment without any benefits of the formal sector (NCEUS 2007). Several private manufacturing companies flout rules under one or another pretext. They employ many workers on temporary contractual basis who do not get the benefits of various provisions of the social security. More than ninety-two per cent of the units of Small Scale Industries (SSI) have not registered under the Factories Act⁷. Social security in its various forms is available to less than five per cent of the labour force. The number of beneficiaries of the Employees State Insurance Scheme (ESIS) has not increased correspondingly with the rise in number of

factories in the 1990s. Special Economic Zones (SEZ) are free from labour laws. Elsewhere, liberalization has brought about increasingly relaxed labour laws in favour of the employers. The workers' right to strike has been attacked. It is now easier for the employers to 'fire' the workers at will. Those companies having one thousand workers do not require the government's permission to lay anyone off. Many big companies have reduced their labour force. For example, Tata Engineering and Locomotive reduced its staff by 10,000 (29 per cent) between 1996 and 2000. Tata Consultancy retrenched 1300 workers in 2009. Similarly Mahindra and Mahindra, Bajaj Auto, and Associated Cement Companies, to name but a few have gradually reduced the labour force by 30 per cent. One thousand workers were getting sacked in a single day in 2009. Some industries have reduced the pay of the workers. On the other hand their productivity and profit margins have increased. Tata Steel, for example, has reduced its labour force by 40 per cent while productivity has risen to 146 per cent (Spencer and Sanyal 2002). The proportion of 'casual labour' amongst the workforce has increased from 15.4 per cent in 1987-88 to 16.8 per cent in 1999-2000; and the trend remains more or less the same thereafter (NSS: 2010). The share of the 'self employed' remains more or less the same. The proportion of the 'regular employed' workers however, has declined during the same period (NSS 2001; and Kundu 1997). Many small-scale industries (SSI) do provide 'regular' employment, although not all who get regular employment in this sector have 'secure' jobs. One reason for this is that the mortality rate of the SSI industries is very high compared to the large industries as many entrepreneurs do not have enough capital and skill to sustain their place in the market. Nearly 10 per cent of the SSI units were 'sick' in 2000⁸. In fact, the growth of employment in this sector has declined from 13.21 per cent during 1971-80 to 8.15 per cent during the eighties and to 7.92 per cent during 1991-94 (Roy Chowdhury 2003). In several places these industries actually prefer to have a turnover of workers so that they need not pay social security benefits to all the workers. Employers prefer temporary workers because they have more control over them.

Several industries pay wages at piece-rates related to quantum of production, and workers are not paid on days they do not work. Weekly holidays or absence from work for health reasons are unpaid. Hence, people tend to work for as many days as they are offered work, and also for longer hours in order to reach the production levels that will pay them better. In small-scale industries such regular workers often labour for twelve to fourteen hours a day (Shah 1997). Needless to mention, that neither most

of the self-employed, nor casual workers, get work for a full year.

Contract labour is a common feature in big corporate industries, public sector industries, as well as SSIs. The operation of many cash crops such as sugarcane, tobacco, groundnuts, banana etc. and also tea and coffee plantations rely on the labour contract system. The system is also prominent in brick kilns, quarries and the construction industries of irrigation dams, roads and public buildings (Shah et. al. 1993). Labour is employed through middlemen called contractors or *mukadams* who not only recruit labour but also supervise their work. The contractors are responsible for the quality and quantity of production. The contractors frequently remove the workers from one unit to another to keep control over the workers. As a result, a majority of the labourers never have the opportunity to work for the same master for long periods. Workers are not paid directly by the factories, it is the contractors who pay their wages; generally less than the rates stipulated under the Contract Labour Act.

As the opportunities of stable regular employment decline workers are forced to take refuse in casual and self-employed work (Sarkar and Mehta 2010). They sell their labour and depend on the vagaries of market. Internal competition among themselves over selling material and labour has increased as their numbers in 'self-employed' activities have multiplied. In Ahmedabad one of the former mill workers said, "While selling drinking water, we have to fight like dogs to attract customers (Naronha and Sharma 1999:104)". As they live in a permanent state of anxiety, they become vulnerable to any temptation that caters for their immediate needs. Two dalit youths who participated in the 2002 carnage against Muslims in Gujarat told me that they were concerned with money. They worked for whoever paid them for any work (Shah 2004). Breman rightly observes, "Organised activities, even to pursue political aspirations, are no longer within the reach of the former mill workers. Their attention has been narrowed down to the immediate concern of taking care of themselves and the members of their households. In this scenario, there is no room for broad social engagement or long term perspective. Instead there is a need for them for survival that has made them vulnerable to political forces eager to divide them along communal lines⁹. The participation of the poor in the Gujarat 2002 massacre underscores fragmentation of the working class. The situation is similar in many urban areas of the country. In Bombay, the Shiv Sena and Maharashtra Navnirman Sena instigated attacks against workers from North India. Launching a "Me Mumbaikar" campaign, they propagate

that work must rightfully be given to Maharashtrais before the immigrants. Similar trend is emerging in Tamil Nadu where Karaunanidhi government plans to reserve jobs for Tamil speakers¹⁰.

It is clear from the above evidence that the high growth rate has hardly helped the poor in terms of social security. At the most, the programmes like the proposed food security and employment guarantee scheme provide them some relief to keep their body and soul together. Of course, these programmes are not unimportant. Growth however, ironically is by and large a jobless with increasing dismantling of the organised sector. Markets have not evolved safety networks for the workforce and a large section of the population is without social and economic security. Inequality has clearly increased and has indeed sharpened in the post reform period (Sarkar and Mehta 2010). The Report on 'Human development in South Asia 2003' (MHHDC 2004) points out that overall focus of the multilateral organizations working in the region is focused more on GDP growth and balancing budgets, than on the reduction of poverty. The governments have not adopted job creation as an explicit policy commitment. And it hesitates, despite its promise before the elections, in providing social security to the workers in unorganized sector.

III

Poverty and Basic Needs

Statistically speaking, the proportion of people living below the poverty line has declined in India from around 54 per cent in the early 1950s to 33 per cent in 2000 and 27.5 per cent in 2004. There is however no significant decline in the absolute number. Around 300 million persons live below poverty line. It has been argued by several economists and planners that there was a steep downward trend in poverty during the late 1990s following the path of a structural adjustment programme. Liberalisation has accelerated economic growth and hence overall prosperity leading to the poor being able to escape poverty. Hence, economic growth is good for the poor (Dollar and Kraay 2002).

Many contest such statistical evidence. Some economists question the methodology of computation and interpretation of official data (Sen 2000; Mehta and Venkatraman 2000). According to some the trend is quite the opposite (Patnaik 2004). The intricacy of methodology is beyond my competence therefore I will not deal with that aspect. However, on the basis of my field work in Gujarat I will follow the observations of those social scientists who are themselves personally involved in

micro level studies. According to them, there is, at any rate, no obvious pattern of 'acceleration' or 'slowdown' in the rate of poverty during the 1990s (Deaton and Dreze 2002).

Even granting that poverty has declined, social discrimination continues. The poor from all social strata have not benefited equally. Among the poor the worse sufferers continue to be from the socially disadvantaged groups like Scheduled Castes and Scheduled Tribes. Their process of coming out of the poverty line is slower than other groups. Severity of poverty is also very high among them (Sundaran and Tendulkar 2003). So is the case with women workers (Jhabvala 2003).

The downswing in the rate of poverty in the 1990s however does not reflect in the availability of food and nutrition intake of the people. There is a substantial decline in per capita calorie consumption during the last 25 years (Deaton and Dreze 2009). According to the economic Survey 1999-2000 of Government of India there has been a slow decline in the availability of per capita food-grains per day from 485 grams in 1991-92 to 427 grams per day in 2002-2003. For the bottom 30 per cent of the population, the per capita cereal expenditure at constant prices was almost stagnant during 1970-89 but declined during 1990-98. The national Family Health Survey also shows that in 1998-99 in rural areas nearly 50 per cent of the children were malnourished and in urban areas 39 per cent children were malnourished (Moderate and severe). "While India has made considerable progress in poverty reduction, the overall improvement in nutritional status has been rather slow. Economic growth although resulted in decline in income poverty but has not translated into either commensurable increase in food energy intake nor significant reduction in malnutrition (Radhakrishnan et al. 2004: 3129)".¹¹

More important is that the process of movement from poverty to non-poverty is not linear, as several micro studies warn us. Evidences from different parts of the country show that several families, identified as living the above poverty line also go down below poverty line. Aniruth Krishna's meticulous studies of Gujarat and Rajasthan villages bear out these facts. A study of 36 village communities of four districts in Gujarat (2003), one of the fastest developed states, nearly ten percent of the all village households escaped from poverty in the last 25 years, but another six per cent concurrently fell into poverty during the same period. He observes that "growth in the state hardly provided positive results all around; in fact, very different and opposite – pathways were travelled by different households."¹² Urban scenario is not much different. Jan Breman's study on Ahmedabad (2004) provides evidences of 'downward mobility' in the

city. Parshikar and Deshpande's study on Pune (2008) shows that 17 percent of the families have moved down in their occupation. The downward mobility was found across all the castes. Obviously, the families who are on the border of the above poverty line are the most vulnerable to become poor. But, thanks to the nature of our economic policy and fluctuating markets, some families who were at one point relatively better off are pushed below the poverty line (Shah 2010).

Potable Water

According to the Government of India's figures nearly 80 per cent of the population is provided with 'safe drinking' water. The figures do not tell us how frequently and in what quantity people get potable water. We must ask, too, how safe is the safe water? For instance in Gujarat Government claims to provide 'drinking water' to over 90 per cent of the villages. But as many as 25 per cent of the villages get no water at all, not to speak of 'safe' water for nearly three months when their tanks, wells and rivers dry up. They have to wait several hours for tankers and/or walk more than 2 km to get a bucket of water. Similarly, according to General Manager of the State's Water Works department, groundwater in 36 districts in UP was not fit for drinking water in 2003. In most of the urban areas the majority of the residents get piped water for less than one hour a day in summer. Moreover, only 19 per cent of the urban poor had house-level water connection as compared to 62 per cent of the non-poor in 2006.¹³ In urban slum localities people wait in long queues for several hours to get a bucket of water. According to a national survey carried out by Public Affairs Centre (PAC) 25 per cent of the households reported breakdowns of taps/hand-pumps once in three months. Sometimes it takes several weeks to get these repaired. Only 27 per cent of households were fully satisfied with the quality of water and 20 per cent were satisfied with the adequacy of water (Paul et. al. 2004).

Newspaper reports on the incidents of contamination of water are frequent. Many chemical industries pollute river and ground water so making drinking water even more unsafe for the poor residents. Pollution of Ganga near Lucknow and Kanpur in UP, Tapi in Gujarat and Godavali in Andhra Pradesh are examples of this. Drinking water often gets contaminated with traces of cadmium, fluoride, arsenic, nitrates, lead and also uranium. In Punjab 87 per cent of the children below 12 years have uranium levels high enough to cause diseases because of the high level of uranium in drinking water.¹⁴ In several areas industries overuse groundwater for their manufacturing plants depriving the surrounding villages

of the source of water. In Goa five star hotels store water for the customers that, in turn, deprive the nearby villagers of their share. The plants for beverages and so-called mineral water use common resources of stream and ground water at the cost of the local inhabitants. The continuous pumping of water from the bore-wells to meet the requirements of these factories has led to a significant decline in the supply of water in the surrounding area. Moreover, the water from these depleting sources has become saline and hard, unsafe for drinking (George 2002).

Health and Health Care System

Infant mortality rate (IMR) has gone down significantly from 146 in 1951 to 110 in 1980 and reduced further to 90 in 1990. But then it has remained more or less at the same level throughout the 1990s and thereafter. There is a striking variance, more than twice, of IMR between the upper and lower strata. IMR rate for the poorest 20 per cent is 97 per 1000 live-births, whereas for the richest 20 per cent it is only 38. One finds the same pattern in the anaemic condition of women across the strata. 60 per cent of the lower strata of society suffer from anaemia, as against 41 per cent women of the upper strata. Incidents of Tuberculosis, Malaria, and respiratory infections over a period are increasing. Diarrhoea and gastro/hepatitis continue to remain endemic both among the urban and rural poor. Simultaneously, the cases of HIV/AIDS are rising. And death by different communicable diseases such as dengue, cholera, kala-azar, hepatitis, malaria, swine flu etc. is not declining.

Private, charitable/voluntary and public health care systems existed, though on a small scale and largely in urban centers before independence. In the fifties the government made concentrated efforts to develop the public health system with emphasis on the primary health care system. Besides starting primary health centers (PHCs) and sub-centres public hospitals began to grow both in number and facilities. However from the 1970s onwards the government spending on health care has remained more or less stagnant. During 2009-10 the Union government has allocated 2.1 per cent of its total expenditure for health which comes to 0.35 per cent of GDP. Gradually, private health sector has taken over the voluntary and public health care system. 19 per cent of the hospitals in 1974 were private. Their proportion increased to 45 per cent in 1984 and 68 per cent in 1996. Many public hospitals including PHCs are under-equipped in terms of staff, physical infrastructure and medicines. Moreover they are over burdened as the overwhelming majority of the patients from the lower

strata who cannot afford the higher charges of the private hospitals and therefore use public hospitals. Furthermore, many of the medical and paramedical staff from the urban middle class are indifferent to poor patients (Paul et al. 2004). The private sector has increased its share of outpatients and inpatients since the 1980s. Two-thirds of the patients of the private hospitals are relatively rich. Household consumption expenditure on health care has increased from 5.4 per cent in rural and 4.6 per cent urban areas in 1993-94 to 6.6 per cent and 5.2 per cent respectively in 2004-05 (Bonu et al 2007). The poor have to spend a disproportionately higher percentage of their incomes on health services than the rich. One incidence of hospitalization forces poor households to borrow money and then pay high interest for many years (Baru et al 2010). In addition they also lose wages for being absent from their workplaces. This, in turn, compels them to delay seeking treatment. According to NSS more than three-quarters of their spending is on minor ailments, infectious and communicable diseases. Nearly 20 per cent of the poor do not seek treatment for financial reasons. Because of the expenses incurred during illness as many as 3.5 per cent of the population falls below the poverty line in one year (Baru et al 2010).

Education

Over five decades the literacy rate has gone up from 18.33 per cent in 1951 to 65 per cent in 2001. The rate of female literacy also improved faster during the 1990s. This has, of course, reduced the difference in the male-female literacy rate from 24.84 in 1991 to 21.7 in 2001. According to the Sixth All-India Education Survey (1999) 71.18 per cent villages have primary schools. And 94 per cent of the rural population has access to primary schools within a distance of one km. The enrolment ratio of children in the age group of 6-11 years has reached 95 per cent. However enrolment does not necessarily mean that students are retained for at least five years. The dropout rate from class I to V has not declined significantly. It was 40-67 per cent in 2000-2001; and was 42.6 per cent in 1990-91. Around 142 million children still do not have access to primary education due to either unavailability of schools or/and their socio-economic condition (Malik 2010). Moreover, infrastructure facilities- buildings, drinking water, blackboards, classrooms etc.- are not evenly available in all schools. According to a survey, one fourth of the teachers in primary schools do not regularly attend those schools (World Bank 2004). In rural areas, 60 to 70 per cent of the children belonging to different classes sit in one dilapidated room and are being taught various subjects simultaneously by a single teacher

(Shiv Kumar 2003). Moreover, monthly per capita household expenditure for education in the last decade has sharply increased for all the groups of the population. Even the expenditure of the poor households who somehow send their children to either public or private schools has been doubled (Tilak 2009).

Moreover, the gap in quality of education has widened between the disadvantaged and well off sections in the last four decades. There are three types of schools within the system. These are: (a) government run schools, (b) private schools for the poor and middle classes, and (c) elite schools for the rich. Particularly in urban areas, the number of schools of the latter two categories has increased significantly. Such schools are expensive and claim to provide a 'better education' than the government managed schools. But all private schools are not of the same standard. A few which are well equipped are meant for the very rich. Most of the private schools (particularly of the second category) do not give better education than the government schools. More than 85 per cent of the private primary schools are unrecognised and they account for 38 per cent of all primary schools and 42 per cent of total enrolment (Ahluwalia 2010). Anomaly in schooling reflects in access to higher education and employment. A student educated in elite private schools has a far better chance of gaining admission to higher education and better-paid employment than a student from government schools. By far the largest number of applicants for admission to management schools, technology faculties, medical colleges, top institutions in various fields, administrative services etc. have received their schooling in private elite institutions. Earlier literacy and schooling was a source of upward mobility for the poor, but it no longer helps them as economic opportunities to improve their condition have sunk. Ironically, the system of education simply perpetuates inequality in society; and will continue to do so despite the new Right to Education Act. .

The Impasse

Of course, it is beyond doubt that basic amenities have increased with the passage of time with varying speed and quality. The poor do indeed have more access to them than they did in the past. Yet only 40 per cent of the population enjoys all the basic amenities. One fifth of the households still live in a state of 'abject', or a 'moderate' state of deprivation, such as too little drinking water, lack of *pucca* (brick) houses and literacy, not to speak of access to health services. The quality of these services and satisfaction with them are far from being at a desirable level (Srinivasan and Mohanty 2004). With the present

rate of growth it must be asked how many more decades the country would require to provide basic amenities and provide quality services (health care and education) that satisfy the citizens?

In the midst of certain improvements there are also some disturbing reversals. As mentioned above, IMR has almost stagnated in the last decade. The nutrition levels and calorie intake of the poor have declined. 12 million people suffer from Vitamin A deficiency. Wages of the farm and non-farm sector workers in different parts of the country have not increased in correspondence with rising prices. Hence their capacity has remained as low as in the 1980s. Despite a surplus of 65 million tons food grains, 200 million people go hungry and 50 million people are on the brink of starvation. People in some parts of the country continue to die because of chronic hunger. And the incidents of farmers' suicide in the last five years have increased in several parts of the country. Inequality across the social/occupational groups has increased during the last decade (Dealton and Dreze 2002, Sarkar and Mehta 2010). Along with this, discrimination based on gender and caste continues to perpetuate. There is a striking decline in female-male ratio among children, from 945 girls per 1000 boys (in the 0-6 age group) in 1991 to 927 girls per 1000 boys in 2001. Domestic violence against women shows no sign of decline. The practice of dowry has increased in various social groups where it never existed in the past. Similarly, atrocities against the dalits, tribals and minorities have continued unabated. And, the number of incidents of rioting and killing of Muslims has also increased at an alarming rate in the last decade.

IV

Growth and Human Development

It is true that economic growth has contributed to some extent in a reduction of destitution. Over the last five decades more and more poor people, in comparison to the past, have gained some access to certain public services such as food, education, modern health services and 'safe' drinking water. IMR and longevity have improved. Statistically speaking the HD index has moved from 0.416 in 1975 to 0.609 in 2009. With the present rate of growth other things remaining constant, India would require at least the next sixty years to attain a high position in the HD index.

Those countries, which already have high HD, are also in the race for high economic growth. In these countries unemployment is rising and a wage freeze is being introduced. Health and education are increasingly being

privatized. There are also more cuts every year on social security provisions such as unemployment benefits and healthcare costs. The cuts in the social sectors have been made not because of a decline in rates in economic growth, but because of the state's unwillingness to tax profiteers from public goods. In India and elsewhere, the state increasingly protects Capital, provides subsidies, all kinds of concessions and infrastructure facilities to industrial entrepreneurs. Andre Gorge argues:

The social security system must be reorganized, and new foundations put in its place. But we must also ask why it seems to have become impossible to finance this reconstruction. Over the past twenty years, the EU countries have become 50 to 70 per cent richer. The economy has grown much faster than the population. Yet the EU now has twenty million unemployed, fifty million below the poverty line and five million homeless. What has happened to the extra wealth? From the case of the United States, we know that economic growth has enriched only the best-off 10 per cent of the population. This 10 per cent has garnered 96 per cent of the additional wealth. Things are not quite bad in Europe, but they are not much better.

"In Germany since 1979 corporate profits have risen by 90 per cent and wages by 6 per cent. But the revenue from income tax has doubled over the past ten years, while the revenue from corporate taxes has fallen by a half. It now contributes a mere 13 per cent of the total tax revenue, down from 25 per cent in 1980 and 35 per cent in 1960. Had the figure remained at 25 per cent, the state would have annually netted an extra 86 billion Marks in recent years. Developments have been similar in other countries.¹⁵

As we have seen in the case of India the economic growth has not generated enough employment. The present-day development of high technology reduces the requirement for human-labour. It is capital intensive. As a result, "the global employment situation is grim and getting grimmer," ILO observes, "Social exclusion of the most vulnerable is intensifying."¹⁶

On the other hand, 95 multinationals of India's top 900 companies have increased their share of profits from 7.70 per cent of total profits in 1994-95 to 10.82 per cent in 2002-2003. The growth rate of their net profit was 225.05 during the period. Despite their poor sales, their profits have increased because their expenditure on salaries and wages fell from 11.99 per cent in 1994-95 to 10.70 per cent in 2002-03. The rise in profit is also tax-free. At the global level the tax yield from corporate profits fell by 18.6 per cent between 1989 and 1993. Their proportion of total fiscal revenue has gone down by nearly a half (Beck 2000: 5). In India, during the last decade corporate taxes have not only been reduced but industries have received several concessions to boost production and marketing. Last year (2009) the Indian government had given away

almost Rs. 60,000 crores as tax cuts to manufacturers of cars, consumable durables etc.¹⁷ At the same time the 'black economy', estimated at around 60 per cent continues to dominate the Indian economy (Kumar 1999; Harris-White 2003). Tax evasion is rampant, as high as 50 per cent, as observed by the Comptroller Auditor General in the recent Study.¹⁸

The purpose of economic growth in the capitalist mode of production is enhancement of private profit. It provides incentive to Capital to make investments which encourage growth. To this end markets have to be expanded and new ones invented. Hence, such growth is geared not only to cater for the existing needs of the population, but it also has to manufacture needs as well as create greed in society. Consumerism is promoted, and that breeds a sense of envy among those who cannot possess what the others have; as one advertisement puts it: "owner's pride is neighbour's envy." In the process the relative deprivation and poverty are perpetuated. The champions of such models of development glorify and legitimize inequality. The former British Prime Minister Margaret Thatcher advocated, "It is our job to glory in inequality, and see that talents and abilities are given vent and expression for the benefit of us all".¹⁹ Incentive for entrepreneurship is of course necessary for the growth of wealth and society provided they are used for social goods. A more important question is: what should be the ratio of inequality? In India an agricultural labourer or casual labour earns an average of Rs. 6,000 a year, not to speak of a labourer in a drought prone area who barely earns Rs. 3000. Whereas, the top chief executive officers of the corporations earn an average of Rs. 60 lakhs; not to speak of those at the very top who get above Rs. 90 lakhs plus many additional perks. Gap between poor and rich has widened glaringly in the last three decades.

The expansion of all kinds of industries as well as 'development' projects like irrigation dams, thermal power, roads etc. take away resources such as land, forest, river and marine-life that had been used by the poor people for their livelihoods. Forest areas are decreasing every year and so is biodiversity. Environmental degradation continues unabated. Ground and river water, land as well as crops-vegetables and food-grains - get contaminated with industrial effluents. With high industrial growth and consumption, the quantum of solid waste is mounting. Seven largest of the 100 or so industrial development estates in India produce 2.20 lakh tons of hazardous waste a year. As a result, natural resources are not only quickly becoming depleted but also endangering the environment. It is now estimated that if the present rate of climate change continues, thanks to industrial technologies and the greenhouse effect, more

than one million plant and animal species would become extinct by 2050. Those who would suffer most would be the people from the developing countries²⁰.

In the present uncontrolled market-driven growth only those can survive who have capacity to produce more and expand markets, and those who can buy more and more. In order to increase the purchasing capacity people are pushed in to a rat race, competing with each other for scarce goods. Space for individual choice and autonomy is decreasing. The philosophy of social Darwinism dominates the lifestyle of the well off. The rest are pushed to imitate the rich for their survival or else they get eliminated from existence. Oswaldo De Rivero persuasively argues,

The underlying Darwinism of the neoclassical, ultra-liberal message that inspires current capitalist globalisation, turns the economy into the paramount factor determining all other options, whether political or social and even cultural; nothing could be closer to the Marxist ideology. However, the archetype is not the robot-like *homo sovieticus*, but rather the *homo economicus*, whose sole motivation is money, the ability to consume more material goods, who is aggressively competitive, a kind of predator loose in the Darwinian jungle of social and economic deregulation. In this jungle, not only companies but also individuals, each social group, each community, must be fittest, the strongest, the best. Those who are not competitive must be eliminated from the economic arena, regardless of social, moral or environmental implications. This is a zero-sum game, where there is no co-operation. You win or you lose.²¹

There is enough historical and contemporary evidence to show that uncontrolled market driven growth is self-destructive for human civilization. It is dangerous for the environment. It is unsustainable and increasingly becoming devoid of ethical values for common goods. Its potential for enhancing human development is questionable. The market is indifferent to the needs of the majority of the people whose purchasing capacity is limited. The corporate sectors - local or trans-nationals - do not take social responsibilities though they talk about social commitments. More often than not many of them do not even take responsibility for the welfare of their own employees. Managing Director of the IMF, Michel Camdessus, also accepts the negative aspects of the free market:

A new paradigm of development is progressively emerging. . . A key feature of this is the progressive humanization of basic economic concepts. It is now recognized that markets can have major failures and that growth alone is not enough and can even be destructive of the natural environment and of social and cultural goods. Only the pursuit of high-quality growth is worth the effort. . . growth that has human person in the center. . . A second key feature is the convergence between respect for ethical values and the search for economic efficiency and market competition.²²

V

Overview

Economic growth is important but not panacea for HD. There is no significant relationship between the level of growth and a decline in poverty. At the most the relationship is weak and does not take into consideration the households that were not poor but have then become poor in the high growth regions (Krishna et al. 2003, Shah 2010). More important, there is no relationship at all between market-driven growth and the level of HD. Some of the Scandinavian countries stand higher in HD than the USA and UK, though their economic growth is not higher than the latter. So is the case with Sri Lanka in South Asia and Kerala in India. The present market-driven economic growth does not facilitate "good and safe working conditions, freedom to choose jobs and livelihoods, freedom of movement and speech, liberation from oppression, violence and exploitation, security from persecution and arbitrary arrest, a satisfying family life, the assertion of cultural and religious values, adequate leisure time and satisfying forms of its use, a sense of purpose in life and work, the opportunity to join and actively participate in the activities of civil society and a sense of belonging to a community."²³ The present nature of growth is jobless and does not provide social and economic security to the majority of the workers. In fact it generates more and more insecurity and inequality. It legitimizes social Darwinism. Excessive market oriented growth is as dangerous and disastrous as excessive statism. The market has rightly been considered, "from Marx to Schumpeter, as an 'anarchic', 'subversive', 'revolutionizing' entity, and a disorganising pattern of social arrangements. At best, the market's contribution to the creation of social order is strictly contingent upon its being firmly embedded in constraints, restrictions, regulations, limitations, status rights, and informal social norms imposed upon it from the outside, by either the state or the community."²⁴ The role of the state in social management and an even distribution of benefits generated from growth is very important in facilitating HD. The prevailing ideology is of market oriented economic system which does not address the issue of distribution. In fact, it has reinforced old forms of insecurity and created "new ones of a magnitude, complexity and urgency never encountered before in the history of humanity."²⁵

NOTES

1. Government of India, Eleventh Five Year Plan 2007-2012, *Inclusive Growth*, Delhi, Oxford University Press, 2008, p.223.

2. Mahbub Haqua, *Reflections on Human Development*, Delhi: Oxford University Press, 1999, 14.
3. Harriss-White Barbara., *India Working. Essays on Society and Economy*. Cambridge: Cambridge University Press, 2003, p.2.
4. www.answers.com/topic/world-economic forum, accessed on September 21, 2010.
Similar patronizing mission was launched by Harry Truman who put 'world development' on America's agenda said in 1949, "... We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.
More than half of the people in the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is handicap and a threat both to them and to our prosperous areas. . .
I believe we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should foster capital investment in areas needing development (Cited in Ludden 1992; 248)".
5. *Governance for Sustainable Human Development, A UNDP Policy Document*. New York. UNDP, 1997, p.12.
6. Under the scheme of Modified Value added tax, the taxes are born by small-scale industries, and since their inputs are cheap, then pay fewer taxes than large firms.
7. Estimate is based on the Second All-India Census of SSIs in 2004-05.
8. Reserve Bank of India classified SSIs into four categories on the basis of bank advances: standard, sub-standard, doubtful and loss. "As soon as the advances come under the category doubtful position" of the concerned unit, it is classified as 'sick'. Third Survey of Small scale Industries. Government of India. 2004.
A recent study (2009) observes, "Industrial sickness is growing at an annual rate of about 28per cent and 13per cent respectively in terms of number of units and out standing number of bank credit. It is reckoned that as of today there are more than 2 lakhs sick units with an outstanding bank credit of over Rs7000crore nearly 29000 units are added to sick list every year. www.articlesbase.com, Business, Small Business accessed on 16 Sept. 2010
9. Jan Breman, *The Making and Unmaking of an Industrial Working Class*. Delhi: Oxford University Press, 2004, p. 221.
10. *The Times of India*, June 29, 2010
11. Low level of nutrition is, however, not indication of poverty alone. It is also because of food taboos as well as changed life style and marketing of the consumable commodities.
12. Anirudh Krishna, 'Falling into Poverty: Other Side of Poverty Reduction', *Economic and Political Weekly*. 38 (6) February 8, 2003, p.11.
13. Urban Health Resource Centre, <http://uhrc.in/module-ContentExpress-display-ceid-92.html> accessed on 12th October. 2010.
14. *The Times of India*, June 14, 2010.
15. Beck Ulrich Beck. 2000. *What is Globalization*. London: Polity Press, 2000, pp. 5-6.
16. Caroline Thomas. 2000. *Global Governance, development and*

- Human Security: The Challenge of Poverty and Inequality*. London: Pluto Press, 2000, p. 31.
17. *The Times of India*, July 21, 2010.
18. *Ibid.*, July 7, 2010.
19. Thomas, *Global Governance, development and Human Security*, p.14.
20. *Hindustan Times*, January 9, 2004.
21. Oswaldo Deivero, *The Myth of Development: The non-viable Economies of the 21st Century*. London: Zed Books, 2001, p.80.
22. Thomas, *Global Governance, development and Human Security*, p.93.
23. Paul Streeten, "Ten years of Human development". In *Human Development Report 1999*. Delhi: Oxford University Press, 1999, p.17.
24. Claus Offle, 2000. "Civil society and social order: demarcating and combining market, state and community". *Archives européennes de sociologie*, 41 (1), 2000, p.89.
25. Barbara Harriss-White, 2003. *India Working. Essays on Society and Economy*. Cambridge: Cambridge University Press, 2003, p.2.

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